

## Economic Bulletin – Issue 72

# *From Synergy to Solvency: What Insurance M&A Gets Right (and Wrong)*

- The M&A process spans three core phases (preparatory, transaction, and post-merger integration), each requiring strong coordination, leadership, and clear strategic intent, while due diligence functions as a cross-cutting safeguard to ensure valuation accuracy and mitigate risks across financial, legal, tax, operational, human resources, and IT dimensions.
- Empirical evidence shows that target firms tend to capture larger short-term financial gains from M&A, mainly through acquisition premiums reflected in their share prices. For acquirers, the value creation typically emerges only in the longer term, and is highly contingent on strategic fit, clear integration plans, and the successful realization of operational and financial synergies.
- The ACE-Chubb merger demonstrates how complementary product portfolios, global presence, and disciplined post-merger execution can produce significant performance improvements and industry repositioning.
- The Income-Allianz case highlights how strategic equity partnerships can be driven by the need to expand scale, strengthen capital positions, and accelerate digital distribution capabilities. In this case, collaboration aims to enhance product innovation and market competitiveness, although successful outcomes depend on regulatory alignment and careful integration of governance and operational systems.
- Overall, the literature shows that successful M&A depends less on deal size than on strategic alignment, careful planning, and effective post-merger integration to realize synergies. On the other hand, failed M&A often results from overestimated synergies, weak integration, and misalignment (whether operational, cultural, or stakeholder-related) which ultimately undermines value creation.

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## Introduction

Merger and acquisition (M&A) activity constitutes a central instrument of corporate strategy, enabling firms to reallocate resources, accelerate capability building, and reconfigure market positioning beyond the cadence of organic growth. In its narrow sense, M&A encompasses mergers and acquisitions executed through share or asset transactions, culminating either in a single surviving entity or the creation of a new legal entity. In a broader sense, the domain also includes structured strategic cooperation, most notably joint ventures and strategic alliances, that facilitate risk-sharing, technology access, and market entry without full transfer of control (Distler, 2017).

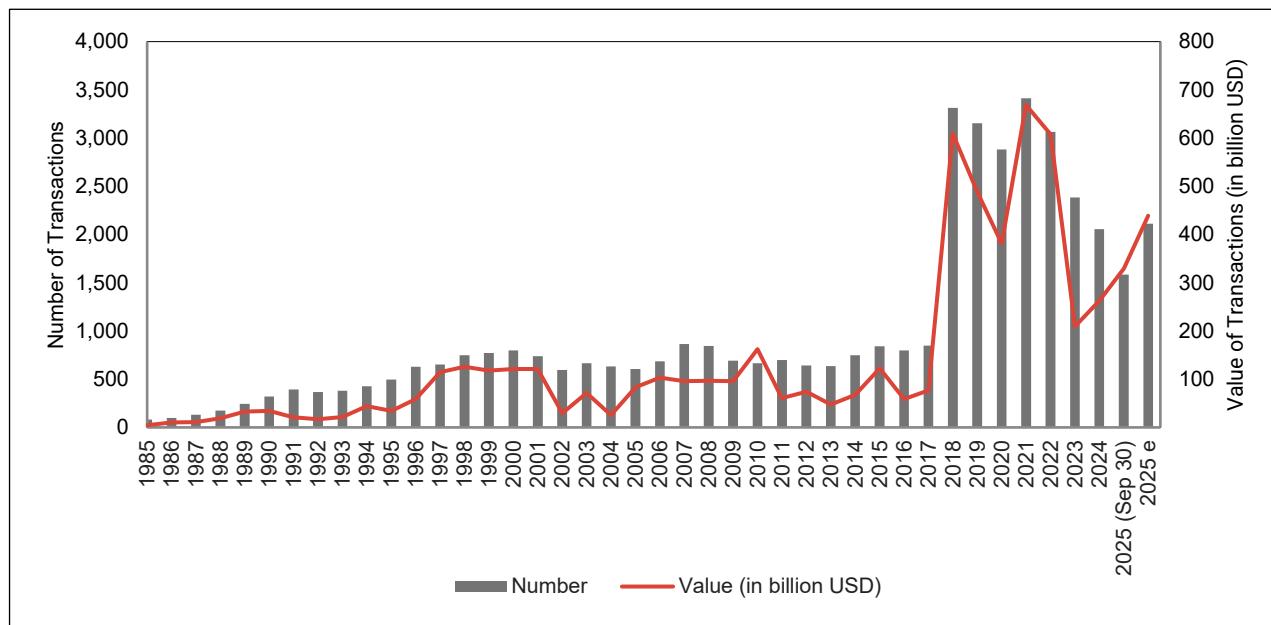
M&A further functions as a vehicle for corporate restructuring and control rebalancing. Restructuring modalities, such as spin-offs, carve-outs, divestitures, and split-ups, seek to resolve conglomerate discounts, sharpen strategic focus, and surface latent asset values. Instruments of corporate control, including premium buybacks, standstill agreements, antitakeover amendments, and proxy contests, delineate how control rights are defended or transferred in both negotiated and contested settings. Collectively, these mechanisms allow boards to align portfolio composition, governance arrangements, and capital structures with evolving strategic objectives and stakeholder constraints (Distler, 2017).

Changes in ownership structure represent a fourth pillar of the M&A landscape with direct capital-market implications. Exchange offers, share repurchases, initial public offerings, going-private transactions, and leveraged buyouts reposition firms along the public to private continuum, with distinct consequences for disclosure regimes, leverage tolerance, and managerial incentives. Mapping these areas of activity provides an integrated framework for analyzing deal rationales, structures, and outcomes across cycles and jurisdictions, including emerging markets such as Indonesia, thereby establishing the conceptual foundation for the analyses that follow (Distler, 2017).

Recent global data indicates that M&A activity in the insurance sector has experienced significant structural growth over the past two decades, both in frequency and aggregate deal value. As shown in Exhibit 1, the number of transactions increased steadily from the early 2000s and surged sharply following 2015, while total deal value similarly rose, reflecting heightened consolidation

dynamics and strategic repositioning among insurers worldwide. This pattern signals that M&A has become an increasingly central instrument for insurers seeking to expand scale, strengthen capital positions, enhance distribution networks, and integrate new technological capabilities in response to intensifying competition, regulatory reforms, and evolving consumer expectations.

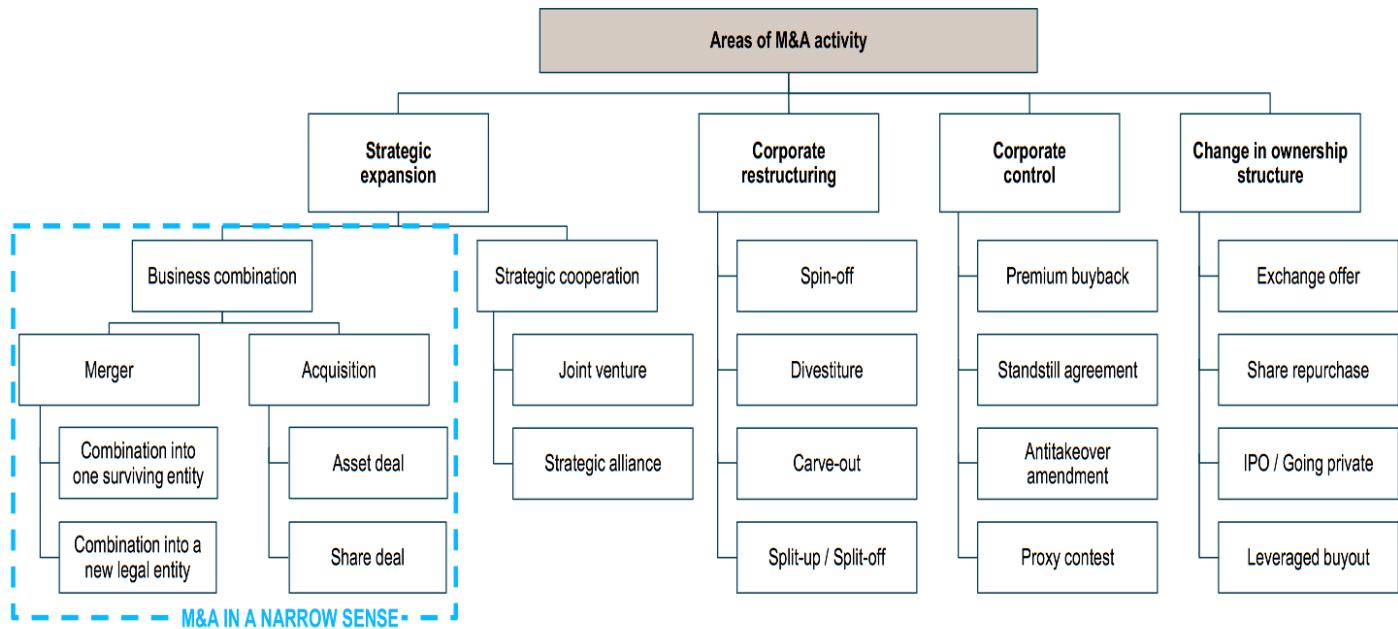
Exhibit 1. M&A Activities in Insurance Sector



Sources: *The Institute for Mergers Acquisitions and Alliances (IMAA)*. (2025).

