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Allianz keen to grow in France, but analyst sees few opportunities

By David Hutter

[Allianz Group](#) is ready to grow its business in France through acquisitions, but opportunities could be limited, an analyst told SNL Financial on Jan. 17.

The same day, the *Handelsblatt* reported that the German insurance giant expects French banks to sell their life insurance arms in the next few years and intends to take advantage of that.

The business daily quoted the CEO of Allianz' French unit, Jacques Richier, as saying banks in France will continue to be important distributors of life insurance policies but will not necessarily issue their own policies because of the new capital requirements.

When speaking to SNL, AlphaValue analyst Christophe Nijdam was not convinced that Richier's optimism is justified.

"I am not sure I would entirely share that view," he said, citing the fact that Basel III will not be fully implemented before 2018 as the reason for his skepticism. He added that such a time frame will give French banks — which reportedly dominate France's life insurance market with a share of 60% — sufficient time to adjust their capital levels.

However, he agreed that some French banks may be more affected than others by Basel III and the new requirements for their insurance subsidiaries. Nijdam added that [Natixis](#) and, to a lesser extent, [Crédit Agricole SA](#) are among the banks that are "more likely to require some kind of arrangement" for their insurance operations.

In addition, he said that although Allianz, which is the fifth-biggest player in the French insurance market, could target the French insurance operations of those two firms, it might also try and find an arrangement like [Crédit Agricole](#) and [Société Générale SA](#) did when they merged their asset management subsidiaries into [Amundi](#).

A third option is that the banks in question may launch an IPO for their insurance activities or part of them if market conditions are right, Nijdam added.

If French banks do have to sell their life insurance businesses, Richier thinks that they will struggle to command prices similar to those before the financial crisis, the *Handelsblatt* said.

The newspaper also quoted him as saying Allianz will examine any life insurers that are put onto the market because the French life insurance segment could grow by another 4% to 5% a year thanks to tax exemptions on life insurance policies in France, which allow customers to cash in their policies tax-free after seven years.