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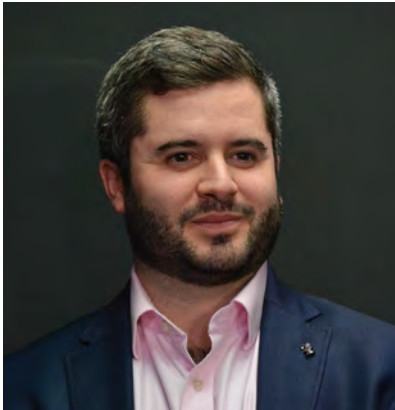
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Editorial Comment



This summer, the global spotlight falls on two very different arenas: the roaring stadiums of the World Cup and the pristine grass courts of Wimbledon. At first glance, international football and elite tennis share little beyond global audiences and elite athletes. Yet beneath the spectacle lies a lesson that resonates powerfully within the insurance investment space: performance under pressure is built on preparation, discipline, and long-term strategy.

The World Cup is a masterclass in risk management. National teams spend years analysing data, building squad depth, and stress-testing tactics for

every conceivable scenario. A single injury, a sudden weather shift, or a penalty shootout can alter destiny. Similarly, insurance investors operate in a world defined by uncertainty—catastrophe risk, interest rate volatility, regulatory change, and geopolitical instability. Success depends not on eliminating risk, but on pricing it accurately, diversifying exposures, and maintaining capital resilience for unexpected shocks.

Wimbledon, meanwhile, is a study in endurance and precision. Matches can pivot on a single break of serve; tournaments are won by those who balance aggression with patience. Insurance investment portfolios demand the same balance. Chasing yield in volatile markets may deliver short-term gains but can erode long-term stability. Conversely, overly defensive positioning may protect capital yet limit growth. The craft lies in calibrating risk appetite with liability profiles—much like a player adjusting their strategy between baseline rallies and net approaches.

Both events also underscore the value of time horizons. Athletes peak

Performance under pressure is built on preparation, discipline, and long-term strategy

after years of incremental improvement. Insurers, too, are uniquely positioned as long-term investors, able to harvest illiquidity premia and support infrastructure, real estate, and private credit markets that require patient capital.

In sport, trophies are lifted in moments. In insurance investment, victory is quieter: consistent returns, capital strength, and promises kept. But in both fields, the foundations of success are strikingly similar — discipline, foresight, and the courage to compete when the stakes are highest.

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SHORT DURATION IG PRIVATE FIXED INCOME

(in association with Nuveen)

Our panel of experts discuss how private markets are continuing to expand in tenor and complexity and how insurer demand for IG private fixed income strategies is growing



News focus

PRA consults on FundedRe capital reform

Written by **Adam Cadle**

Funded reinsurance (FundedRe) transactions involving UK life insurers will face enhanced regulatory requirements under new proposals unveiled by the PRA.

Under plans in a consultation published recently, FundedRe would be treated more like other investments that UK life insurers hold, ending a regulatory inconsistency.

As a result, UK life insurers using FundedRe will hold capital which better reflects the risks from the default of their reinsurance counterparty, particularly where the reinsurer has a lower credit rating or where they hold riskier collateral. Firms currently hold capital worth 2-4% of the value of the annuity liabilities, compared to 11-15% for similar investments. Under the proposals, the PRA said it estimates that the capital held for the average FundedRe transaction would shift to around 10%, which materially addresses the inconsistency but recognises that there are some differences.

Sam Woods, deputy governor for prudential regulation and CEO of the PRA, said: "FundedRe is growing rapidly and has the potential to undermine the resilience of insurers if not managed properly. These proposals aim to iron out the discrepancy in the regulatory treatment for these deals, to protect pensioners and improve insurers'

incentives to invest directly in the UK economy.”

The PRA estimated that current FundedRe exposure of UK firms is around £40bn, but this number is rising quickly, reflecting both BPA market growth and how the current treatment unduly favours funded FundedRe over other similar risks. The PRA’s 2025 life insurance stress test showed this risk could in future have a meaningful impact on life insurers’ solvency positions if the use of FundedRe continues to grow.

The latest proposals, the PRA stated, would more closely align the treatment of counterparty default risk within FundedRe with the treatment UK insurers apply to similar investments.

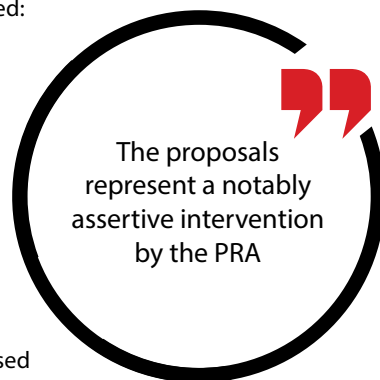
“The proposals should reduce incentives for firms to choose FundedRe over other sources of capital, supporting future resilience and also driving more direct investment in its place, including investment in the UK economy. They aim to protect insurance policyholders, including those whose benefits have transferred to insurers through pension scheme transfers. Payments to insurance policyholders remain FSCS protected,” it said.

The proposals would not apply to business already executed or completing shortly, but would apply to any business from 1 October onwards.