## Four Main Pillars of M&A Activities

M&A landscape can be organized into four pillars that synthesize the principal motives, instruments, and outcomes of transactions. Strategic cooperation covers expansionary combinations and collaborations, including mergers, acquisitions, joint ventures, and strategic alliances. Corporate restructuring refers to portfolio reconfiguration to surface value and sharpen focus, exemplified by spin-offs, divestitures, carve-outs, and split-ups or split-offs. Corporate control comprises mechanisms that defend or reallocate control rights, such as premium buybacks, standstill agreements, anti-takeover amendments, and proxy contests. Change in ownership structure captures shifts along the public to private continuum and capital structure choices through exchange offers, share repurchases, initial public offerings or going-private transactions, and leveraged buyouts (Distler, 2017).

**Exhibit 2. Area of M&A Activities**


Sources: Distler, J. (2017). *Acquisitions by Emerging Multinational Corporations*. Springer Gabler

## Merger

- **Combining Into One Surviving Entity:** A merger is defined where one firm remains as the legal survivor and the other is dissolved. Operations, assets, and liabilities are consolidated under the surviving company to capture scale, eliminate duplication, and simplify governance.
- **Combining Into a New Legal Entity:** All merging firms cease to exist as separate entities and form a newly incorporated company. This structure is used when parties seek a neutral governance framework or a refreshed corporate identity while pooling assets and capabilities. A well-known illustration is the 1999 merger of Exxon and Mobil, which dissolved both legacy companies to create Exxon Mobil Corporation, enabling scale consolidation in upstream operations, integrated supply chains, and a unified global brand (Kumar, 2019)

## Acquisition

- **Asset Deal:** The acquirer purchases selected assets of the target such as brands, patents, production facilities, or defined business lines while the target remains a separate legal entity, enabling the buyer to isolate attractive assets and avoid unwanted liabilities; this structure was exemplified when

Lenovo acquired IBM's x86 server business, transferring operational assets and product portfolios without assuming IBM's broader corporate obligations (Lenovo, 2014).

- **Share Deal:** The acquirer obtains control by purchasing equity directly from existing shareholders, typically surpassing a majority threshold, which transfers residual rights and strategic authority without disturbing operational contracts; for example, Kraft Foods' 2010 acquisition of Cadbury involved a share purchase tender offer that secured a controlling stake (Jones & Dorfman, 2010)

### Strategic Cooperation

- **Joint Venture:** Two or more firms establish a jointly owned entity to combine complementary capabilities and share capital commitments, managerial oversight, and risk exposure for defined strategic objectives; Sony and Ericsson followed this structure in 2001, forming a joint venture that merged Sony's consumer-electronics market strength with Ericsson's mobile communications expertise (Sony, 2001)
- **Strategic Alliance:** Firms may coordinate specific operational or technological activities without transferring ownership or forming a joint entity, preserving strategic autonomy while leveraging complementary assets; for example, Uber and Spotify integrated their platforms in 2014 to allow Spotify Premium users to stream personalized playlists during Uber rides, a collaboration that enhanced customer experience while both companies remained fully independent (Kleinman, 2014)

### Corporate Restructuring

- **Spin-Off:** A business unit is separated from the parent and listed or established as an independent company, with shares distributed to existing shareholders on a pro-rata basis. The objective is to surface intrinsic value and improve managerial focus without an external sale. For example, this dynamic occurred when eBay separated PayPal in 2015, enabling PayPal to pursue growth in digital payments while allowing eBay to refocus on its core marketplace operations (Satell, 2015).
- **Divestiture:** A company sells a business, division, or set of assets to an external buyer for cash or other considerations. Divestments streamline portfolios, release capital, and transfer full control of the unit to the purchaser. For example, Meta was compelled by the UK Competition and Markets Authority to

divest Giphy to Shutterstock in 2023 following antitrust findings (Goswami, 2023).

- **Carve-Out:** The parent sells a minority stake in a subsidiary to public investors through an initial public offering while retaining control. Carve-outs provide price discovery, raise capital, and create a stand-alone equity currency for the subsidiary. For example, General Electric carved out its consumer finance arm, Synchrony Financial, through a 2014 IPO while remaining the majority shareholder, enabling GE to refocus on its core industrial businesses (Picardo, 2024).
- **Split-Up or Split-Off:** In a split-up, a parent dissolves and distributes shares of multiple subsidiaries to shareholders. In a split-off, shareholders exchange parent shares for shares in a subsidiary, choosing where to hold exposure, which can sharpen strategic focus and reduce conglomerate discounts. This was demonstrated in 2015 when Hewlett-Packard separated into HP Inc. (personal systems and printing) and Hewlett Packard Enterprise (enterprise hardware and services), enabling each company to pursue distinct growth trajectories and capital allocation priorities (Bloomenthal, 2024)

### Corporate Control

- **Premium Buyback:** A company repurchases its own shares at a price above prevailing market value. Premium tenders consolidate control, counter hostile interest, or enhance per-share metrics when internal valuations exceed market pricing.
- **Standstill Agreement:** A target and a potential acquirer agree that the acquirer will not purchase additional shares for a defined period. The arrangement stabilizes the shareholder base during negotiations and provides breathing room for defensive or alternative strategies. For example, in 2017 Glencore entered a standstill arrangement with Bunge after expressing acquisition interest, preventing Glencore from increasing its stake or initiating a formal bid during the agreed timeframe (Hayes, 2025).
- **Antitakeover Amendment:** Changes to bylaws or charter provisions increase the cost or difficulty of hostile bids. Typical measures include staggered boards, supermajority voting, or poison pills intended to protect bargaining power and ensure orderly processes. Meade et al. (1997) find that firms adopting such antitakeover amendments are less likely to be acquired through hostile offers, and when takeovers do occur, they tend

to secure higher bid premiums due to improved bargaining leverage.

- **Proxy Contest:** An external party seeks to replace directors through shareholder voting to gain effective control. Proxy fights are used when accumulating shares is impractical or restricted and when the contest centers on governance and strategy rather than immediate ownership transfer. For example, in 2019 Elliott Management launched a proxy campaign at Hyundai Motor Group, nominating alternative directors and proposing governance and dividend reforms, though shareholders ultimately voted to retain the incumbent board (Jin & Park, 2019).

### Change in Ownership

- **Exchange Offer:** The acquirer offers its own shares to target shareholders in exchange for their holdings rather than paying cash. Equity consideration aligns long-term incentives and can ease financing constraints while preserving liquidity for both sides. For example, Pfizer's 2009 acquisition of Wyeth was structured so that Wyeth shareholders received a combination of Pfizer stock and cash at a predetermined exchange ratio, facilitating the transfer of control while supporting Pfizer's strategic expansion of its product portfolio (FasterCapital, 2025; Pfizer, 2009).
- **Share Repurchase:** A company buys back outstanding shares in the open market or via negotiated blocks. Repurchases reduce share count, may raise earnings per share, and can consolidate control within a preferred shareholder group. For example, Apple has executed some of the largest buybacks globally, spending over \$500 billion since 2012 to reduce share count and lift EPS, while Meta repurchased around \$40 billion of its shares in 2024 to reinforce shareholder value during its strategic pivot toward AI. Berkshire Hathaway also repurchased over \$60 billion between 2020-2022 only when management believed the stock traded below intrinsic value, using buybacks primarily as a valuation signal rather than a capital return mechanism (Miller, 2025).
- **Initial public offering (IPO) and Going Private:** A private firm sells shares to the public for the first time, becoming a listed entity. The listing creates access to public capital, an acquisition currency, and market discipline, at the cost of disclosure and compliance. A listed firm is acquired or

repurchased to remove it from public markets. The move seeks greater operating flexibility, tighter control, and relief from public reporting obligations, often preparatory to restructure.

