

AIG Defies Punishing Run for IPOs With Year's Biggest: ECM Watch

By Drew Singer / Bloomberg News / September 8, 2022

The biggest US initial public offering this year appears to be designed to withstand turbulent times, meaning it should snap an eight-month drought in listings from the largest firms in the pipeline.

American International Group Inc. is offering up to \$1.92 billion of shares of its life and retirement business, Corebridge Financial Inc., according to a filing this week, terms that indicate marketing has formally begun. After delaying the deal because of market volatility, the firm stuck with a new timeline telegraphed a month ago.

If completed, the Corebridge listing would raise almost double the \$1.1 billion tally from TPG Inc.'s IPO in January. Beyond that, no other US IPO has raised even \$1 billion this year. That contrasts with a record 45 such deals last year and 31 in 2020, according to data compiled by Bloomberg. TPG has since fallen below its offering price as part of the broader market selloff that's deterred other potential issuers.

Unlike some other candidates for large IPOs, Corebridge is positioned to hold up during a potential downturn in the broader economy that's been fueling risk-off trading of late, Bloomberg Intelligence analyst Jeffrey Flynn said in an interview.

"It's a very stable business -- not that there is not some market noise," he said. "They do not have much in wealth or asset management that may be hurt by weak equity markets."

Many of Corebridge's units could weather a slowdown well, Flynn said, such as the fixed annuity and group retirement businesses. The prospect of higher interest rates are also a "big plus" over the longer term, he added.

The IPO terms value Corebridge at a 17% premium to its US listed peers on a 12-month historical price-to-book basis, analysts at The Edge Consulting Group wrote in a note.

Those counterparts have seen mixed trading during this year's market turmoil. The closest to Corebridge include Prudential Financial Inc., Metlife Inc. and Equitable Holdings Inc., which have outperformed the S&P 500 this year, and Lincoln National Corp., which has not, Flynn said. The Edge also identifies Jackson Financial Inc., Athene Holding Ltd and Brighthouse Financial Inc. as valuation comparables.

"Typically, these kinds of businesses, and insurance as a sector, is defensive in nature," The Edge founder Jim Osman told Bloomberg. "However, they could feel the heat from an economic slowdown as the premiums collected are invested across various asset classes.

JPMorgan, Morgan Stanley, Piper Sandler, BofA, Citi and Goldman Sachs are underwriting the IPO.

To contact the reporter on this story:

Drew Singer in New York at dsinger28@bloomberg.net;

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The Edge Consulting Group LLC

GREATER NEW YORK: 89 Headquarters Plaza | Morristown | NJ 07960 | +1 (212) 714 7046

LONDON: 27 Old Gloucester Street | London | WC1N 3AX | +44 (0) 845 459 7103

www.edgecgroup.com