In a note on its website, KPMG stated:

“The proposals represent a notably assertive intervention by the PRA and a departure from its principles-based approach. In substance, the regulator is seeking to reframe FundedRe as an exposure that more closely resembles a risky corporate credit, notwithstanding its collateralised nature. By significantly increasing the capital treatment, the PRA appears less focused on incremental risk calibration and more on materially reducing the capital efficiency of FundedRe structures, signalling a clear supervisory intent to curb their use rather than simply refine their prudential treatment.”

Law firm, Skadden, said UK insurers should consider reviewing their pipeline FundedRe transactions already contemplated in discussions with the PRA to assess whether it would be beneficial to execute such transactions on or prior to 30 September 2026, monitoring upcoming PRA consultations and industry roundtables, and assessing the potential impact of the proposed changes on their capital and risk-management strategies.



News in brief

- Helvetia Baloise has successfully placed three senior bond tranches totalling CHF 550m on the Swiss capital market. The proceeds will be used for general corporate purposes, including the potential refinancing of outstanding instruments. This issuance represents the first senior bond transaction of the newly formed Helvetia Baloise Group following the merger of Helvetia and Baloise and was met with strong demand from a broad base of investors. The transaction comprised three tranches: CHF 150m with a maturity in 2028 and a coupon of 0.625%; CHF 175m with a maturity in 2032 and a coupon of 1.125%; CHF 225m with a maturity in 2036 and a coupon of 1.50%.
- Nippon Life has entered into a memorandum of understanding for a comprehensive strategic partnership with Blackstone to provide investment management services in the private credit and real estate sectors. Nippon Life aims to access high-quality investment opportunities while enhancing the sophistication of its asset management capabilities with the objective of providing attractive risk-adjusted returns.
- The PRA has published its *2026/27 Business Plan*, setting out its strategic priorities and strategy to advance its key objectives. This year’s business plan confirms the PRA’s continued focus on safety and soundness and policyholder protection, alongside a proportionate and efficient approach to regulation.

Aberdeen's Strategic Insurance Group appointed by Flood Re to manage £1bn credit mandate

Aberdeen Investments will act as Flood Re's sole external asset manager supporting the investment framework as the organisation matures

Aberdeen Investments' Strategic Insurance Group has been appointed by Flood Re to manage a c.£1bn credit mandate.

Under the mandate, Aberdeen Investments will act as Flood Re's sole external asset manager, responsible for managing its investment portfolio on a Solvency UK balance sheet basis.

The partnership will support the evolution of Flood Re's investment framework as the organisation matures, while remaining aligned with its risk profile, regulatory requirements and public interest purpose.

Flood Re is a UK single peril reinsurer established to ensure the continued availability of affordable flood insurance for households at risk of flooding, while supporting a long-term transition to risk reflective pricing. As an arm's length body backed by

Government, the appointment was conducted in line with public procurement rules.

"We are proud to have been selected as Flood Re's sole investment management partner for what is a systemically important insurer, providing critical protection against a growing climate risk in the UK," Matthew Smith, global head of the Strategic Insurance Group at Aberdeen Investments, said.

"Flood Re is a powerful example of the social purpose that insurance can deliver, enabling households in flood risk areas to access affordable cover while allowing the wider market to function effectively.

"We are delighted to support Flood Re with a highly focused, balance sheet aware investment approach and to work alongside its team as a long-term partner."

Aberdeen Investments will also support Flood Re with specialist sustainability expertise, reflecting the latter's clear focus on climate risk, flood resilience and responsible investment aligned with its public mission.

Latinka Pilipovic, CFO at Flood Re, said: "We are delighted to be working with Aberdeen Investments as Flood Re's sole external asset manager following a thorough public procurement process. As a regulated, Government-backed reinsurer, it is essential that our investment strategy is closely aligned with our strong public purpose role. Aberdeen Investments demonstrated a clear understanding of our requirements, alongside strong insurance specific capabilities.

"We look forward to working closely with Aberdeen Investments as we continue to strengthen our financial resilience and support households at risk of flooding."





Germany to remain main source of life sector closed book consolidation in Europe

Around €25bn in run-off transactions possible in 2026

Written by **Adam Cadle**

Germany is expected to remain the main source of life insurance closed book consolidation in Europe, according to Fitch Ratings, with about €25bn of books to be available for transfer in 2026.

UK activity has shifted towards pension risk transfers (PRT), Fitch added, with strong supply from sponsors expected to lift volumes to £45bn-£50bn in 2026 from £38bn in 2025. The Netherlands is witnessing a similar trend, with around €10bn of PRT expected in 2026.

In the US, life insurance consolidation is continuing through asset-intensive reinsurance, with alternative investment managers playing a significant role. The market also remains active for mergers and acquisitions, including block transactions and full-

entity sales. In Japan, asset-intensive reinsurance has expanded as insurers seek to improve their capital efficiency. At the same time, Japanese life groups are also participating as acquirers or strategic investors in global risk-transfer platforms.

“Regulation will continue shaping deal viability, risk appetite and funding choices, even if it does not materially dampen transaction volumes,” Fitch stated.

“Notably, the UK Prudential Regulation Authority’s (PRA) proposed capital requirement increases for funded reinsurance from October 2026 could reduce PRT writers’ use of these structures and weaken reinsurer appetite, potentially pushing some towards direct acquisitions or partnerships instead.”

