

Research Update:

Achmea Pensioen & Levenverzekeringen N.V.'s. Ratings Affirmed By Joint Venture Announcement; Outlook Stable

November 28, 2024

Overview

- Achmea group announced an upcoming joint venture of its subsidiary Achmea Pensioen & Levenverzekeringen N.V. with Sixth Street, whereby Achmea will take over Sixth Street's Dutch subsidiary Lifetri as part of the transaction.
- We continue to view Achmea Pensioen & Levenverzekeringen N.V. as a core subsidiary of Achmea group.
- We believe the possible joint venture might reinforce Achmea group's value proposition and growth in the Dutch pension and life insurance market, and its long-term importance to the group strategy.
- Consequently, and as a core subsidiary, we affirmed our 'A' long-term issuer credit and financial strength ratings on Achmea Pensioen & Levenverzekeringen N.V.
- The outlook on the core entity Achmea Pensioen & Levenverzekeringen N.V is stable, mirroring the one on Achmea group.

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Rating Action

On Nov. 28, 2024, S&P Global Ratings affirmed its 'A' long-term issuer credit and insurer financial strength ratings on Pensioen & Levenverzekeringen N.V. as a core subsidiary of Netherlands-based Achmea group. The outlooks on Achmea group and the operating entity Achmea Pensioen & Levenverzekeringen N.V are stable.

Rationale

On Nov. 28, 2024, Achmea group announced its intention to combine its pension and life business with Sixth Street's owned Dutch consolidator Lifetri through a majority owned and long-term strategic partnership joint venture (JV).

Achmea group, as the majority owner, will control the long-term strategic partnership, and Sixth Street will provide capital for growth as well as capabilities in asset management, particularly in illiquid assets such as private lending. Supplementary management actions will take place throughout the process with regards to integration, and cost- and investment optimization.

We believe the transaction to be meaningful from a strategic point of view, as we expect it to be instrumental for Achmea's future strategic ambition to reinforce its position in the Dutch pension and life business area. The transaction will bring together capabilities in asset management, distribution, and pension risk transfer. Moreover, in our view it will support lowering expenses of the declining run-off book (the service book) through efficiency measures.

Throughout the partnership, we expect Achmea to maintain majority share of the JV, and fully integrate it in the group. In addition, we expect Achmea Pensioen & Levenverzekeringen N.V. to have a strong, long-term commitment of support from Achmea group in benign and under stressful conditions. Consequently, we continue to view it as a core entity to the Achmea group. That said, we will thoroughly monitor Achmea's actions and any consequences they might have on our assessment.

We understand the transaction is subject to regulatory approval.

Outlook

Our stable outlook on Achmea Pensioen & Levenverzekeringen N.V. reflects the creditworthiness of Achmea group. This is because we regard Achmea Pensioen & Levenverzekeringen N.V. as a core subsidiary of the group, supported by long-term top management commitment, full integration into Achmea group, and Achmea group remaining the long-term, clear majority owner. As such, we believe it would receive support under all foreseeable circumstances if needed.

Downside scenario

We could lower the ratings on Achmea Pensioen & Levenverzekeringen N.V. over the next 12-24 months if:

- We were to see a diminishing commitment from management to the entity;
- Full integration into Achmea group is not maintained; or
- Performance of the entity were to deteriorate materially compared to our expectations.

Upside scenario

As a core entity, the rating on Achmea Pensioen & Levenverzekeringen N.V. moves in tandem with, and is kept at, the rating level for Achmea group.

Related Criteria

- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10,

2021

- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings List

Ratings Affirmed

Achmea Pensioen & Levensverzekeringen N.V.

Issuer Credit Rating	
Local Currency	A/Stable/--
Financial Strength Rating	
Local Currency	A/Stable/--

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceid/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings. Alternatively, call S&P Global Ratings' Global Client Support line (44) 20-7176-7176.

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