

# METLIFE PARTNERS WITH GLOBAL ATLANTIC IN \$19.2 BIL REINSURANCE DEAL

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## The Advisors

**Stephen Gauster (pictured), Executive Vice President & General Counsel at MetLife, leads the legal team.**

**Willkie Farr & Gallagher acted as legal counsel and Goldman Sachs & Co. acted as financial advisor for MetLife on this transaction.**

Insurance giant MetLife (NYSE: MET) has made significant moves to manage risk and enhance shareholder value. The company has entered into an agreement with Global Atlantic Financial Group (Global Atlantic) to reinsure around \$19.2 billion of U.S. retail life insurance and fixed annuity statutory reserves. This strategic transaction is aligned with MetLife's focus on risk management and optimizing capital deployment for long-term value creation.

The value of the reinsurance transaction is estimated to be approximately \$3.25 billion, which includes a ceding commission of \$2.25 billion and the release of \$1 billion in capital. In addition to this, MetLife's Board of Directors has approved an additional \$1 billion increase in the company's share repurchase authorization. This brings the total share repurchase authorization outstanding to approximately \$4 billion, demonstrating MetLife's commitment to returning value to its shareholders.

"This transaction is another critical step in creating long-term value for our shareholders and for all our stakeholders," said MetLife President and CEO **Michel Khalaf**. "It will reduce enterprise risk and enable us to further invest in responsible growth while also returning capital to our shareholders — underscoring our financial strength and our balanced approach to capital management."

The reinsurance agreement with Global Atlantic specifically covers U.S. retail universal life, variable universal life, universal life with secondary guarantees, and fixed annuity statutory reserves. By accelerating the run-off of its legacy business, MetLife can focus on its strategic priorities of simplifying and differentiating its operations.

MetLife expects this transaction to have a positive impact on key financial metrics, including adjusted earnings per diluted share and the company's target adjusted return on equity of 13% to 15%.

Under the agreement, approximately \$14 billion of U.S. retail life insurance, consisting of universal life, variable universal life, and universal life with secondary guarantees, will be reinsured, along with \$5.2 billion of fixed annuities. MetLife will remain responsible for all customer-related functions, ensuring continued service for policyholders.

Furthermore, MetLife Investment Management has secured a mandate to manage a substantial portion of the assets involved through a five-year investment management agreement.

The reinsurance transaction will be structured on a coinsurance and modified coinsurance basis. The anticipated closing of the agreement is set for the second half of 2023, subject to customary closing conditions and regulatory approvals.