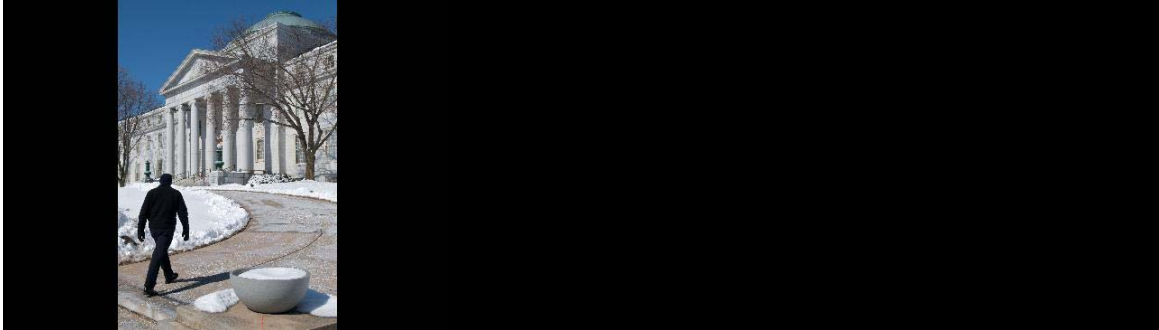


U.S. Insurers Await TARP Decision as First-Quarter Results Near

By Andrew Frye



April 8 (Bloomberg) -- U.S. life insurers are waiting for Treasury's decision on their requests for federal bailout cash from the Troubled Asset Relief Program as carriers prepare to disclose another quarter of profit declines and losses.

Lincoln National Corp., the Philadelphia-based company seeking as much as \$3 billion from the government, may report a record loss amid investment declines and writedowns, Citigroup Inc. said this month. Hartford Financial Services Group Inc., downgraded three times by Standard & Poor's earlier this year, may announce a 88 percent decline in operating profit, according to the average estimate of 13 analysts surveyed by Bloomberg.

Life insurers including Prudential Financial Inc. and Principal Financial Group Inc. are seeking access to the \$700 billion U.S. program after the swoon in financial markets squeezed profit and sliced the value of their holdings that back policies. Some applications were filed as early as November.

The Treasury Department has decided to grant TARP funding to life insurers, the Wall Street Journal reported yesterday, citing people familiar with the matter. An announcement may come within "several days," the newspaper said on its Web site. The Treasury hasn't decided which companies will receive aid or how much it will spend, the Journal reported.

Treasury spokesman Andrew Williams declined to comment when reached by Bloomberg News.

The biggest U.S. life insurers will begin to report first- quarter results at the end of the month. MetLife Inc., the largest U.S. life insurer, and Hartford announce on April 30.

Seeking Capital

Life insurers, which own about \$1 trillion in corporate debt, say that with federal capital injections they can buy more bank bonds and stimulate lending.

Shannon Lapierre, a spokeswoman for Hartford, said the company was still waiting to hear from Treasury. Bob DeFillippo, a spokesman for Prudential, declined to comment as did Whit Cornman of the American Council of Life Insurers.

The life insurers have waited as Treasury tried to restart credit markets by providing capital to the country's banks. American International Group Inc., once the world's largest insurer, became one of the biggest recipients of TARP funds because regulators wanted to limit losses at banks that did business with the firm.

The expanded \$182.5 billion rescue of AIG, and public outrage about employee bonuses, soured Congress on bailouts and may have delayed the insurance industry requests for aid. Meanwhile, the Standard & Poor's Supercomposite Life & Health Insurance Index has declined 41 percent this year.

Multiple Rescues

AIG was first rescued in September with an \$85 billion credit line after a liquidity squeeze caused by credit-default swaps the insurer sold to banks. The company agreed in September to hand over a controlling stake to the U.S.

The insurer's bailout expanded to \$122.8 billion, \$152.5 billion and then \$182.5 billion. The company said it owes about \$46 billion of a \$60 billion Federal Reserve credit line as of last week.

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