Regulation will continue shaping deal viability, risk appetite and funding choices

EIOPA risk dashboard highlights geopolitical concerns

Higher inflation, soaring energy prices and the ongoing conflict in the Middle East pushed asset and market risk into ‘high’ on the European Insurance and Occupational Pensions Authority’s (EIOPA) April dashboard.

The dashboard ranked asset and market risk at a high level of risk, shown by the colour orange.

EIOPA cited inflation, high energy prices and the Middle East conflict as key elements affecting the macroeconomic environment, and added that growing doubts around the abilities of artificial intelligence (AI) were “adding to sensitivities”.

The authority said that financial markets were being tested by “geopolitical uncertainty” and that bond spreads had widened and equity volatility had spiked towards the end of March, leading to potential vulnerability due to high valuations.

The dashboard report stated: “Looking ahead, the risk outlook for the next 12 months is increasing amid persistent geopolitical instability.”



US institutional investors look beyond returns when evaluating asset managers

Seventy-two per cent of US institutional investors identify the consistency of performance relative to expectations and the experience, talent, chemistry, and stability of investment professionals as the most important characteristics of top asset management firms, according to research published by Cerulli.

Firms that provide timely, candid, and concise communications (61%) and minimise negative surprises are also viewed favourably. “While institutions want a candid assessment of the past quarter’s performance results, many clients prefer the update to focus more on the current investment strategy and portfolio positioning for assurance that their portfolio is properly positioned to endure the current environment,” Cerulli direc-

tor, Michele Giuditta, stated.

Asset managers that have a reputation for having a great firm culture (49%)—with loyal, long-tenured employees and incentives that are aligned with clients—are also better positioned. Institutions also value managers that have strong investment beliefs about their skills—and investment strategies that align with those beliefs (44%).

Many clients prefer the update to focus more on the current investment strategy

“An investment team that is adequately staffed and has the resources and an aligned team to deliver long-term performance results is also important,” Giuditta said.

“Asset managers that can articulate and clearly display their edge and show that they can implement the strategy will have a competitive advantage in winning and retaining clients.”



US Treasury to meet insurance regulators over private credit risks

Initial meetings to examine emerging risks

The US Treasury is to meet domestic and international insurance regulators over the risks in private credit after recent upheaval in the multitrillion-dollar market.

Initial meetings “will allow participants to survey recent market events, emerging risks, risk management practices and outlooks for the sector”, the department said.

The move signals growing concerns in Washington about the health of the private credit sector and its rapid growth. The insurance sector, which is largely regulated in the US at a state level, has become increasingly intertwined with the private capital sector over the past decade.

The trend has prompted greater concern from regulators because of the opaqueness, illiquidity and complexity of private credit products when compared to more traditional portfolios of government and corporate bonds.

Iowa insurance commissioner, Doug Ommen, recently warned that a “transformation” in the sector has pushed insurers into riskier private investments that are “less appropriate” for retirees.



North American institutional investors double ETF use

Over the past five years assets have reached around \$337bn

Written by [Adam Cadle](#)

North American institutional investors have almost doubled their ETF usage over the past five years, with assets reaching approximately \$337bn in 2025.

According to a study by Cerulli and Invesco, titled *Inside Institutional ETF Adoption – How asset owners are broadening use cases*, ETF holdings among North American institutional investors grew at a 14.4% five-year compound annual growth rate (CAGR) from 2020 to 2025. This significantly outpaced the broader US institutional market, which grew at a 5% CAGR over the same period.

Institutional asset owners are now allocating to ETFs as both a core portfolio holding and in an operational or tactical manner. According to the study, institutions expect to continue expanding ETF use across both strategic and operational applications. Nearly half of institutional ETF users expect to increase their ETF allocations over the next 24 months, while 16% of current non users plan to begin using

ETFs during that period.

“As asset managers remain dedicated to developing new ETFs – most notably actively managed strategies and esoteric index exposures – it is important for asset owners to keep a pulse on the pace of innovation and how those new products can be used within portfolios,” said Brendan Powers, director of product development research at Cerulli.

“We believe the use cases for ETFs institutional adoption will continue to grow especially for investment teams seeking to increase team capacity, address liquidity concerns, access unique investment strategies, and co-manufacture desired exposures,” he concluded.

The study published findings from 31 institutional decision makers in North America with at least US\$1bn in assets under management (AUM) in Q4 2025 and Q1 2026.

Additional research from Carne Group also revealed that the majority of institutional investors across the globe (82%) think that ETFs are moving from short-term asset allocation strategies to core portfolio holdings. The survey revealed that active ETFs are expected to increase market share dramatically over the next three years.

Chinese life insurers see large investment gains following equity investment directive

China's largest life insurers recorded large gains in total return on investments in 2025, according to analysis by S&P Global Market Intelligence, following an equity investment directive by the Government early in the year.

In February 2025, regulators encouraged major state-owned insurers to invest 30% of newly added insurance premiums in yuan-denominated equities. The equity investments of China Life Insurance Co. Ltd., Ping An Insurance (Group) Co. of China Ltd. and New China Life Insurance Co. Ltd. then surged in the first half of 2025.

The total return on investment of New China Life had the largest percentage gain, jumping 35% to 107.02bn Chinese yuan in 2025 from 79.43bn yuan in 2024.

China Life's investment returns jumped 25% year-over-year (YoY) to 386.64bn yuan from 308.15bn yuan, while Ping An Insurance's investment returns grew 7% to 308.49bn yuan from 288.12bn yuan.

