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Industrial Alliance buys MD Life portfolio

Steven Lamb / November 13, 2009



Industrial Alliance Insurance and Financial Services has inked a deal with MD Physician Services Inc. (MDPSI) to acquire the individual life insurance portfolio of MD Life Insurance Company.

MD Life provides life insurance and annuity products to Canadian physicians. The portfolio contains more than 8,600 policies and riders, and generated \$62 million in premium income in 2008. The actuarial liabilities total \$307 million as of Dec. 31, 2008.

The acquisition will have little impact on the workload at Industrial Alliance, as it already administers the policies in the portfolio. The Quebec-based insurer owns a 45% stake in MD Life.

"This represents a new milestone in the partnership that we have built with the Canadian Medical Association for over 40 years," says Yvon Charest, president and CEO of Industrial Alliance. "While this agreement allows us to continue to offer our life and health insurance and annuity products to Canadian physicians, it gives us the opportunity to recoup an entire business block of policies that we were already administering in our core life insurance line of business."

Under the deal, MD Insurance Agency Ltd. will now offer the full line of Industrial Alliance insurance and annuity products to Canada's doctors. MD Life will continue to manufacture MD Stable Income Fund, a group annuity policy that will be managed by Industrial Alliance.

MD Life Insurance Company will reinsure the entire in-force block of MD Life Plan universal life policies with Industrial Alliance, pending ministerial and governance approval. MD Life will discontinue sales of its universal life insurance product on Dec. 22, 2009.

"I believe this deal strengthens our competitive position in our insurance offering and supports our strategy of being Canada's leading advisor to physicians," says Brian Peters, president and CEO of MD Physician Services Inc. "This expansion ensures we remain at the forefront in addressing the current and future insurance needs of our clients."

The transaction is subject to governance, regulatory and ministerial approvals.

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