

T&D Life Group Invests in German Closed-Book Business— No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the expansion of the closed book business in Europe by new investment by T&D Holdings, Inc. (security code: 8795) through its consolidated subsidiary T&D United Capital Co., Ltd. ("TDUC").

- (1) T&D Holdings, Inc. announced today that it will acquire jointly with other companies outside the Group Viridium Group GmbH & Co. KG ("Viridium"), a German life insurance holding company, which handles closed-book business and that TDUC will acquire a 29.9% stake. The transaction is expected to close in the second half of 2025 (July to December), and Viridium will become an equity method affiliate of T&D Holdings. The investment amount is expected to be approximately 120 billion yen, and T&D Holdings is considering raising funds externally in addition to using cash on hand.
- (2) The T&D Life Group has set out a strategy "diversification and optimization of business portfolio" in its Group Long-term Vision, and this investment is part of initiatives in line with this policy. Viridium has been expanding its closed-book life insurance portfolios over the past 10 years or so, with its strengths in the efficiency improvements through its IT and operational platform. The T&D Life Group already has FGH Parent, L.P. ("Fortitude Re") as an equity method affiliate in the closed-book business. The insurance liabilities that Fortitude Re has acquired over the past few years have been mainly in the US or Japan, and JCR believes that the investment in Viridium, which has a base in Europe, will contribute to diversifying the revenue base by diversifying the business base.
- (3) The T&D Life Group has a high level of soundness as seen in ESR, etc., and JCR believes that the impact on the financial base from this investment will be limited. JCR considers that the strategic investments made by the Group are being carried out in a disciplined manner under a capital policy that emphasizes soundness. In addition to the fact that the areas covered by the overseas closed-book business such as US and Europe are expanding, there are also cases in the reinsurance market where slightly complex insurance liabilities are being underwritten, so JCR believes that the key point is an appropriate control based on a balance of risk and return. The importance of group-wide ERM is increasing, and JCR will watch the status of the development of appropriate governance systems.

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<Reference>

Issuer: T&D Holdings, Inc.

Long-term Issuer Rating: AA Outlook: Stable

Issuer: DAIDO LIFE INSURANCE COMPANY

Long-term Issuer Rating: AA Outlook: Stable

Issuer: TAIYO LIFE INSURANCE COMPANY

Long-term Issuer Rating: AA Outlook: Stable

Issuer: T&D FINANCIAL LIFE INSURANCE COMPANY

Long-term Issuer Rating: AA Outlook: Stable

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