The strong investment returns helped all three companies post YoY gains in operating profit.

China Life's 2025 operating profit reached 186.12bn yuan, up 55% from 119.77bn

yuan a year earlier. New China Life's operating profit climbed 29% YoY to 41.14bn yuan from 31.85bn yuan, while Ping An Insurance's operating profit increased 11% to 263.69bn yuan from 236.79bn yuan.

Low interest rates in China mean

insurers will likely continue to raise allocations to equity, leading to greater sensitivity to market risks, S&P Global Ratings analyst, WenWen Chen, wrote in a research note, estimating an annual return on assets of 1.0% to 1.5% for the industry over the next two years.

On the other hand, a successful

shift toward policies with floating returns could enable some life insurers

to share investment risk with policyholders, given flexibility to adjust unguaranteed dividends, Chen said, adding that this could also enhance life insurers' value generation through lower liability costs.

“ New China Life had the largest percentage gain, jumping 35%





Hong Kong's IA finalises amendments to RBC regime

Infra financing, offshore reinsurance targeted

Hong Kong's Insurance Authority (IA) has concluded its consultation on amendments to the Insurance (Valuation and Capital) Rules, confirming changes to the risk-based capital (RBC) regime aimed at encouraging infrastructure financing, promoting offshore reinsurance and refining capital treatment for emerging asset classes.

Concerning preferential capital treatment for eligible infrastructure investments, the IA confirmed it will

proceed with lower capital charges for qualifying infrastructure assets linked to Hong Kong and the Chinese mainland.

The preferential treatment will apply not only to long-term business but will be extended to general insurers.

The IA also agreed to enhance the proposed reduction factors for certain infrastructure investments. Capital relief will be increased for Category A eligible infrastructure debt and unlisted equity,

while the parameter linked to insurers' holdings of Hong Kong dollar-denominated government infrastructure bonds will be applied to both infrastructure debt and equity risks.

The amendments include a mechanism allowing Hong Kong insurers and designated insurers that are part of non-Hong Kong insurance groups to apply for approval to exclude general offshore reinsurance business from the calculation of prescribed capital. The IA said the move is intended to promote offshore reinsurance activity in Hong Kong and align the city with comparable international regimes.

On asset treatment, the IA confirmed it will adopt a look-through approach for specified stablecoins and apply a 100% downward stress factor to crypto assets, without diversification benefits. Tokenised traditional assets such as bonds and equities will be explicitly excluded from the definition of crypto assets.

The regulator also confirmed support for allowing the use of matching adjustment for indexed universal life business, as well as refining the countercyclical adjustment mechanism for equity risk by empowering the IA to set caps and floors through notice.

Total assets of China's insurers and insurance asset managers rise by 15.1%

Total assets of Chinese insurers and insurance asset management companies amounted to RMB 41.3trn as of the end of Q4 2025, up by 15.1% from the beginning of the year.

According to the National Financial Regulatory Administration (NFRA), assets of property and casualty insurance companies registered RMB 3.1trn, up by 7.5%; assets of personal insurance companies reached RMB 36.4trn, up by 15.4%; assets of reinsurance companies reached RMB 857.3bn, up

by 3.5%; and assets of insurance asset management companies were RMB 145.6bn, up by 14%.

In Q1-Q4 2025, insurance companies recorded primary insurance premium income of RMB 6.1trn, a year-on-year (YoY) increase of 7.4%. As of the end of Q4 2025, the comprehensive solvency ratio of the insurance sector was 181.1%, and the core solvency ratio was 130.4%, both higher than the regulatory requirements of 100% and 50% respectively.



Investors must adapt to 'complex' responsible investment landscape

Asset owners maintaining commitment to sustainability however

Written by **Adam Cadle**

Investors must adapt to an increasingly complex responsible investment (RI) landscape in 2026, as a combination of technological, environmental and regulatory megatrends reshape opportunities and risks, according to a report from Nuveen.

In its *Responsible Investment Outlook: Key themes for 2026*, the asset manager said that despite negative sentiment in parts of 2025, responsible investing remained resilient, with asset owners maintaining commitments to sustainability and sustainable fund assets still robust.

The report identified five key themes expected to dominate the RI agenda in 2026, including the growing sustainability implications of artificial intelligence (AI),

an increased focus on climate resilience, the rise of nature-based investment opportunities, evolving regulatory frameworks, and shifting corporate governance dynamics.

Nuveen highlighted that AI was becoming a critical area of focus for investors, not only as a driver of returns but also due to its environmental and social implications. Indeed, it pointed to rising concerns about data centre energy consumption, projected to double by 2030, alongside labour market disruption and increasing regulatory scrutiny.

The report also suggested that investors were likely to shift their climate strategies from a primary focus on decarbonisation towards resilience and opportunity capture. This included broadening climate scenario analysis, increasing attention on physical climate risks such as extreme weather events, and allocating more capital to climate solutions.

The report showed that natural catastrophe losses had increased significantly compared to the previous decade's average, underlining the growing financial materiality of climate risks for portfolios. Meanwhile, nature-based solutions are also expected to gain traction, with investors increasingly recognising biodiversity loss as a systemic risk.

The report highlighted opportunities in areas such as sustainable forestry and regenerative agriculture, as well as growth in markets such as voluntary carbon credits, which could expand significantly by 2030 and beyond.