Some noted companies that have followed this path include Alibaba, which raised a then-record USD 25 billion in its 2014 IPO to fund global expansion and platform investment, illustrating how public listings can serve as a powerful financing and credibility mechanism (Hernandez, 2014). Conversely, Dell moved in the opposite direction in 2013, when Michael Dell, alongside Silver Lake and with financing support from Microsoft, took the company private in a USD 24.4 billion transaction to remove quarterly market pressures, reposition the business away from its declining PC core, and regain strategic flexibility to invest in higher-margin enterprise and cloud services (Gupta et al., 2013).

- **Leveraged Buyout (LBO):** An acquisition financed significantly with debt, frequently secured by the target's assets and cash flows. LBOs aim to amplify equity returns through leverage, disciplined cash management, and operational improvements. Some of the most well-known leveraged buyouts include the \$48 billion takeover of TXU (later Energy Future Holdings) led by KKR and TPG, Blackstone's \$26 billion buyout of Hilton, which later became one of private equity's most profitable exits, and the \$31 billion RJR Nabisco deal, an iconic transaction that came to symbolize the scale and complexity of the LBO era (Walton, 2023).

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## Categories of M&A in Narrow Sense

Building on the four-pillar map, the narrow conception of M&A can be framed through observable deal attributes that guide empirical analysis. Transactions are first distinguished by the type of combination into mergers or acquisitions. Strategic positioning is captured by direction, whether horizontal, vertical, or conglomerate. Consideration is classified by form of payment, namely cash, stock, or a mixture. The conduct of the parties appears in acquiring attitude, friendly or hostile. Target ownership separates deals for publicly listed firms from those involving private companies. Spatial scope is reflected in geographic focus, domestic or cross-border. Finally, acquisition structure differentiates asset deals from share deals. This taxonomy enables consistent comparison of deal design, incentives, and execution

outcomes across markets and periods (Distler, 2017).

Extending the taxonomy, the strategic direction of a transaction indicates how the acquirer positions itself relative to the target. Horizontal deals combine firms in the same industry to capture scale economies, reduce duplication, and consolidate market share. Vertical deals integrate different stages of the value chain to secure inputs or distribution and improve coordination of quality, timing, and margins. Conglomerate deals link unrelated businesses to diversify cash flows or redeploy managerial and financial capabilities. These strategic choices shape expected synergies, concentration risk, and antitrust exposure (Distler, 2017).

The form of payment governs incentives and balance sheet effects. Cash consideration delivers immediate liquidity to sellers and concentrates financing and integration risk on the buyer. Stock consideration converts sellers into shareholders of the combined company, aligns long-run incentives, preserves cash, and dilutes

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### Exhibit 3. Categories of M&A

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Criteria	Categories		
Type of combination	Merger		Acquisition
Strategic direction	Horizontal	Vertical	Conglomerate
Form of payment	Cash	Mixture	Stock
Acquirer attitude	Friendly		Hostile
Target ownership	Public		Private
Geographic focus	Domestic		Cross-border
Acquisition structure	Asset deal		Share deal

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Sources: Distler (2017). *Acquisitions by Emerging Multinational Corporations*. Springer Gabler

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existing owners in proportion to the exchange ratio. Mixed consideration blends cash and stock to balance funding constraints, valuation views, and control objectives (Distler, 2017).

Acquiring attitude captures the conduct of the parties. Friendly deals proceed through board-to-board negotiation that facilitates diligence, access and integration planning. Hostile deals arise when the target board rejects the offer and the bidder seeks control directly from shareholders, typically via a tender offer or a proxy contest. Hostile processes increase execution risk, legal complexity, and the need for defensive or counterproposals (Distler, 2017).

Target ownership conditions are disclosure and negotiation

dynamics. Public targets are listed companies subject to securities regulation, mandatory disclosures, and market scrutiny, which can raise timing and litigation risk but provide price transparency. Private targets involve concentrated ownership and bespoke terms on representations, earn-outs, and governance, often enabling faster negotiation but with less market signaling (Distler, 2017).

Geographic focus reflects the scope of integration. Domestic deals occur within a single jurisdiction, simplifying legal, tax, and cultural alignment. Cross-border deals span countries to access new markets and capabilities, while introducing approval processes, currency and tax considerations, and post-merger integration challenges across legal and cultural systems (Distler, 2017).

Finally, acquisition structure determines how control and liabilities transfer. In an asset deal, the buyer selects specific assets or business units and generally avoids unassumed obligations, which is useful for targeted acquisitions or distressed contexts. In a share deal, the buyer acquires equity in the target and obtains residual control over the entire entity, preserving contract continuity and licenses while assuming existing liabilities. Structure selection is driven by tax, regulatory, and risk-allocation considerations (Distler, 2017).

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## The History of M&A Wave Across the Globe

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M&A unfolds in recognizable “waves” that track shifts in macroeconomic conditions, regulation, technology, and capital-market innovation. Early U.S. waves focused on domestic consolidation, with monopolies around 1900 and oligopolies in the 1910s to 1920s, financed mainly with cash or equity. Activity in the 1950s to 1970s shifted to diversification under tighter antitrust policy. The 1980s introduced debt-financed transactions and modern takeover tactics, the 1990s emphasized globalization, privatization, and the internet era, and 2003 to 2008 featured broad global expansion with higher cross-border activity and mixed financing. Hostile methods appear most frequently in mature markets, and turning points often coincide with market breaks or recessions, underscoring the pro-cyclical nature of M&A.

The first wave (1890–1904) was centered in the United States and was propelled by rapid industrialization, permissive incorporation laws, and the emergence of national securities markets. Outcomes concentrated in the formation of monopolies as firms rolled up competitors to control capacity and prices. Consideration was predominantly cash, cross-border activity was negligible, and the wave ended with a market break and the slowdown that preceded the First World War.

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#### Exhibit 4. History Wave of M&A

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Characteristic	First wave (1890s–1904)	Second wave (1910s–1929)	Third wave (1950s–1973)	Fourth wave (1981–1989)	Fifth wave (1993–2001)	Sixth wave (2003–2008)
Geographical scope	U.S.	U.S.	U.S., U.K., Europe	U.S., U.K., Europe, Asia	U.S., U.K., Europe, Asia	U.S., U.K., Europe, Asia
M&A outcome	Formation of monopolies	Formation of oligopolies	Growth through diversification	Elimination of inefficiencies	Adjustment to globalization processes	Global expansion
Key means of payment	Cash	Equity	Equity	Debt financed/ Cash paid	Equity	Debt and cash financed/ Cash paid
Cross-border M&A activity	N/A	N/A	N/A	Low	Medium	High
Hostile takeover activity	N/A	N/A	U.S. & U.K.: None; Europe: None; Asia: None	U.S. & U.K.: High; Europe: None; Asia: None	U.S. & U.K.: Low; Europe: High; Asia: None	U.S. & U.K.: Low; Europe: Low; Asia: Low
Events coinciding with beginning of wave	Economic expansion; Industrialization processes; Introduction of new legislations on incorporations; Development of trading on NYSE; Radical changes in technology	Economic recovery after the market crash and the First World War; Increasing enforcement of antimonopoly laws	Economic recovery after the Second World War; Tightening of antitrust regime in 1950	Economic recovery after recession; Changes in anti-trust policy; Deregulation of boom; Increasing financial services sector & new financial instruments (e.g. junk bonds); Technological progress in electronics	Globalization processes: Economic and financial markets focus on shareholder value; Technological innovation (Internet & bonds); Technological telecommunications; Deregulation and privatization	Economic recovery after the downturn in 2000–2001; Lowering of primary interest rates by Federal Reserve System after September 11
Events coinciding with end of wave	Stock market crash; Economic stagnation; Beginning of First World War	Stock market crash; Beginning of Great Depression	Stock market crash; Oil crisis; Economic slowdown	Stock market slowdown	Stock market crash after Internet bubble; September 11 terrorist attack	Stock market crash due to subprime crisis; Global economic recession

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Sources: Distler (2017). *Acquisitions by Emerging Multinational Corporations*. Springer Gabler

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The second wave (1910–1929) remained largely U.S. based and reflected economic recovery early in the decade alongside stronger enforcement of antimonopoly statutes. Consolidation shifted from monopoly to oligopoly structures, frequently executed through equity exchanges that aligned large shareholders. Activity tapered with the stock market crash of 1929 and the onset of the Great Depression, while both cross-border and hostile transactions stayed limited.

The third wave (1950s–1973) followed post-war recovery and the tightening of antitrust policy in 1950. Corporate focus moved toward diversification, with conglomerates acquiring unrelated businesses to stabilize cash flows and exploit internal capital markets. Equity was the primary financing instrument, hostile tactics were

uncommon, and the cycle faded with the oil crisis and a broader economic slowdown.

