

AllianzGI Insurance Snapshot: AllianzGI offers an “à la carte” service to meet the needs of insurers

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investors only**



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Edouard Jozan, Head of Allianz Insurance Asset Management (AIAM), explains the new range of services needed by insurers, opening up new opportunities for asset managers.

Insurers are joining forces as part of co-investment operations or joint initiatives to promote responsible investment policies. What can we learn from this?

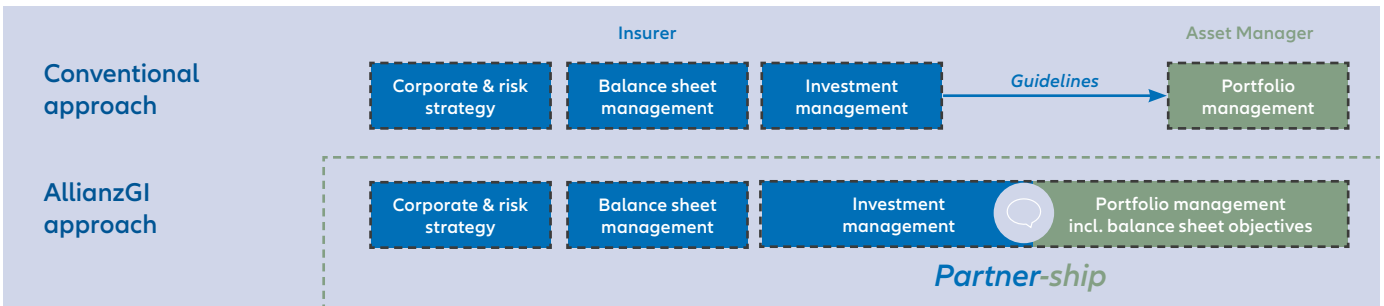
The primary motivation is size: strength in numbers. Most European insurers are keen to join forces with third-party investors in order to access opportunities that they would not otherwise be able to undertake on their own, especially in private markets and in infrastructure debt, where it can be difficult to secure new business. This approach offers a complete alignment of interests, as everyone carries the same risk. In addition, insurers are now uniting around common objectives. The Net-Zero Asset Owner Alliance, for example, is a United Nations initiative of which Allianz is a co-founder. Launched in September 2019 at the international organisation’s Climate Action Summit, it brings together investors who have committed to ensure their investment portfolios are carbon-neutral by 2050. We bear a responsibility for their

investments in the economy, and their impact on the environment. Allianz has also joined the Net-Zero Insurance Alliance, a group of international insurers and reinsurers that have committed to making their portfolios carbon-neutral by 2050, with the aim of limiting global warming to 1.5°C by 2100. It represents our commitment to building a greener future, a policy that insurers are already integrating into their long-term investment strategies, particularly in life insurance. ESG values are increasingly important to clients, who appreciate our investment approach in the transformation of the companies and industries that will shape the economy of tomorrow. Meanwhile, a private debt fund has been launched as part of the recovery programme of France Assureurs (formerly the French Insurance Federation), in which Allianz and other insurers are also involved, highlighting insurers’ role as investors in the transformation of the economy. Tourism and health are among the sectors covered.

What are the needs and constraints that are prompting mid-sized insurers to restructure the way they delegate their asset management to their asset managers?

If they operate in the same markets as the larger insurers, the mid-sized players may face operational challenges with their derivative hedging strategies (accounting, counterparty management, etc.) or their solvency reporting, for example. We go beyond the traditional manager-investor relationship established by a

management mandate setting out guidelines in terms of investment universe and expected return. Today, it is essential for asset managers to understand every aspect of the investors' environment (asset and liability management (ALM), ESG objectives, etc.), and as a result, the mandate is likely to encompass all of their asset management needs: asset management teams will be able to cherry-pick the parts of our business processes, operational chain and infrastructure that best fit their needs.



Source: AllianzGI.

In January of this year, AllianzGI signed a partnership with Groupe Pasteur Mutualité Assurances to manage the mutual insurance group's entire investment portfolio, of approximately one billion euro. This partnership covers several asset classes, and includes economic, prudential, accounting and operational aspects of the business.

Other examples include changes in ALM management functions, ESG commitments and the transformation of business models as part of the acquisition of insurance portfolios, which require the cooperation of all the parties involved.

Where do the strengths of AllianzGI, and more specifically Allianz Insurance Asset Management (AIAM) lie in relation to their insurance clients?

At AllianzGI, through AIAM, we aim to decompartmentalise the worlds of portfolio management and insurance investment. Our aim is to provide a global investment

solution with strong insurance added value, drawing on the synergies between the group's teams in Europe, the US and Asia. It is essential to go out and find the right expertise to match the needs of the insurer. Insurers, regardless of their size, are primarily a combination of local balance sheets and specific governance, which call for close ties and local expertise. For instance, a US insurer wishing to establish itself in the European Union needs to know how to adapt to the prudential and technical environment in the country in which it wishes to operate. It is this collaborative approach that can result both in strategies for optimising the insurer's balance sheet within a Solvency II prudential framework, and in co-investment initiatives with the Allianz Group in new asset classes, which represent real value propositions.

LOOKING FORWARD TO FUTURE DISCUSSIONS ON THIS CHANNEL!

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