On the regulatory front, Nuveen pointed to diverging global approaches to sustainable investing, with the EU moving towards a revised Sustainable Finance Disclosure Regulation (SFDR 2.0) focused on product categorisation and simplification, while the US continued to see political and regulatory divergence.

Responsible investing remained resilient

People on the move

picture by EIOPA



PETRA HIELKEMA
Chairperson, EIOPA

The Council of the EU has extended the mandate of Petra

Hielkema as chairperson of EIOPA for a second five-year term, starting on 1 September 2026. The Council's decision comes after a positive assessment by EIOPA's board of supervisors (BoS) of Hielkema's conduct and performance during her first term, as well as a recommendation by the BoS for her term to be prolonged.



BRIAN TOWERS
Head of Insurance and Strategic Partnerships, PGIM

PGIM has appointed

Brian Towers as head of insurance and strategic partnerships. Towers will draw on investment expertise across PGIM to help deliver integrated investment solutions and build long-term strategic partnerships with insurers. Prior to joining PGIM, Towers was an MD at Blackstone, where he was responsible for the buildout and scaling of its multi-asset credit platform.



RHIAN LITTLEWOOD
BPA strategic delivery director, Canada Life

Canada Life has appointed Rhian

Littlewood as strategic delivery director, bulk purchase annuities (BPA). Littlewood will help shape Canada Life's growing footprint in the BPA market. She joins from Standard Life, where she most recently was head of liquidity management, and spent several years playing a leading role in its BPA pricing, proposition enhancements, and strategic delivery.



GERRY CROSS
Secretary General, IAIS

The IAIS has appointed Gerry Cross as its next secretary general. In

this role, Cross will lead the IAIS secretariat and support the IAIS executive committee in advancing the IAIS' strategic priorities and workplan, aimed at ensuring effective and globally consistent supervision of the insurance sector. He brings nearly 30 years' experience in financial services/regulation to the IAIS and will join from the Central Bank of Ireland.



HELEN HALLAM
Partner, Eversheds Sutherland

Eversheds Sutherland has expanded its

insurance team with the appointment of Helen Hallam as a partner. She brings extensive experience advising on high value, complex and time critical transactions, frequently involving multiple stakeholders and detailed regulatory considerations. She joins from Canada Life, where she spent more than eight years in senior in-house roles.



NIALL O'SULLIVAN
Global Chief Investment Officer, Mercer

Mercer has appointed Niall O'Sullivan as global

chief investment officer (CIO). He was global solutions, CIO, and will now lead the full range of Mercer's investment capabilities, from research to investment solutions and performance, across traditional and alternative asset classes. He succeeds Hooman Kaveh, who will assume the newly created role of executive chair for Mercer's investment platform.



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In the spotlight

Are ETFs increasingly moving centre
stage for insurers?

WRITTEN BY DAVID ADAMS,
A FREELANCE JOURNALIST

A 3D rendering of the letters 'ETF' in a bold, gold, metallic font. The letters are positioned on a circular, reflective gold stage. A spotlight from above illuminates the letters, creating bright highlights and a soft glow. The background is dark, making the gold elements stand out. The letters are slightly shadowed on the stage, and their reflection is visible on the surface below.

ETF



Exchange-traded funds (ETFs) have been on quite a journey in recent years, evolving from undoubtedly useful passive, index-tracking products, into sophisticated, innovative investment tools that institutional investors can use for multiple strategic or tactical purposes.

They have acquired a higher profile in part because of their popularity and growing scale: the value of the global ETF marketplace was \$19.85trn at the end of 2025, having grown by \$4.9trn during the year. Annual inflows reached a record \$2.4trn, with about 48% of that increase coming from net new money; and the number of ETFs listed globally was 2,795, up 997 since the start of the year. (Figures from research and consultancy firm ETFGI).

It's easy to find high profile figures in the investment industry happy to acknowledge the growing importance of these products. "ETFs are scaling not just in size but in reach and relevance ... expanding the investable universe, bringing increasingly sophisticated strategies and asset classes into a liquid, transparent wrapper," wrote State Street head of insights, Anna Bernasek, in her preface to the company's *2026 Global ETF Outlook* report, published in April 2026.

It appears that insurers and other institutional investors are leading the way in defining trends in ETF use. In May 2025, research from Carne found that 82% of institutional investors agreed that investors were moving ETFs from short-term asset allocation strategies to core portfolio holdings; while ETFGI recorded a massive 70% increase in inflows into active ETFs across 2025, to reach \$638bn, up from \$374bn in 2024.

Arguably the most significant of these trends is the switch away from ETFs being seen as passive tracker products to an acknowledgement they can be used as sophisticated, active

tools. While the US has led the way in the use of active ETFs, it is clearly happening everywhere: ETFGI observed a 46% increase in inflows into active fixed income ETFs globally in 2025.

Reasons to embrace ETFs

There are some fundamental reasons why insurance companies might find ETFs attractive. They offer a swift, liquid, transparent and cost-effective means to increase diversification, to follow an index replication strategy or to access asset classes to which it might be more difficult or expensive to gain exposure by other means.

Kirst Kuipers, EMEA head of institutional iShares distribution at BlackRock, sees the convenience ETFs offer as one of their most important selling points.