The fourth wave (1981–1989) was enabled by deregulation in financial services, the development of high-yield debt, and advances in electronics. Large transactions spanned the United States, the United Kingdom, Europe, and parts of Asia, emphasizing the elimination of inefficiencies and portfolio refocusing. Financing tilted toward debt, hostile activity was pronounced in Anglo-American markets, and momentum eased after a stock market slowdown.

The fifth wave (1993–2001) coincided with globalization, privatization programs, and the rise of the internet economy. Equity financing re-emerged as valuations rose and public markets deepened, and cross-border deal flow reached medium intensity across the United States, the United Kingdom, Europe, and Asia. The cycle ended after the dot-com bust and the September 11 shock, which tightened financing conditions and risk appetite.

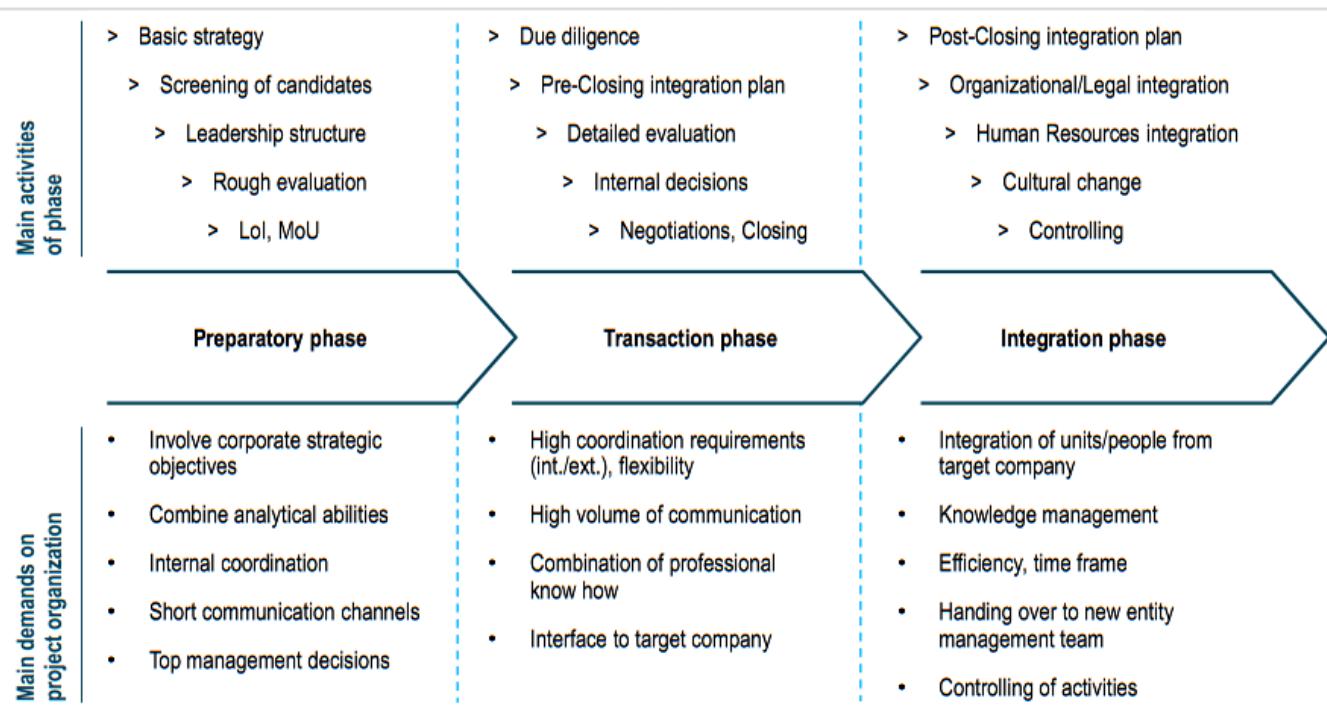
The sixth wave (2003–2008) unfolded during a period of low interest rates and post-recession recovery. Deal activity broadened globally with elevated cross-border transactions and financing that combined abundant debt with cash. Hostile methods remained relatively contained outside mature markets, and the wave closed with the subprime crisis and the onset of a global recession.

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## The Main Phases of M&A in General

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Building on Distler (2017), the M&A process unfolds in three interlinked phases that align strategy, execution, and value realization. The preparatory phase establishes the basic strategy, screens candidates, sets leadership and governance, and conducts an initial fit assessment that typically culminates in an LoI or MoU. The transaction phase anchors execution through due diligence, detailed evaluation, internal approvals, and negotiations to closing; here, valuation integrates standalone value with expected net synergies and deducts transaction and integration costs, recognizing that negotiation dynamics and market psychology can widen the gap between buyer and seller expectations. The integration phase then implements post-closing plans across legal and organizational structures, HR, culture, knowledge management, and performance control so that identified synergies translate into realized outcomes within the targeted timeframe.

**Exhibit 5. Main Phases of M&A**


Sources: Distler (2017). *Acquisitions by Emerging Multinational Corporations*. Springer Gabler

### Preparatory phase

The process begins with clarifying the strategic rationale and defining the basic deal thesis. Firms then scan and filter potential targets, set a leadership and governance setup to steer the work, and run an initial fit assessment on scale, capabilities, and risk. This stage typically culminates in early commitments such as a letter of intent or a memorandum of understanding. Organizationally, it requires visible sponsorship from top management, tight internal coordination across functions, strong analytical support, and direct communication lines so early issues are surfaced quickly.

### Transaction phase

Execution starts with due diligence that covers financial, legal, tax, operational, HR, and IT aspects. Findings are translated into detailed evaluations and internal decisions on feasibility, price, and terms, while a pre-closing integration plan is drafted to shorten the post-deal transition. Delivery in this phase hinges on high coordination within the acquirer and with the target, a heavy volume of communication, and a blend of professional expertise. The phase closes with negotiations and signing of the definitive agreements.

### Integration phase

After closing, the focus shifts to implementing the integration plan across legal and organizational structures, human resources, and culture so that day-to-day operations converge. Knowledge must be captured and transferred, handover to the new management team completed, and progress tracked against milestones to ensure synergies are realized within the expected time frame. Continuous control and performance monitoring help convert identified value into operating results. In what follows, we concentrate on due diligence and detailed evaluation because these steps are the most critical determinants of transaction success.

Due diligence in M&A is a structured, cross-functional investigation that validates value, surfaces liabilities, and informs price, terms, and post-close execution. It spans nine core streams. Financial diligence rebuilds earnings quality, cash conversion, and net debt to confirm valuation accuracy. Tax diligence reviews records,

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#### Exhibit 6. Types of Due Diligence

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Due diligence types	Key focus areas of analysis	Targeted key result
Financial	Financial statements, credit arrangements	Confirm accuracy of valuation
Tax	Tax records, existing tax liabilities or credits	Avoid tax liabilities and optimize tax structure
Legal	Corporate contracts, ongoing and potential litigation, compliance system	Validate existing contracts and avoid liabilities
HR	Org. structure, personnel qualification, employee benefits, labor matters	Assessing potential HR risks and costs
Operational	Technology, property, plant and equipment, facilities, patents, real estate	Evaluate operational threats and synergies
IT	IT systems, network architecture, software licenses	Ensure feasibility of IT integration
Marketing	Competitive positioning, industry dynamics, commercial prospects	Formulate joint market strategy
Cultural	Corporate culture, level of employee commitment	Ensure cultural fit
Environment	Adherence to environmental regulations, pending environmental litigation	Avoid environmental liabilities

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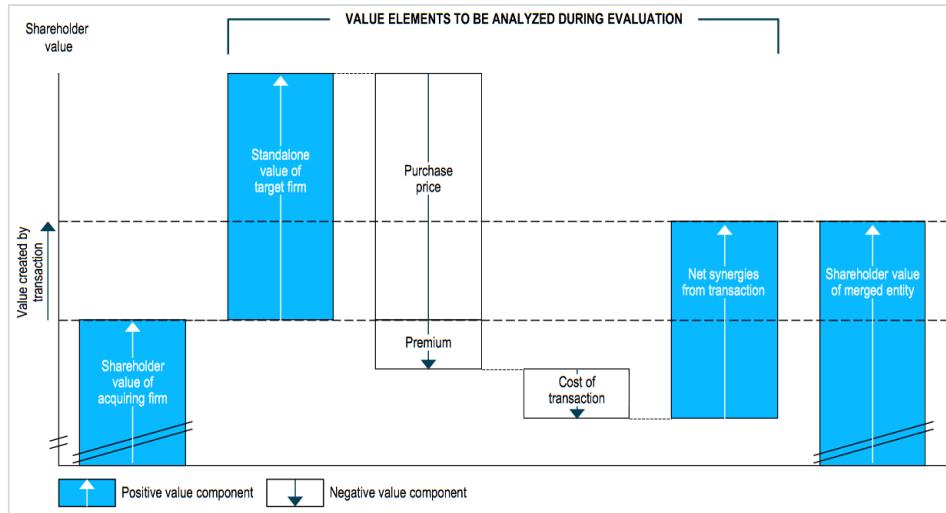
Sources: Distler (2017). *Acquisitions by Emerging Multinational Corporations*. Springer Gabler

