

# The Hartford to buy CNA Group Benefits

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HARTFORD — The Hartford Financial Services Group has agreed to purchase CNA Financial Corp.'s group benefits business for an estimated \$500 million, the insurance companies announced.

Under the deal, The Hartford will buy CNA's group life and accident insurance operations and its short- and long-term disability business. Some speciality businesses, which were not specified, will also be sold in the deal, officials said.

The Hartford hopes to close the deal before the end of the year. The deal is subject to regulatory approval.

Chicago-based CNA has operations in nearly every region served by The Hartford, said Kristin Flyntz, a spokeswoman for The Hartford. That gives the company more depth in those markets, she said.

But the deal also creates some redundancy and company officials have discussed job reduction, Flyntz said.

A transition team has been formed, comprised of representatives from both companies, she said.

"We're looking to retain the best of both operations," Flyntz said.

Ramani Ayer, chairman and chief executive officer of The Hartford, said the total cost of the deal, including transaction costs, will be about \$600 million. It will be financed using 75 percent common stock and 25 percent debt, he said.

"We are very pleased to add these solid operations to our already successful Group Benefits operations. This will enable Hartford Life to increase the scale of its group life and disability operations and expand its distribution capability," Ayer said.

He also said The Hartford will continue to pursue "strategic acquisitions."

Richard Mucci, senior vice president, Hartford Life and director of its Group Benefits operations, will lead the newly combined organization.

CNA's group operations reported revenues of \$987 million for the nine months ended Sept. 30, 2003 for its group benefits businesses, excluding long term care.

"The sale of CNA's group benefits enables us to sharpen our operational focus and move forward on our recently announced capital plan," said Stephen W. Lilienthal, chairman and CEO of CNA. □