"It's very easy to get access instantly into a well-diversified pool of assets," he says. But he also stresses their value as a useful tool to improve liquidity management within a portfolio. "It's good to have some liquid instruments that mirror the broader market but allow you to make changes."

Over time, insurers of all types and sizes have found ways to make use of ETFs, Kuipers continues.

"Initially we've seen mid-size insurers taking the lead in ETF adoption, because although many have in-house capabilities, they don't necessarily have capabilities across the full asset range," he says. "But now we're seeing more and more of the very largest investors ... [seeking] to benefit from the liquidity that the ETF ecosystem offers."

He believes the growth of the

ETF industry has created a virtuous circle that has generated further growth. "With rapid growth you get more product choice, but also, because of the sheer size of the ETF industry – it's now worth about \$20trn worldwide – it has become very cost-efficient to use ETFs," he says. "If you look at total cost of ownership, ETFs are probably the most cost-efficient vehicle for accessing many asset classes."

Michael John (MJ) Lytle, head of product innovation at Janus Henderson Investors, agrees. He points out that ETF Total Expense Ratios (TERs) are not the same as other investment fees: a TER is based on all the costs that impact the performance of the fund, such as legal, audit or index licensing fees

"So it's much easier to see what it is costing you, operationally, to gain exposure to a market," Lytle says. "Everybody who trades and or out of the fund is charged what it costs to get them in and out, so it has no repercussions for the rest of the fund. That means a long-term holder is

protected from frictional costs."

Kuipers believes the ETF market also gained momentum during the pandemic, when many investors were struggling

to find liquidity, particularly in fixed income assets, and ETFs offered a solution. Regulatory changes in some markets have also made them easier to use and more useful to many investors.

"So it's the liquidity, more awareness of the instrument, cost efficiency and the breadth of choice," says Kuipers. "[With] these trading benefits and the



Initially, we've seen mid-size insurers taking the lead in ETF adoption



flexibility they offer, ETFs have become a tool to get market exposure in a very cost-efficient way.”

Some issuers, including Janus Henderson, are happy to create new, customised ETFs to suit specific client needs. These products may then also be of use to other investors. “Doing that puts that product into the public space where everyone else can get on board,” says Lytle – and this helps to boost ETF use further among all investors, creating “democratisation of investment”. As Lytle says: “Once an institutional investors creates a new ETF with a €100m lead order, it is available to any investor with €10 to spend”; and certainly to any insurer.

There is also the fact that these can be very effective investments. Amira Abdulkadir, director and head of ETF management at S&P Global notes that the past couple of years have seen a proliferation of many more different types of ETF, including some focused on derivatives, and used in different ways, such as buffer ETFs, which can limit downside losses by effectively absorbing a specific volume of losses over a set period, so help reduce risk and vulnerability to volatility.

The one thing all these different ETFs have in common, Abdulkadir says, is that “all of them are providing yield in a very low interest rate environment”.

Facts behind the trends

Research into the way insurers and other institutional investors use ETFs shows they are being used for a mix of strategic and tactical purposes. Kuipers says that about two-thirds of insurers and other institutional investors using iShares ETFs are seeking to buy and hold for strategic asset allocation. The remaining third are using them tactically.

Joe Steidl, head of UK insurance

distribution at Invesco, does not believe many insurers are yet making significant use of ETFs as core portfolio holdings.

Steidl heads Invesco’s UK insurance business, but works closely with his peers in other markets elsewhere in the world within Invesco’s Global Insurance Solutions Working Group; and consulted some of these colleagues before speaking to *Insurance Asset Management* on this topic.

“Most of the insurers we’ve come across use ETFs at the periphery,” he says. This may mean using ETFs to gain exposure to satellite allocations – via a specialised high yield ETF, for example.

Max Sataloff, director, institutional business development at VanEck, has also come across insurers using ETFs within subsidiary or surplus accounts.

“We’ve seen companies with big in-house portfolio management teams building a tactical, go-anywhere ETF portfolio on the side, focusing on discounts and attractive entry points into asset classes,” he says.

In Europe, BlackRock is seeing “massive growth” in the use of ETFs overall, says

Kuiper. He says that BlackRock’s data suggests that over the past three to five years average annual growth in iShares ETF use has been 35%. State Street’s research also

highlights significant growth in the use of active ETFs in Europe, noting that data from Morningstar and ETFGI suggests that active ETF launches outpaced passive equity ETF launches for the first time. State Street predicts that active ETF launches in Europe will exceed passive product launches during 2026.

The State Street research also suggested that while equities ETF launches were most numerous in Europe, fixed income active ETFs continued to proliferate more quickly, including funds focused on corporate credit, emerging market debt and other specialised bond exposures. It also noted a move away from US equities towards European and ex-US equities and a spike in interest in defence-focused ETFs and in precious metals, with the latter changes likely linked to geopolitical tensions.

State Street estimates that fixed income ETF launches and inflows will both exceed 40% of all new active ETF activity in 2026. It predicts that the European ETF market will grow by more than 25% during 2026, with \$4trn in AUM by the end of the year, driven by the increase in active strategies, an increase in retail investment in the funds, and further innovation in the asset class.

Kuipers believes the active ETF market in Europe, while still significantly smaller than that in the US, is evolving steadily.