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exposures, and structuring options to avoid unexpected liabilities and optimize the tax profile. Legal diligence tests title, IP ownership, permits, and high-materiality contracts to validate enforceability and translate risks into representations, indemnities, escrows, and conditions. Human resources diligence assesses organization design, critical talent, compensation, benefits, and labor issues to quantify retention risk and HR costs. Operational diligence inspects technology, plants, equipment, facilities, and real estate to evaluate capacity, reliability, and efficiency opportunities. IT diligence inventories systems, licenses, architecture, cyber posture, and data governance to ensure integration feasibility and

Day-1 continuity. Marketing and commercial diligence benchmarks competitive position, pricing power, channel health, and demand outlook to support the joint go-to-market strategy. Cultural diligence gauges leadership norms, decision rights, and employee commitment to anticipate integration frictions and design change management. Environmental diligence reviews regulatory adherence and remediation obligations to avoid legacy liabilities. Findings from these streams feed a single risk register that links each issue to valuation adjustments, contractual protections, or integration actions, thereby raising the probability that post-transaction integration delivers the business case.

### Exhibit 7. Detailed Evaluation



Sources: Distler (2017). *Acquisitions by Emerging Multinational Corporations*. Springer Gabler

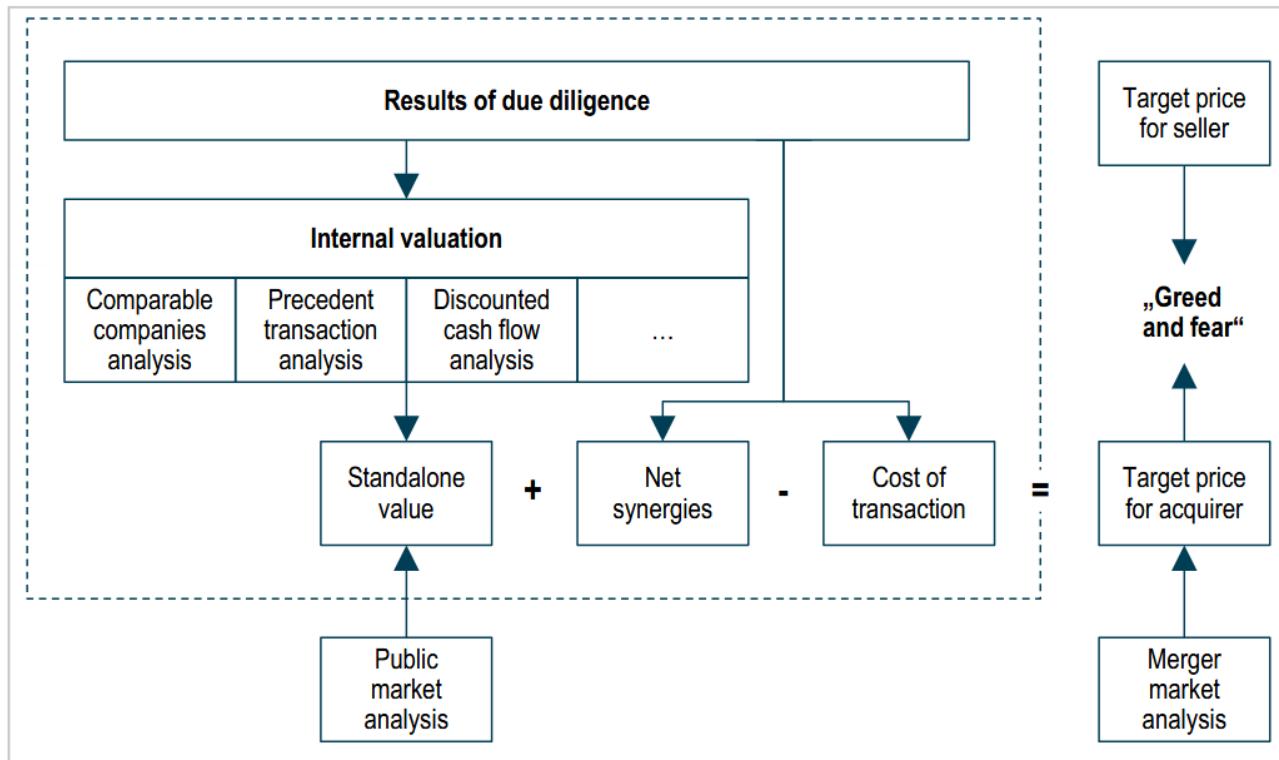
Following due diligence, detailed evaluation converts findings into a quantified deal thesis. The starting point is the standalone values of acquirer and target,  $V_A$  and  $V_T$ . The offer implies a premium  $\pi = P - V_T$  and incurs transaction costs  $F$ . Combination benefits are sized as gross synergies  $S_g$  from cost efficiency, revenue uplift, and tax or financial optimization, then reduced by integration costs  $I$  and dis-synergies  $D$ , yielding net synergies  $S_{\text{net}} = S_g - I - D$ . The change in acquirer's value is:

$$\Delta V_A = V'_A - V_A = S_{\text{net}} - \pi - F.$$

A deal creates shareholder value only if  $S_{\text{net}} > \pi + F$ . Detailed evaluation therefore stress-tests each synergy driver, validates one-off and run-rate timing, prices execution risks into  $I$  and  $D$ , and ties the final term sheet to this model through price, conditions, and integration commitments. This step turns qualitative upside into a

defensible valuation and provides a hard gate for go or no-go.

#### Exhibit 8. Synthesis of Due Diligence and Detailed Evaluation.



Sources: Distler (2017). *Acquisitions by Emerging Multinational Corporations*. Springer Gabler

Due diligence produces the fact based on the target's economics, risks, and integration feasibility. Detailed evaluation then translates that evidence into valuation by estimating the target's standalone value via comparable, precedent transactions, and discounted cash flow, and by adding expected net synergies while deducting transaction and integration costs to derive the buyer's target price. The final consideration reflects not only this analytical price but also negotiation dynamics, prevailing merger-market conditions, and behavioral factors such as optimism or loss aversion, which can widen the gap between buyer and seller expectations. A disciplined process links each diligence finding to a specific valuation adjustment, contractual protection, or integration action, thereby aligning price, terms, and post-close execution.

## Literature Review: M&A Empirical Study Across Country

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Empirical studies on mergers and acquisitions (M&A) in the insurance industry generally show that value creation is unevenly distributed between acquiring and target firms. In a large cross-country study of 1,069 insurance transactions between 1990 and 2006, Cummins and Xie (2008) found that acquiring firms experienced statistically insignificant cumulative abnormal returns (CARs), while target firms achieved strongly positive abnormal returns, averaging 16–18%. These results suggest that the premium gains are largely captured by target shareholders, confirming that M&A announcements in insurance markets tend to favor sellers rather than buyers.

Similar findings are echoed in the Asia-Pacific region. Tan and Mahoney (2006) observed that in Japan, Korea, and Singapore, short-term announcement returns for acquirers are either neutral or slightly negative, whereas targets consistently record positive CARs, typically between 8–13%. These results indicate that investors perceive acquisition synergies in Asia to be uncertain, and that market reactions hinge on the perceived strategic fit and regulatory environment. In the case of China, empirical evidence emphasizes the importance of ecosystem and technological alignment; insurance M&A that enhance fintech integration or distribution efficiency, such as those involving Ping An Group, demonstrate improved solvency and competitiveness post-acquisition (Tan & Mahoney, 2006).

In Europe, the overall valuation effect of M&A in insurance appears even more muted. Studies covering 343 transactions between 2000 and 2015 found no consistent significant abnormal returns for acquirers, and that neither diversification nor specialization strategies yielded superior performance (Fiordelisi & Ricci, 2016). The findings imply that short-term market value creation in European insurance M&A is limited, and success depends more on post-merger operational integration and governance effectiveness.

