

LV= boss defends Bain takeover as the 'only deal that keeps us going'

The chief executive of the mutual life company LV= has used an interview with Sky News to describe its controversial takeover by US private equity firm Bain Capital as "the only deal that keeps us going".

Mark Hartigan defended its approach as the life and pensions business stepped up its efforts to win over doubters among its members ahead of a key vote on the proposal next month.

Opposition to the £530m takeover, which was [announced in December last year](#), intensified earlier this month after it emerged that the 1.2 million members of LV= will receive a cash payment of just £100 each if the deal goes through.

The 297,000 members owning "with profits" policies, who legally own the group, would get an extra £52 worth of enhancements to their future payouts.



Image:

Bain Capital has committed to £160m of investment under its plans

There has also been a high profile [newspaper campaign](#) against the proposals on members' value grounds.

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The mutual business, which is separate to the Allianz-owned general insurance firm of the same name, released a statement on Monday in a bid to give greater clarity on the decision to opt for the Bain deal.

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“Our board carried out a careful and detailed strategic review of LV= in 2020,” it said.

“We examined all the options, drawing on our own wide business and transaction experience and that of our professional advisors.

“We all came to the firm conclusion it would not be fair for us to ask our With-profit members to finance a future that requires significant investment, which many would not benefit from.

“Therefore, we explored an external transaction and having considered 12 bids unanimously concluded that the best outcome for our members, employees and all of our stakeholders was the proposed transaction with Bain Capital.

“It was a decision we didn’t take lightly given our mutual heritage, but we know it is the right choice because it saves the future of LV=.”

In his interview with Ian King Live, Mr Hartigan said: “This deal is the only deal that saves, not only, a great British company but also delivers the best financial outcome for this present cohort of members.”

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He explained that an offer from Royal London, for £10m more, was a “headline figure” – suggesting there was devil in the detail in terms of liabilities.

Mr Hartigan also explained that while members would be getting sums that were smaller in comparison to other average payouts from similar industry deals, such as Scottish Widows’ sale to Lloyds, he said the business was in a different stage of its journey.

The Bain offer contained a commitment to £160m on investment, he said.

LV= needs 75% of the vote to win the day on 10 December.

Mr Hartigan said: “It’s my duty to deliver what’s fair to this cohort of membership and this is the only deal on the table.

“It’s the best deal for members and it’s the only deal that keeps us going as a future business.”