“We’re still in the early stages in

that growth,” he says. “Clients are clearly interested in embedding active strategies in ETFs. That’s recognition of the benefits that the wrapper brings, and the benefits of the ETF

ecosystem. That’s something we expect to see more in the years ahead.”

Janus Henderson’s Lytle points out that many European insurers are still using ETFs to replicate indices, gaining exposure to assets including US and European equities or more specific sectoral exposures, in a way that avoids the intended volatility versus an index



Clients are clearly interested in embedding active strategies in ETFs



that will feature if an institution worked with an active manager to build a more concentrated portfolio. He says that while insurers in Germany, Switzerland and Italy have all used ETFs in this way for some time, UK insurers have been slower to do so.

Kuipers also draws attention to the fact that despite the actions of some political leaders, sustainability is still a very important element in these investors' strategies, and ETFs offer a cost-effective way to access assets that will help them pursue those strategies.

Varma recently announced a €400m investment in Nordea Asset Management's ICAV – BetaPlus Enhanced European Select Equity UCITS fund in November 2025, which invests in European companies in the MSCI ACWI Select Climate 500 index.

American pioneers

State Street's analysts suggest that the ETF market in North America is still following a clear growth trajectory. Its April 2026 ETF research claimed active ETFs are currently "at the centre of the industry's most consequential shifts – reshaping product design, scale and distribution"; and it listed activities that are likely to be contributing to this trend: mutual fund to ETF conversions (there were more than 50 in 2025 – a record); wealth management via 351 exchanges, which allow investors to contribute securities into a diversified fund without triggering recognition of capital gains; and fixed income investing.

On the latter point, the analysts noted the rapid growth of active fixed income ETF inflows, which accounted for 42% of all fixed income ETF inflows in 2025, up from just 6% in 2022.

In addition, April 2026 research from Cerulli and Invesco found that ETF holdings among institutional investors in the US grew at a 14.4% compound

annual growth rate (CAGR) between 2020 and 2025, well ahead of 5% CAGR for the broader

US institutional market over the same period. But its researchers also found that ETF use cases in the US are still much more likely to be operational and tactical.

Regulatory change can always exert an influence on strategies. In the US, the rise of ETF use is linked to the SEC's adoption of Rule 6c-11 in 2019, which eliminated a time-consuming exemptive relief process that had made it difficult to standardise and streamline ETF distribution; and meant ETFs were no longer bound by index replication.

"That opened the door for a lot of issuers, big and small, to come to the market with lots of ideas," says Amira Abdulkadir, director and head of ETF management at S&P Global.

She also points out that while property and casualty insurers in the US have tended to be more willing than life insurers to use ETFs in the past, more of the latter are now making use of them.

Insurers in APAC also made more use of ETFs in 2025; and here too, while passive ETFs continue to dominate, the rise of the active ETF is visible, according to State Street's researchers, among others. One change worth noting has been China overtaking Japan to become the biggest ETF market in the region.


Flexible and adaptable

Yet it would be a mistake to forget the importance of passive ETFs as a tool for investors, says Punil Chaubal, global head of insurance investments

at WTW. "If you want beta exposure, passive ETFs are an incredibly powerful option," he says. "They're cost-effective, they do what it says on the tin. They're very transparent and they are easy to manage."

However, he continues, insurers need to be aware of concentration risks. He gives the example of an ETF focused on US equities, which could end up with a highly concentrated exposure to the "Mag 7" tech stocks. "We are seeing some clients looking at weighted average market cap products instead, where you try to stabilise how much concentration you have in different sectors," Chaubal says.

He thinks the current geopolitical landscape may encourage more insurers to consider use of more active ETFs within their strategies.

 Insurers in APAC also made more use of ETFs in 2025

Sataloff expects the growth of ETF use by insurers to continue for the foreseeable future, "as more CIOs and insurance portfolio managers understand that these are tools they can use to help them be more efficient in the way they manage their balance sheet". But he warns that major claims events, such as large-scale extreme weather events, can upend any number of insurers' investment strategies. "If an insurance company doesn't have cash coming in, then some of these use cases aren't going to happen, so ETF usage that year, or maybe the following year, probably suffers," he says.

Even so, many insurers would still probably find further uses for these remarkably flexible tools. Imagining a set of circumstances where ETFs would not be useful is becoming more difficult all the time.

A secure environment

Insurance Asset Management rounds up some of the major pension scheme de-risking deals that have taken place over the past couple of months

▶ **Phoenix Medical Supplies Pension Scheme** has completed a £30m full-scheme buy-in with Canada Life. The transaction has secured the benefits of more than 145 pensioners and 80 deferred members. Barnett Waddingham acted as lead broker on the deal, as well as adviser and administrator to the scheme.

Gateley Legal provided the trustees with legal advice, while Canada Life was advised by its in-house legal team.



▶ **The CH Johnson Pension Plan** has completed an £11m full-scheme buy-in with Just Group, securing the benefits of 147 members. The scheme, which is sponsored by Heimbach UK Ltd, a subsidiary of Heimbach GmbH, said the transaction marked a significant step in protecting members' benefits following recent changes at the sponsoring employer. The deal followed the commencement of a collective consultation process, with all parties working together to accelerate insurance plans and complete the transaction efficiently.

Isio advised the trustees on a multi-disciplinary basis, covering actuarial, administration, investment, covenant and insurance, while Gateley and Travers Smith also supported the transaction.



