

New JV to Enhance Achmea's Life and Pension Business

Credit Comment

A new joint venture (JV) between Achmea Group and Sixth Street to combine Achmea Pension & Life (AP&L) with Lifetri, Sixth Street's Dutch life and pensions business, is credit neutral to Achmea B.V.'s and its subsidiaries' ratings. Fitch Ratings expects the impact on Achmea's credit profile to be limited because AP&L will continue to be fully consolidated at Achmea B.V. while Lifetri Group's addition on total assets of EUR1.9 billion is small compared with Achmea's total assets of EUR78 billion at end-2023.

Lifetri Group, based in the Netherlands, provides life, funeral and pension insurance, and manages EUR1.6 billion financial investments with a Solvency II ratio of 185% as of end-2023. Achmea will hold an 80% stake in the combined entity, with Sixth Street owning the rest. At closing, Achmea will receive a cash consideration of EUR445 million from Sixth Street.

The transaction is subject to completing the works councils' advisory processes and regulatory approvals, which are expected in 2H25.

The JV is intended to combine complementary capabilities of Achmea and Sixth Street. Fitch expects it to reinforce Achmea's position in the Dutch pension and life business, and enhance its competitiveness in the Dutch pension risk transfer (PRT) market targeting a market share of around 20%, or about EUR5 billion in PRT volume between 2026 and 2028. We also expect Achmea to leverage Sixth Street's experience in illiquid investments, such as direct lending and private credit, to optimise its investment portfolio and improve investment returns.

Furthermore, the JV will unlock efficiency improvements realised from better economic scale, portfolio integration and operating expense optimisations. These are expected to boost Achmea's financial performance, with adding EUR100 million to AP&L's operating capital generation following Lifetri's full integration. Achmea expects the transaction to initially have a limited impact on its group solvency position.

Achmea's interim results for 1H24 showed an operational result of EUR419 million and a net result of EUR493 million (3% and 31% higher than 2023, respectively). The group's solvency ratio slightly improved to 188% (end-2023: 183%). AP&L's operational result increased to EUR145 million from EUR134 million, a stronger increase than the group's operational result. AP&L also increased its new business market share to 14% in term life insurance from 12%. However, income growth was driven by improved results of Health Netherlands, Achmea Bank and for the net result by better performance of equity and real estate investments.

Health Netherlands saw a rise in insured persons and better investment income, while Achmea Bank benefited from growth in mortgage and savings portfolios. Non-life performance was under pressure in the Netherlands with the combined ratio increasing to 96.4% (1H23: 91.3%). This was primarily due to increased inflation expectations and higher claims in income protection insurance driven by growing physical and mental deficiencies.

Ratings

Achmea B.V.	
Long-Term IDR	A
Subsidiaries	
Insurer Financial Strength	A+

Outlooks

Long-Term IDR	Stable
Insurer Financial Strength	Stable

Debt Ratings

Junior Subordinated Long-Term Rating	BBB
Subordinated Long-Term Rating	BBB
Senior Unsecured Long-Term Rating	A-

Related Research

[Fitch Affirms Achmea's Operating Subsidiaries at IFS 'A+'; Outlook Stable \(June 2024\)](#)

[Belgian and Dutch Insurers – Peer Review July 2024 \(June 2024\)](#)

[Fitch Rates Achmea's Proposed Subordinated Tier 2 Notes 'BBB' \(April 2024\)](#)

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