

Analyst Upgrades Life Insurers

<http://www.insurancenewsnet.com/article.asp?a=1&id=67796>

NEW YORK (AFX) - A Bank of America analyst on Tuesday upgraded the life insurance industry, saying life insurers have been resilient in a tough operating environment.

Bank of America analyst Tamara K. Kravec upgraded the life insurance industry to 'Overweight' from 'Market Weight.' She said life insurers are performing well and she expects price-to-earnings ratios of the shares to expand. Wider differences in long- and short-term interest rates, solid economic growth and high profit returns on capital all should benefit the sector, she said.

Kravec upgraded Hartford Financial Services Group Inc. to 'Buy' from 'Neutral,' lifting her price target to \$97 from \$89. She said the company is diversified and poised to grow earnings at a double-digit rate over the next two years. Hartford shares closed Tuesday at \$84.99.

She also upgraded Aflac Inc. to 'Buy' from 'Neutral,' raising her price target on the shares to \$50 from \$47. The company is giving conservative earnings guidance, Kravec said, and the share price already reflects a challenging environment in Japan and a tough turnaround scenario. Aflac shares closed Tuesday at \$44.68.

Kravec downgraded Ameriprise Financial Inc. to 'Sell' from 'Neutral.' She said the shares have risen 11 percent this year and now carry more concerns than positives.

She also downgraded Nationwide Financial Services Inc. to 'Sell' from 'Neutral,' saying macroeconomic conditions will weigh the shares. The shares have risen 9.1 percent this year, she said, and the price reflects the company's improved position.

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