

**Aflac Signs Agreement to Acquire Group Benefits Business**  
**Thursday, March 19, 2020 09:30:00 PM (GMT)**

COLUMBUS, Ga., March 19, 2020 /PRNewswire/ -- Aflac Incorporated (NYSE: AFL) announced today that its insurance subsidiaries American Family Life Assurance Company of Columbus (Aflac of Columbus) and American Family Life Assurance Company of New York (Aflac of New York) have entered into a definitive agreement to acquire Zurich North America's U.S. Corporate Life and Pensions (Group Benefits) business, which consists of group life, disability and absence management products.

"We are very excited to acquire the Group Benefits platform of Zurich North America," said Teresa L. White, president of Aflac U.S. "This strategic transaction further enhances our value proposition to brokers and employers and aligns with our vision of being the number one distributor of benefit solutions to the U.S. workforce."

Aflac of Columbus and Aflac of New York will reinsure on an indemnity basis Zurich North America's U.S. in-force group life and disability policies with annualized earned premium of approximately \$115 million. Aflac will also acquire assets needed to support the group life and disability business, along with an absence management platform. Subject to regulatory approvals and customary closing conditions, the transaction is expected to close in the second half of 2020.

It is anticipated that Zurich North America employees dedicated to the U.S. group life and disability business will transfer to Aflac. In addition, Aflac and Zurich have entered into an agreement with Benefit Harbor LP to transfer the assets and employees of Benefit Harbor Insurance Services, the outsourced platform supporting the group life and disability business of Zurich North America, to Aflac. Aflac has separately expanded its relationship with Benefit Harbor to provide certain specialized services to group life and disability clients. No changes are expected in the location of where business activities reside today.

"This transaction, together with last year's acquisition of Argus Dental and Vision, expands Aflac's value proposition and enhances our position on the first page of the employee benefits enrollment," said Richard L. Williams, Jr., executive vice president and chief distribution officer of Aflac U.S. "We intend to build upon the strong framework created by Zurich by continuing to grow Aflac's group benefits business and provide a more holistic product set to brokers and employers."

In addition to the transaction, Aflac's acquired group benefits business will be included as a partner within Zurich's Global Employee Benefits Solutions Partner Network, allowing Aflac to offer its employee benefit products to Zurich's global clients with a U.S. presence.

The transaction is consistent with Aflac Incorporated's strategy for capital deployment into growth initiatives. Funding of the transaction, along with required capital in support of assumed businesses, will come from capital held within the U.S. insurance companies. Aflac of Columbus ended 2019 with a risk-based capital ratio (RBC) of 539% and estimates the acquisition will impact RBC in the range of 15 to 20 points. Aflac expects the acquisition and associated growth expenses to be dilutive to 2020 adjusted earnings per diluted share in the range of two to three cents. Aflac further expects modest run-rate dilution over the near-term as it continues to expand the platform.

Piper Sandler & Co. served as financial advisor and Sidley Austin LLP as legal advisor to Aflac Incorporated. Barclays served as financial advisor and Willkie Farr & Gallagher LLP as legal advisor to Zurich.

Aflac management will address questions regarding the transaction and overall strategy on Aflac Incorporated's first quarter earnings call scheduled for April 30, 2020.

**ABOUT AFLAC INCORPORATED**

Aflac Incorporated (NYSE: AFL) is a Fortune 500 company, helping provide protection to more than 50 million people through its subsidiaries in Japan and the U.S., where it is a leading supplemental insurer by paying cash fast when policyholders get sick or injured. For more than six decades, insurance policies of Aflac Incorporated's subsidiaries have given policyholders the opportunity to focus on recovery, not financial stress. Aflac Life Insurance Japan is the leading provider of medical and cancer insurance in Japan where it

insures 1 in 4 households. For 14 consecutive years, Aflac has been recognized by *Ethisphere* as one of the World's Most Ethical Companies. In 2020, Fortune included Aflac Incorporated on its list of World's Most Admired Companies for the 19th time, and Bloomberg added Aflac Incorporated to its Gender-Equality Index, which tracks the financial performance of public companies committed to supporting gender equality through policy development, representation and transparency. To find out how to get help with expenses health insurance doesn't cover, get to know us at [aflac.com](http://aflac.com) or [aflac.com/espanol](http://aflac.com/espanol).

Aflac herein means American Family Life Assurance Company of Columbus and American Family Life Assurance Company of New York.

## **ABOUT ZURICH'S CORPORATE GROUP LIFE AND PENSIONS BUSINESS**

Zurich North America's Corporate Group Life and Pensions business offers exclusively true group life, short- and long-term disability and absence management solutions aimed at delivering an end-to-end offering that help make it easier for companies to manage their employee absences while also helping align with federal and state leave laws and quickly adapt as new laws are passed.

## **FORWARD-LOOKING INFORMATION**

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" to encourage companies to provide prospective information, so long as those informational statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those included in the forward-looking statements. The company desires to take advantage of these provisions. This document contains cautionary statements identifying important factors that could cause actual results to differ materially from those projected herein, and in any other statements made by company officials in communications with the financial community and contained in documents filed with the Securities and Exchange Commission. Forward-looking statements are not based on historical information and relate to future operations, strategies, financial results or other developments. Furthermore, forward-looking information is subject to numerous assumptions, risks and uncertainties. In particular, statements containing words such as "expect," "anticipate," "believe," "goal," "objective," "may," "should," "estimate," "intends," "projects," "will," "assumes," "potential," "target," "outlook" or similar words as well as specific projections of future results, generally qualify as forward-looking. Aflac undertakes no obligation to update such forward-looking statements.

The company cautions readers that the following factors, in addition to other factors mentioned from time to time, could cause actual results to differ materially from those contemplated by the forward-looking statements: ability to attract and retain qualified sales associates, brokers, employees, and distribution partners; events related to the ongoing Japan Post investigation and other matters; competitive environment and ability to anticipate and respond to market trends; deviations in actual experience from pricing and reserving assumptions; ability to continue to develop and implement improvements in information technology systems; defaults and credit downgrades of investments; exposure to significant interest rate risk; concentration of business in Japan; limited availability of acceptable yen-denominated investments; failure to comply with restrictions on policyholder privacy and information security; interruption in telecommunication, information technology and other operational systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems; catastrophic events including, but not necessarily limited to, epidemics, pandemics, tornadoes, hurricanes, earthquakes, tsunamis, war or other military action, terrorism or other acts of violence, and damage incidental to such events; difficult conditions in global capital markets and the economy; ability to protect the Aflac brand and the Company's reputation; extensive regulation and changes in law or regulation by governmental authorities; foreign currency fluctuations in the yen/dollar exchange rate; tax rates applicable to the Company may change; decline in creditworthiness of other financial institutions; significant valuation judgments in determination of amount of impairments taken on the Company's investments; U.S. tax audit risk related to conversion of the Japan branch to a subsidiary; subsidiaries' ability to pay dividends to the Parent Company; decreases in the Company's financial strength or debt ratings; inherent limitations to risk management policies and procedures; concentration of the Company's investments in any particular single-issuer or sector; differing judgments applied to investment valuations; ability to effectively manage key executive succession; changes in accounting standards; level and outcome of litigation; and allegations or determinations of worker misclassification in the United States.

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