In emerging markets, M&A research typically evaluates firm performance through profitability ratios (ROA, ROE), efficiency metrics, solvency ratios, and underwriting results, measured over multi-year observation windows that usually two to five years before and after the merger. In India, evidence shows that M&A activities between 2010 and 2018 improved profitability and capital efficiency, though the effects on liquidity and solvency were statistically insignificant (Bhatia & Sahoo, 2020). Similarly, in

Nigeria, post-merger performance analysis revealed that investment income and total asset growth significantly enhanced profitability, while underwriting profits had inconsistent effects across the pre- and post-merger periods (Okonkwo & Chijoke-Mgbame, 2018).

Taken together, the empirical literature indicates that M&A in the insurance industry tends to produce positive value for target firms, marginal or neutral gains for acquirers, and highly variable long-term outcomes. The most significant determinants of post-merger success are strategic complementarity, capital strengthening, effective integration processes, and robust corporate governance, rather than short-term market reactions (Cummins & Xie, 2008; Fiordelisi & Ricci, 2016; Bhatia & Sahoo, 2020).

### Exhibit 9. Summary of M&A' Empirical Study

Country(s)	Total Companies	Time observation	Success/Fail Parameter	M&A Process	Impact	Source
United States	Target deals: 1069	1990-2006	Acquired and target Cumulative Abnormal Returns (CARs)		<ul style="list-style-type: none"> <li>Acquire CARs: Small positive (~+0.4–0.5%)</li> <li>Target CARs: Large positive (~+16–18%)</li> </ul>	Cummins, J. D., Klumpes, P., & Weiss, M. A. (2017).
Asia-Pacific (Japan, Korea, Singapore, Australia, etc.)	Target deals: 57		Acquired and target Cumulative Abnormal Returns (CARs)		<ul style="list-style-type: none"> <li>Acquire CARs: Neutral/insignificant</li> <li>Target CARs: Positive (~+8–13%)</li> </ul>	
Europe	Target deals: 668		Acquired and target Cumulative Abnormal Returns (CARs)		<ul style="list-style-type: none"> <li>Acquire CARs: Small positive (~+0.3–0.5%)</li> <li>Moderate positive (~+7–10%)</li> </ul>	
China	Ping An Property & Casualty Insurance + Beijing Auto Home Information Technology	T-2 to T+2 (2 years before & after)	<ul style="list-style-type: none"> <li><b>Strategic alignment:</b> ecosystem/insurtech fit with China's policy</li> <li><b>Organizational integration:</b> tech/data integration, talent retention</li> <li><b>Liquidity &amp; solvency:</b> solvency margin ratio, RBC ratio</li> </ul>	~6-9 months (2020 process)	<ul style="list-style-type: none"> <li>Large deal value US\$2.489B signaled Ping An's push into auto-tech ecosystem</li> <li>Enhanced data/tech integration expected post-M&amp;A</li> <li>Strengthened insurer's insurtech leadership</li> </ul>	Liu, Y., Bebenroth, R., & Yang, Y. (2022).
China --> Japan	Ping An Insurance (Group) Co. of China + Shionogi & Co., Ltd	T-5 to T+5 (5 years before & after)	<ul style="list-style-type: none"> <li><b>Profitability &amp; efficiency:</b> ROA, ROE, underwriting profit, investment income</li> <li><b>Abnormal returns:</b> stock reaction at announcement (market-based)</li> </ul>	~1 year (2020 process)	<ul style="list-style-type: none"> <li>Relatively smaller deal US\$0.312B but strategically key for diversification</li> <li>Opened channel for healthcare R&amp;D collaboration</li> <li>Long-term knowledge transfer potential</li> </ul>	
Europe	343 transactions between 2000-2015 for Life/Health Insurance, Property/Casualty Insurance, Multi-line Insurance,	2 years	Abnormal returns: market prices at all observation periods, beta at T-2 for the acquirer as well as sub-sector	Not Mentioned	<ul style="list-style-type: none"> <li>The study suggests most M&amp;A among European insurers doesn't create immediate shareholder value (No significant positive abnormal returns )</li> </ul>	Jakubik, P., & Zafeiris, D. (2015)

	Reinsurance, Insurance Brokers, Financial Guarantee Insurance				<ul style="list-style-type: none"> <li>• Diversifying vs. focusing : Neither strategy produced statistically significant gains for the acquirer's shareholders.</li> <li>• Success must be proven through long-term operational and strategic outcomes, not short-term stock market reactions.</li> </ul>	
India	57 insurance companies in India that had merged between 2010 to 2018	Annual reports was collected for 2 year before and 2 year after the merger and acquisition.	Profitability, Efficiency capital used, liquidity position and long term solvency	Not Mentioned	<ul style="list-style-type: none"> <li>• Profitability of insurance (+)</li> <li>• M&amp;A activity on efficiently capital used to obtain sales (+)</li> <li>• M&amp;A activity has no positive effect on liquidity position and long-term solvency</li> </ul>	Sharma, K. B. (2021)
Nigeria	Three insurance companies in Nigeria which are: Standard Alliance Insurance Plc, Corner Stone Insurance and SA Liberty Holdings was used as the case study	5 years	Dependent : Profitability Independent : Total asset, shareholder's equity, investment income, underwriting profit.	5 years before and after MnA	<ul style="list-style-type: none"> <li>• Investment income have a positive effect on profitability of insurance companies in Nigeria both in the pre and post-M&amp;A era</li> <li>• Underwriting profit has a positive effect on profitability of insurance companies in Nigeria in the post-M&amp;A era, the pre-M&amp;A era was negative.</li> <li>• Total asset has a positive effect on profitability of insurance companies in Nigeria in the post-M&amp;A era, the pre-M&amp;A era was negative.</li> <li>• Shareholders equity has a positive effect on profitability of insurance companies in Nigeria in both pre and post-M&amp;A era.</li> </ul>	Ehiedu, V. C., Onuorah, A. C.-C., & Akubue, R. N. (2023).

Sources : Cummins, J. D., Klumpes, P., & Weiss, M. A. (2017), Liu, Y., Bebenroth, R., & Yang, Y. (2022), Jakubik, P., & Zafeiris, D. (2015), Sharma, K. B. (2021), Ehiedu, V. C., Onuorah, A. C.-C., & Akubue, R. N. (2023).

## Case Study of Successful MnA: Acquisition of Chubb by ACE Limited (1/2)

The 2015 merger of ACE Limited and The Chubb Corporation stand as a landmark event in the history of the global property and casualty (P&C) insurance industry. Announced on July 1, 2015, the \$28.3 billion transaction was not merely a large-scale consolidation, but it was a strategic masterstroke that created the world's largest publicly traded P&C insurer (Chubb, 2016; Simpson, 2015). The deal combined two highly respected underwriters with complementary strengths, geographies, and market segments. The subsequent decision by the acquirer, ACE, to adopt the venerable Chubb name for the new entity underscored the strategic respect for the brand being acquired and signaled the creation of a new industry titan defined by superior underwriting, service, and execution (Chubb, 2016; Agency Checklists, 2015).

### • Transaction Overview

On 1 July 2015, ACE Limited announced that it would acquire The Chubb Corporation in a cash-and-stock deal valued at approximately US\$28.3 billion. Under the terms, Chubb shareholders were to receive US\$62.93 in cash and 0.6019 shares of ACE stock per Chubb share. Based on ACE's closing share price of 30 June 2015, this implied a value of about US\$124.13 per Chubb share representing roughly a 30% premium to Chubb's closing price of US\$95.14 on 30 June 2015.

At announcement, it was indicated that upon closing, ACE shareholders would own about 70% of the combined entity and Chubb shareholders about 30%. The combined entity was framed as a global leader in commercial and personal property & casualty (P&C) insurance, with complementary product portfolios, geographic footprints, and distribution channels.

Following shareholder and regulatory approvals (for example, the U.S. Federal Trade Commission granted early termination of the Hart-Scott-Rodino waiting period on 30 September 2015) the transaction moved toward closing. By 13 January 2016, ACE announced that it had received all necessary regulatory approvals and that the transaction was expected to close on 14 January 2016. On 14 January 2016, the deal formally closed; ACE officially adopted the Chubb name globally and the combined company began trading on the New York Stock Exchange under the ticker "CB." Post-merger, the combined company is based in Zürich (as the parent company), with Evan G. Greenberg as Chairman & CEO, and John Finnegan as Executive Vice Chairman (North America External Affairs).

