

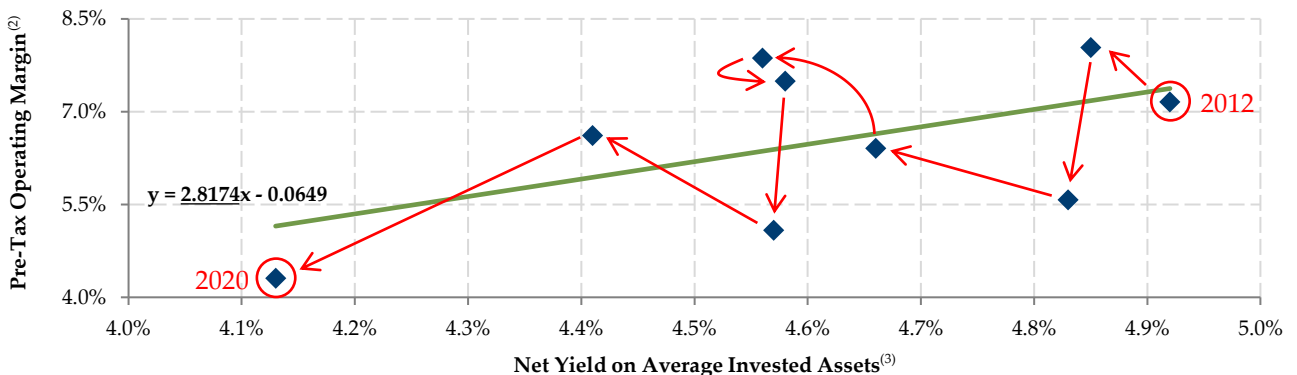
## Commentary

- Transaction frequency remained steady in Q3 2021, with four deals of note, highlighted by Brookfield Asset Management Inc.'s (TSX: BAM) recent acquisition of American National Group, Inc. (NASDAQ: ANAT) for \$5.1 billion.
- The Talcott Resolution Life Insurance Company, Fortitude Reinsurance Company Ltd., and Brookfield Asset Management Inc. acquisitions are enabled by superior asset management capabilities, relative to the broader life insurance industry (see graphic below).
- The quarter's exception is Horace Mann Educators Corporation's acquisition of Madison National Life Insurance Company, Inc., which was driven by substantial strategic synergy, as both entities are heavily focused on the education markets.

## Recent Transactions

Announcement Date	Acquirer	Target	Deal Value (\$MM)
09/23/21	Talcott Resolution Life Insurance Co.	Lincoln Financial Group Variable Annuity Book	Undisclosed
09/15/21	Fortitude Reinsurance Co. Ltd.	Prudential Annuities Life Assurance Corp.	\$1,500.0
08/09/21	Brookfield Asset Management Inc. (TSX: BAM)	American National Group, Inc. (NASDAQ: ANAT)	5,110.5
07/14/21	Horace Mann Educators Corp. (NYSE: HMN)	Madison National Life Insurance Co., Inc.	185.0
06/29/21	Constellation Insurance Holdings, Inc.	Columbian Mutual Life Insurance Co.	100.0
04/15/21	Reliance Standard Life Insurance Co.	Standard Security Life Insurance Co. of NY	180.0
03/29/21	Wilton Re U.S. Holdings, Inc.	Allstate Life Insurance Co. of NY	220.0
03/23/21	Constellation Insurance Holdings, Inc.	Ohio National Mutual Holdings, Inc.	Undisclosed
03/09/21	CUNA Mutual Holding Company	Assurant, Inc. Global Preeeed	1,350.0
01/27/21	Massachusetts Mutual Life Insurance Co.	Great American Life Insurance Co.	3,500.0
01/26/21	The Blackstone Group Inc. (NYSE: BX)	Allstate Life Insurance Co. of NY	3,050.0

## Yield and Margin Trends<sup>(1)</sup>



- The chart above illustrates the asset sensitivity of the life insurance industry. Low interest rates and tight spreads are depressing industry results as new money yields fall to new lows.
- Asset management and private equity firms continue to press their yield advantage. We see no catalyst for change, especially as the debts of firms and governments continue to grow.
- Attractive sales and block divestitures are not limited to blockbuster deal sizes. Sherman & Company is well positioned to advise middle market life insurers on the full range of options.

## Sherman & Company

**Otto Lowe**

Managing Director

(704) 943-2665

olowe@sherman-company.com

**Matt Hagan**

Associate

(704) 943-2669

mhagan@sherman-company.com

**Jack Berczi**

Analyst

(704) 943-2667

jberczi@sherman-company.com

Sherman & Company is an investment banking firm dedicated to the convergence of the insurance, healthcare, technology, and asset management industries.

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Sources: Sherman & Company, S&P Capital IQ Pro. (1) Data set includes statutory financials from the aggregate "Life Industry" in S&P Capital IQ Pro, from 2012-2020. (2) As defined by S&P Capital IQ Pro: "Operating income as a percent of operating revenue." (3) As defined by S&P Capital IQ Pro: "Annualized investment return based on average invested assets."