

GE to spin off life insurance businesses

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STAMFORD, Conn. (AP) — General Electric Co. will spin off most of its life and mortgage insurance operations into a new company, a major move toward transforming the world's most valuable business.

GE said it intends to pursue an initial public offering of a new company named Genworth Financial Inc. The businesses in the new company have a book value of about \$10 billion, GE said.

The transaction is expected to be completed in the first half of 2004, subject to market conditions and regulatory approvals.

GE, based in Fairfield, plans to sell about 30 percent of the equity of the new company in the IPO, and expects to reduce its ownership position over the next three years as Genworth transitions to being an independent company.

The move is part of GE's strategy of reshaping its portfolio of businesses to restore double-digit profit growth.

"This IPO is both an important step in the transformation of GE and a significant opportunity for Genworth," said GE chief executive Jeff Immelt. "We continue to execute on the clear portfolio and capital allocation strategies that we have articulated to create a faster-growth GE."

GE had previously announced its intent to reduce the level of its insurance-related assets from about 40 percent to 15 percent of its total financial services assets. The businesses GE will contribute to the new company represent approximately 20 percent of GE's financial services assets and half of the assets of GE's Insurance segment.

As a separate public company, Genworth will be able to pursue its own strategy with direct access to the capital markets to fund its own business initiatives, Immelt said.

GE Financial Assurance Holdings Inc., the holding company for GE's U.S. life and mortgage insurance operations, will transfer most of its businesses to Genworth.

GE also will transfer its international mortgage insurance and European payment protection businesses to Genworth.

GE will retain certain consumer marketing and financing operations, and U.K.-based GE Life. GE's other principal insurance business, Employers Reinsurance Corp., will not be part of the IPO.

While the amount GE will receive in the IPO will depend on market conditions and other factors, GE intends to use the proceeds to invest in growth initiatives and reduce "parent-support debt" at GE Capital, its financial services arm. □