The transaction created what has been described as "the world's largest publicly traded property & casualty insurance company," operating across some 54 countries. Integration planning was initiated in late 2015, with targets (according to public disclosures) for cost synergies of approximately US\$650 million (pre-tax, annual) by 2018 (See *summary at Exhibit 9*). Overall, the merger between ACE Limited and The Chubb Corporation unfolded over roughly six and a half months, from its announcement in July 2015 to its completion in mid-January 2016 a relatively swift process for a cross-border transaction of such magnitude. This efficiency reflected the strong strategic alignment between both firms and a clear regulatory roadmap, including early termination of the U.S. Hart-Scott-Rodino waiting period. The deal demonstrated how cultural and operational synergies, coupled with a transparent integration plan, can accelerate complex financial consolidations.

By swiftly rebranding under the globally recognized “Chubb” name and maintaining leadership continuity under Evan G. Greenberg, the merged entity ensured business stability, brand trust, and stakeholder confidence during transition.

- **Strategic Rationale**

The primary driver of the merger was the profound strategic fit between the two organizations. Leaders from both companies emphasized that the combination was highly complementary across products, distribution channels, customer segments, and geographic footprints. This synergy was expected to create an entity with greater growth and earning power than the two companies could achieve separately.

First, to achieve market Segments and Distribution, the companies' market focuses were distinct yet compatible. ACE had a strong presence in the industrial commercial, multinational, and upper-middle market segments, distributing primarily through major brokerages. In contrast, Chubb was a leader in the U.S. middle-market commercial, specialty, and surety sectors, with a deep and established agency network (Simpson, 2015). The merger allowed the new company to leverage both distribution channels, cross-selling ACE's products to Chubb's middle-market clients and enhancing ACE's ability to serve the upper-middle market (Nyitray, 2015; Artemis, 2015).

Second, the geographic expansion, the deal created a more balanced global footprint. While Chubb was primarily a U.S. domestic insurer with operations in 25 countries, ACE was a premier international insurer with a presence in 54 countries (Simpson, 2015; Coldstream, 2015). The combined entity would have a more diversified geographic mix, with nearly 40% of its business transacted outside the United States post-merger (Chubb, 2018).

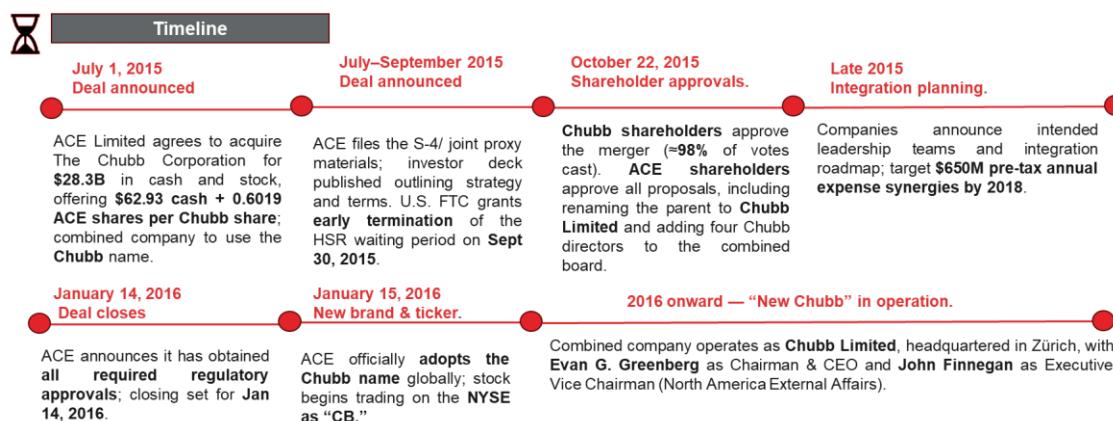
Third, product diversification, the product portfolios were also highly complementary. Chubb was a renowned leader in personal lines coverage for high-net-worth individuals in the U.S., a segment ACE had been increasingly targeting (Simpson, 2015). Globally, both companies offered professional lines, with ACE focused on the upper market and Chubb on the middle market. This combination created a well-balanced product mix with reduced exposure to the volatility of the P&C industry pricing cycle (The Chubb Corporation, 2015; Insurance Journal, 2015).

- **Post-Merger Impact and Performance**

The ACE-Chubb merger had an immediate and transformative impact on the P&C insurance landscape. The transaction was the largest in the sector in 2015, and its value single-handedly exceeded the total disclosed deal value for the entire insurance industry in each of the five preceding years (Galeaz & Marra, 2016).

The new Chubb instantly became an elite global P&C insurer, with

Exhibit 10. Timeline Summary ACE Limited' Merger and Acquisition (MnA)



Sources : Nyitray, 2015; Artemis, 2015; Chubb, 2018

combined shareholders' equity of nearly \$46 billion and assets of approximately \$150 billion at the time of the announcement (Insurance Journal, 2015). Post-merger, the company vaulted to seventh place in the overall U.S. P&C market and became the second-largest commercial lines writer, rivaling AIG for the top spot (Carrier Management, 2016).

The financial results following the merger validated the strategic rationale. For the full year 2016, the new Chubb reported a net profit of \$4.1 billion, a 45.9% increase over 2015, with a strong P&C combined ratio of 88.7%. According to CEO Evan Greenberg, the company successfully met or surpassed nearly all of its initial financial and non-financial targets, indicating a well-executed

integration and the successful realization of planned synergies (Bermuda Reinsurance, 2017).

The acquisition of Chubb by ACE was more than just a mega-deal; it was a strategically executed transformation. By combining two complementary industry leaders, the merger created a new powerhouse with unparalleled scale, a diversified product and geographic mix, and a robust financial profile. The decision to unify under the respected Chubb brand, coupled with a disciplined integration process, allowed the new company to realize its projected synergies and solidify its position as a global leader. The case of ACE and Chubb serves as a powerful example of how a well-conceived and executed M&A transaction can create substantial, long-term value for shareholders, employees, and customers, fundamentally reshaping an entire industry in the process.

- **Lesson Learned for Indonesia**

- ***Strategic Complementarity, Not Mere Scale:*** ACE and Chubb merged not merely to expand market share, but to leverage complementary strengths. ACE's expertise in industrial, multinational, and upper-middle markets—primarily served through broker channels—was balanced by Chubb's strong presence in the U.S. middle-market and personal lines through extensive agency networks. This strategic alignment created a balanced portfolio that reduced cyclical risks and broadened client coverage across market segments.

In the Indonesian context, however, many insurers still operate within narrowly defined market segments. As highlighted in IFG Progress Economic Bulletin – Issue 35 (2023), “What the Lerner Index Tells Us About Competition in Indonesia’s Life Insurance Industry,” the domestic life insurance sector remains highly fragmented, with a large number of players competing in overlapping product categories. This fragmentation limits efficiency, scale, and product innovation. Therefore, aligning future mergers toward reducing structural fragmentation, for instance, by integrating firms with distinct product specializations or distribution channels, such as combining insurers strong in corporate underwriting with those focused on retail or micro-insurance that could help build more diversified and resilient insurance portfolios while strengthening market competitiveness.

- **Diversification Reduces Concentration Risk:** ACE's international footprint across 54 countries merged with Chubb's U.S.-centric operations, forming a globally diversified entity less exposed to regional shocks. Product diversification also balanced commercial and personal lines, reducing volatility from the P&C cycle. As for Indonesia context, the domestic market remains highly concentrated in a few product lines, with credit, motor, and health insurance dominating gross premiums. Mergers that expand insurers' risk portfolios such as combining life and non-life capabilities or widening geographic coverage can help reduce concentration risk, enhance capital resilience, and stabilize underwriting results during market downturns.
- **Financial Discipline and Integration Planning Determine Success:** ACE and Chubb's integration was completed within just seven months, reflecting disciplined execution, strong governance, and clearly defined synergy targets of approximately US\$650 million by 2018. The swift completion underscored the importance of early integration planning, effective regulatory coordination, and leadership continuity across both organizations. This approach minimized operational disruption and strengthened market confidence throughout the transition. For Indonesia's insurance sector, this case highlights that successful mergers require clear integration roadmaps, transparent communication with regulators, and stable leadership to maintain strategic direction. In contrast, delayed execution or fragmented governance structures can diminish potential efficiency gains and weaken stakeholder trust. The ACE–Chubb experience thus underscores that the foundation of post-merger success lies in preparation, execution discipline, and cultural alignment—elements that are as crucial as financial or strategic fit.

