

Nippon Life Insurance Makes US life Insurer a Wholly-owned Subsidiary—Large-Scale investment, but Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on Nippon Life Insurance Company (security code: -)'s making Resolution Life Group Holdings Ltd. (Resolution Life), an equity method affiliate, which is operating closed-book life insurance and other businesses centered on the United States, a wholly-owned subsidiary.

- (1) Nippon Life Insurance announced today that it has reached an agreement with the relevant parties to additionally acquire the outstanding shares of Resolution Life, a company that operates closed-book business and reinsurance business, mainly in the United States and Australia, and make it a wholly owned subsidiary. The acquisition is scheduled to be completed in the second half of 2025 (July to December). Nippon Life Insurance has been investing in stages since 2019 in Resolution Life, which is currently an equity-method affiliate with an investment of approximately 23%. The additional investment is expected to be approximately USD 8.2 billion (approximately 1.2 trillion yen), and Nippon Life Insurance states that it will be financed entirely by fund in hand. This investment greatly exceeds the amount of previous investments, such as the investment in Australia's MLC Limited in 2016 and the partial investment completed in US-based Corebridge in December 2024, and is the largest overseas M&A deal by a Japanese financial institution to date.
- (2) The Nippon Life Group set the expansion of global business as one of the strategic directions under the three-year mid-term management plan, which has been under way since April 2024, and aims to increase the proportion of global business to the Group's core operating profit over a period of about 10 years. This transaction is part of an initiative in line with this policy, and will be the first majority investment in North American market for the Nippon Life Group, which has been somewhat behind other domestic life insurance groups in its overseas expansion. JCR believes that the expansion and diversification of the business base in the North American market and the diversification of revenue sources could have a positive impact on the creditworthiness of the Nippon Life Group from a longer time perspective.
- (3) Although the amount of this investment is large and the generation of goodwill and other factors may push down the capital level, the Nippon Life Group's ESR is high, and JCR believes that the level will be maintained at a level commensurate with the rating. JCR has been seeing the Group's appetite for business investment during the current mid-term management plan as relatively high, so the impact on the rating is limited. The investment resources of 2 trillion yen that were expected to be used within the period of the mid-term management plan will be largely used up with NICHII HOLDINGS, Corebridge, and this transaction, but the securing of additional investment resources has been indicated in the longer term, and developments such as additional investments in Corebridge will be watched. JCR believes that the Group's strategic investments, including this deal, are being carried out in a disciplined manner under a capital policy that emphasizes soundness. With the rapid expansion of global business, the importance of global and group-wide ERM will increase further. JCR will monitor the efforts to establish an appropriate governance structure.

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<Reference>

Issuer: Nippon Life Insurance Company

Long-term Issuer Rating: AA+ Outlook: Stable



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