

## Nippon Life Insurance Invests in a US Life Insurer—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on Nippon Life Insurance Company (security code: -)'s acquisition of 20% of the outstanding shares of Corebridge Financial Inc. (Corebridge), which operates a life insurance business in the US.

- (1) On May 16, Nippon Life Insurance Company announced that it had reached an agreement on the acquisition of 20% of the outstanding shares of Corebridge, which operates individual and group retirement and life insurance businesses in the US, with Corebridge and its parent company, American International Group, Inc. (AIG). The acquisition amount is expected to be approximately USD 3.8 billion (approx. JPY 595 billion) and will be funded entirely by cash on hand. In light of the acquisition amount, this deal is significantly larger than M&As and other deals the Nippon Life Group has undertaken to date, including MLC Limited in Australia in 2016 and NICHII HOLDINGS CO., LTD., with which it reached agreement on the acquisition of the shares in 2023.
- (2) Although the Nippon Life Group has a track record of acquiring and partially investing in overseas life insurance companies, it has lagged behind other major life insurance groups in Japan in terms of expansion in North America. Under the three-year mid-term management plan, which has been under way since April 2024, it set the expansion of global business as one of the five strategic directions, and has secured investment resources of over JPY 2 trillion to realize this. As a result of this deal, the large new investments in the US and other countries, which were supposed to be undertaken within the mid-term management plan period, will be realized at an early stage. Currently, global business account for only about 4% of the Group's core operating profit, and it intends to increase this proportion through this investment and other measures. JCR believes that through the investment, a certain positive effect on the Group's business base can be expected, such as securing a base in the US, a large market, diversification of earnings sources and geographical diversification of risks. After the completion of the investment, the Group will still have over JPY 1 trillion of investment resources, and a flexible development, including options such as an additional investment in Corebridge, can be expected. Going forward, JCR will focus on whether it can secure a return commensurate with the investment amount, and also the post-investment process, including initiatives to create synergies and the establishing the governance structure.
- (3) The consolidated ESR of the Nippon Life Group is high at around 233% (forecast at the end of March 2024). Goodwill and other factors associated with this investment may push down the level of ESR, but JCR believes that the impact will be limited.

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### <Reference>

Issuer: Nippon Life Insurance Company

Long-term Issuer Rating: AA+      Outlook: Stable

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