



## **AIG to Spin Off Retirement Business**

By Joe Morris October 27, 2020

AIG is spinning off its life insurance and retirement business, including its old Valic division, so it can focus on property and casualty insurance.

"No decisions have been made" on how to effect the separation, the firm said in its Monday announcement.

"As an independent company, the Life & Retirement business will be well-positioned to build value for shareholders by leveraging a broad product portfolio and diverse distribution to tailor its offerings to best meet the evolving needs of customers and distributors," the firm said.

In choosing to hive off its life business, AIG is following in the footsteps of rival insurers including Axa and Prudential plc. In 2018, Axa underwent an initial public offering of its U.S. life operations, which now operate as Equitable. Prudential, meanwhile, is planning a public offering of its Jackson National business next year.

Retirement consolidation has also accelerated in recent years, most recently evidenced by Empower's deal announced last month for MassMutual's retirement services business. Last year, Wells Fargo sold its retirement business to Principal Financial Group for \$1.2 billion, and early this year Voya was rumored to have entered into sales talks with suitors thought to include AIG.

AIG's life and retirement business accounts for about a third of AIG's overall revenue and provided two thirds of its pretax income, chipping in \$2.0 billion in this year's first half.

Valic, which was rebranded last year as AIG Retirement Services, specializes in offering and issuing of fixed and variable annuity contracts and ranks among the leading providers of retirement plans to employees in K-12 schools.

That business suffered a reputational laceration this year in consenting to a \$40 million settlement with the Securities and Exchange Commission over charges it failed to disclose conflicts of interest.