

HD NAB Scouts Suitors for Life Insurer Operation

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National Australia Bank Ltd. is gauging interest in its life-insurance operation among potential suitors, according to two people familiar with the matter.

If NAB elects to seek a buyer for the business, it would be further evidence that Chief Executive Andrew Thorburn is acting swiftly to refocus on core operations in Australia and New Zealand since taking the helm on Aug. 1.

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A spokesman for the bank, based in Melbourne, declined to comment. Already, the CEO has brought in a new management team and announced plans to exit NAB's U.S. banking business.

If the bank goes ahead with a **sale**, the insurance business would likely attract the attention of a range of suitors including insurers in Japan, **China** and Canada that have been expanding outside their home markets.

In June, Dai-ichi Life Insurance Co. said it would acquire U.S. insurer Protective Life Corp. for around US\$5.7 billion, the largest **purchase** of a foreign **company** by a Japanese life insurer.

Shanghai-based Fosun International Ltd. bought a 20% stake in Ironshore, a U.S. insurer, for US\$463.83 million in August. And in January, Fosun paid 1 billion euros (US\$1.28 billion) for a stake in the insurance arm of Portuguese state bank Caixa Geral de Depositos, beating a bid by Apollo Global Management.

Still, the life-insurance industry in Australia is facing headwinds. Growth is sluggish in the broader economy and some customers are allowing policies to lapse, or switching to better deals, taking advantage of strong competition and easier online shopping.

NAB's net income from life insurance was 560 million Australian dollars (US\$498 million) in the last fiscal year, a decline of 24% from a year earlier. Pressures on the result included a rise in claims and moves to strengthen insurance reserves.

In 2009, under its previous CEO, Cameron Clyne, NAB greatly expanded its life-insurance operations and investment platform, buying the wealth-management business of Aviva Australia Holdings for A\$825 million.

Mr. Thorburn said in August that the bank was planning an initial public offering of Great Western Bancorp Inc., a lender in South Dakota, toward the end of the year, the first step toward selling the bank outright.

The Australian bank bought Great Western six years ago for a little more than A\$1 billion.

Weeks before Mr. Thorburn took over as CEO, NAB agreed to sell a GBP 625 million (US\$1.02 billion) basket of mainly distressed U.K. loans to the private-equity **firm** Cerberus Global Investors.

The bank took on the **commercial** real-estate portfolio of its British banking units, Yorkshire Bank and Scotland's Clydesdale Bank, about two years ago.

Mr. Thorburn has said NAB would seek to speed up the **sale** of noncore assets.

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