### Case Study: Institutional Legitimacy and Public Trust in the Failed Income-Allianz (2/2)

The proposed acquisition of a majority stake in Income Insurance Ltd by Allianz SE in 2024–2025 demonstrates how cross-border mergers in the insurance sector are shaped not solely by corporate strategy and financial valuation, but also by the institutional identity of the target firm, the expectations of its stakeholders, and the broader political legitimacy surrounding its organizational mission.

Allianz's offer, valued at approximately S\$2.2 billion or S\$40.58 per share, was framed as a mutually beneficial strategic expansion: Allianz sought to enhance its regional footprint and potentially become one of the largest composite insurers in Asia, while Income's leadership positioned the transaction as enabling greater access to global capital, digital infrastructure, and product innovation capabilities in order to remain competitive in a maturing and saturated insurance market (Tan & Chern, 2024; Ngu, 2024; Lim, 2024). However, Income Insurance's identity was not that of a typical commercial insurer. Established in 1970 under the National Trades Union Congress to provide affordable insurance to workers and lower-income households, Income was historically understood by Singaporeans as a public-purpose institution, founded not on shareholder primacy but on mutual benefit and social protection (Min & Ganesan, 2024). This moral and social identity was deeply ingrained and persisted even after the firm's corporatization in 2022, which allowed approximately S\$2 billion in accumulated cooperative surplus to be retained under special regulatory conditions, based explicitly on the expectation that Income's social mission would continue under its new corporate form (Tong, 2024). Thus, the acquisition proposal did not enter a neutral market environment; it collided with a longstanding institutional narrative that framed Income as part of Singapore's social fabric rather than a purely commercial asset available for transfer.

Public and stakeholder resistance intensified when it was revealed that the proposed acquisition would be followed by a S\$1.85 billion capital reduction, redistributing accumulated cooperative surplus to shareholders over several years (Singapore Business Review, 2024). This feature sparked critique that the transaction represented not simply a shift in ownership, but a reallocation of public-mandated surplus into private financial gain, effectively amounting to what was widely described as asset stripping (Huang, 2024; Jazul, 2025). Former leaders, community figures, and policyholders expressed concern that the merger signaled a transformation of Income's identity from a public trust institution into a profit-maximizing insurer whose priorities would no longer reflect affordability and inclusivity. Critically, the issue was not framed as xenophobic or anti-foreign resistance; rather, the concern centered on the erosion of the moral compact between Income and the public, wherein policyholders had historically understood Income as being accountable to the community rather than investors (Chieh, 2024). As Kwang (2024) argues, the failure of the transaction was rooted in a profound misreading of public

sentiment and symbolic identity values, where the communicative strategy of the firm did not address the affective and historical meaning attached to Income. This interpretation is reinforced by Tan and Chern (2024), who note that unresolved questions around social mission continuity, accountability, and capital distribution remained central points of public concern throughout the merger debate.

Government assessment ultimately translated these legitimacy concerns into formal regulatory action. In October 2024, the Singapore government determined that the transaction did not sufficiently protect Income's social mission nor justify the extraction of accumulated cooperative surplus and therefore blocked the acquisition on public-interest grounds (Tong, 2024). Parliament subsequently amended the Insurance Act to explicitly allow regulators to consider mission continuity and cooperative heritage when evaluating acquisitions of similar institutions (Fang, 2024). Allianz withdrew its offer the following December, citing regulatory conditions and stakeholder considerations (Huang, 2024; Ngu, 2024). Teen (2025) concludes that the collapse of the deal illustrates a legitimacy misalignment problem: commercial restructuring was pursued without adequately addressing the normative, emotional, and communal expectations attached to Income's identity as a socially embedded institution. The case therefore demonstrates that cross-border M&A involving publicly trusted or socially mandated firms requires more than synergy logic; it requires the continuity of institutional purpose, stakeholder consent, and narrative legitimacy to be structurally accounted for.

- **Lesson Learned for Indonesia**

- ***Respect for institutional heritage and embedded social mission:*** Firms originating from cooperatives or state-linked enterprises often carry a social purpose and public trust beyond their balance sheets. The Income case shows that when a publicly-trusted insurer's heritage is seen as being disregarded, legitimacy is lost. For Indonesia's insurers, policymakers must ensure that consolidation explicitly retains the mission, not just the brand or assets (Kwang, 2024; Jazul, 2025).
- ***Stakeholder engagement and narrative communication matter:*** Resistance is likely to arise when stakeholders feel excluded from change and cannot see

how the social mission will be preserved. In Singapore, the failure stemmed partly from poor communication about how policyholders, employees and the cooperative's mandate would be protected (Tan & Chern, 2024). For Indonesia, the implication is that any major grouping or consolidation of multiple insurance firms must include transparent, inclusive consultations, and a clear narrative about how service, affordability and consumer protections remain central.

- ***Maintain accessible and affordable service even while scaling:*** Scaling and capital consolidation are valid strategic goals. But the Singapore case shows that putting capital efficiency ahead of the social mandate undermines trust (Huang, 2024). In Indonesia, where there are many insurers serve low-income or mandated segments, consolidators must build governance safeguards ensuring that affordability and inclusion are not sacrificed in the drive for larger scale.
- ***Design governance frameworks that embed public-interest obligations:*** Rather than only focusing on commercial metrics, restructuring must embed public interest mechanisms—for example, retention of certain product lines, representation of policy-holder interests, oversight of mission continuity. The legislative amendment in Singapore (Insurance Act) made this explicit (Fang, 2024; Teen, 2025). In Indonesia, authorities should consider how the new entities will be legally required to maintain their social purpose, and how regulatory oversight will evolve.
- ***Regulatory legitimacy and public perception must be managed:*** Even the best strategic deal can fail if the public and regulators perceive the change as a threat to social trust. The Income–Allianz saga illustrates that regulatory decisions respond to legitimacy concerns as much as financial ones (Min & Ganesan, 2024; Reuters, 2024). For Indonesia, the regulatory apparatus (OJK, Ministry of Finance, Parliament) will be sensitive to how consolidation affects consumer interests, market competition, and social mission. Without public confidence, legitimacy suffers.

## Conclusion

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This study emphasizes that the success of mergers and acquisitions depends fundamentally on strategic rationale and execution rather than the transaction itself. While market reactions often reward target firms in the short term through acquisition premiums, the long-term value for acquirers relies on how well the deal aligns with strategic objectives, strengthens capabilities, and is supported by coordinated post-merger integration. A disciplined process—from target selection and due diligence to operational and cultural integration—is essential to translating projected synergies into measurable performance outcomes.

Overall, the analysis shows that M&A should be viewed as a strategic transformation tool rather than a purely financial transaction. Clear strategic fit, coherent integration planning, and sustained post-deal execution are the primary determinants of whether an acquisition contributes to competitiveness and long-term organizational value. As industries continue to consolidate and adapt to technological and market change, these principles remain central in guiding effective M&A decision-making.

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### Indonesia Financial Group (IFG)

Indonesia Financial Group (IFG) adalah BUMN Holding Perasuransian dan Penjaminan yang beranggotakan PT Asuransi Kerugian Jasa Raharja, PT Jaminan Kredit Indonesia (Jamkrindo), PT Asuransi Kredit Indonesia (Askrindo), PT Jasa Asuransi Indonesia (Jasindo), PT Bahana Sekuritas, PT Bahana TCW Investment Management, PT Bahana Artha Ventura, PT Bahana Kapital Investa, PT Graha Niaga Tata Utama, dan PT Asuransi Jiwa IFG. IFG merupakan holding yang dibentuk untuk berperan dalam pembangunan nasional melalui pengembangan industri keuangan lengkap dan inovatif melalui layanan investasi, perasuransian dan penjaminan. IFG berkomitmen menghadirkan perubahan di bidang keuangan khususnya asuransi, investasi, dan penjaminan yang akuntabel, prudent, dan transparan dengan tata kelola perusahaan yang baik dan penuh integritas. Semangat kolaboratif dengan tata kelola perusahaan yang transparan menjadi landasan IFG dalam bergerak untuk menjadi penyedia jasa asuransi, penjaminan, investasi yang terdepan, terpercaya, dan terintegrasi. IFG adalah masa depan industri keuangan di Indonesia. Saatnya maju bersama IFG sebagai motor penggerak ekosistem yang inklusif dan berkelanjutan.

### Indonesia Financial Group (IFG) Progress

The Indonesia Financial Group (IFG) Progress adalah sebuah *Think Tank* terkemuka yang didirikan oleh Indonesia Financial Group sebagai sumber penghasil pemikiran-pemikiran progresif untuk pemangku kebijakan, akademisi, maupun pelaku industri dalam memajukan industri jasa keuangan