▶ **Stichting Pensioenfonds AT&T Nederland (SPAN)** has completed a buyout with Athora Netherlands' Zwitterleven business for an undisclosed amount, transferring 500 participants and €170m in assets under management. As part of the transfer, participants will receive a one-off catch-up indexation of 5.68%, and an annual indexation equal to European price inflation (100% HICPxT). SPAN's participants include approximately 170 pensioners and 330 deferred members, and with this transfer, the pension fund will eventually cease to exist.

▶ **Prismic Life** has announced an agreement between its subsidiary, Prismic Life Reinsurance International (PLRe International), and Daiichi Life to reinsure a Yen-denominated in-force block of whole life and annuity policies. Daiichi's obligations to policyholders will remain unchanged following the reinsurance agreement, and Daiichi will continue to administer and service the policies.

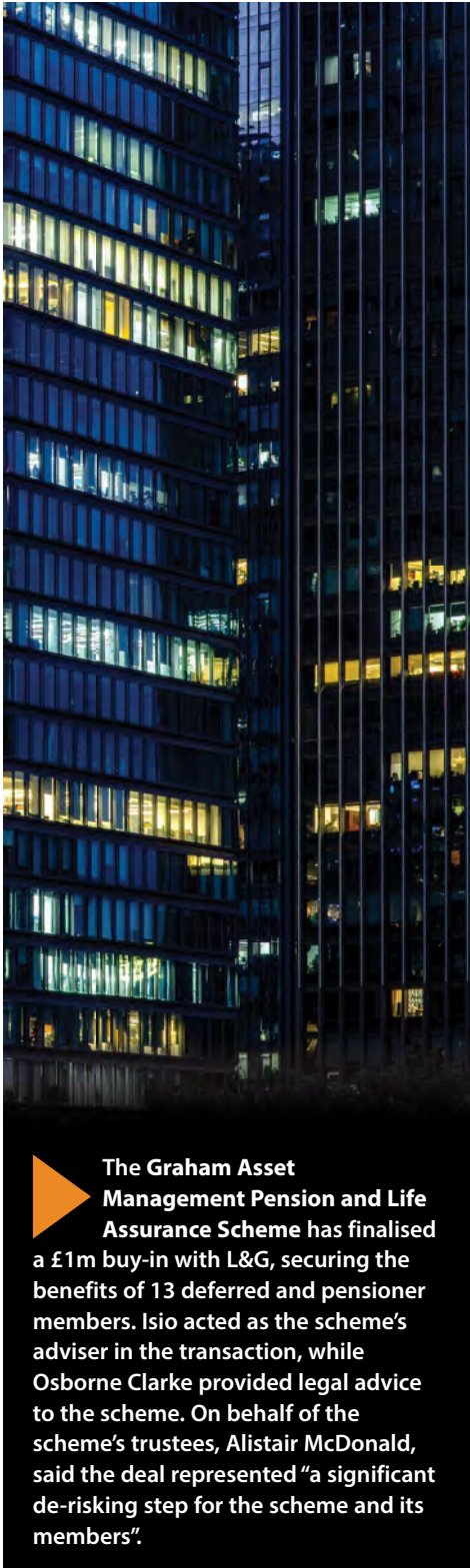
"This agreement reflects Prismic's continued commitment to supporting the Japan insurance market with tailored reinsurance solutions that help insurers efficiently manage their growth, risk, and capital objectives," said Nandini Mongia, group executive chair and CEO of Prismic.



▶ **Bakkavor Pension Scheme** has finalised a £160m full scheme buy-in with *Rothesay*, securing the benefits of all 2,216 scheme members. The transaction, which was completed in March 2026, covered exactly half (1,108) of scheme members with pensions in payment and half deferred members. *Bakkavor Foods Limited* – the scheme sponsor – was acquired by *Greencore Group Plc* in January 2026. *WTW* supported the scheme trustees as the lead adviser for the deal and as the scheme actuary, while *Squire Patton Boggs* provided legal advice.

▶ **The Reebok UK Retirement Benefits Scheme** has secured a £32m full-scheme buy-in with *Just Group*. The transaction was completed in November 2025 and secured the benefits of 452 scheme members, comprising 114 pensioners and 338 deferred members. *Zedra Governance Limited* was appointed as the trustee to the scheme in 2022, represented by *Phil Holland* and *Martin O'Brien*.





▶ **The Graham Asset Management Pension and Life Assurance Scheme** has finalised a £1m buy-in with L&G, securing the benefits of 13 deferred and pensioner members. Isio acted as the scheme's adviser in the transaction, while Osborne Clarke provided legal advice to the scheme. On behalf of the scheme's trustees, Alistair McDonald, said the deal represented "a significant de-risking step for the scheme and its members".



▶ **Utmost Life and Pensions** has completed its first external pension scheme buyout. Having entered into a full scheme pension buy-in with the trustees of the Noble Foods Limited Pension Scheme in April 2025, Utmost Life and Pensions has now issued 455 individual buyout policies to scheme members and dependants less than a year after entering into the initial buy-in contract. Gary Needham, head of BPA business development at Utmost Life and Pension, said: "It's been a pleasure working with the trustees of the Noble Foods Limited Pension Scheme and their advisers to complete the steps necessary for converting the original buy-in policy to individual buy-out policies and allowing the trustees to commence wind-up of the scheme. This was achieved in less than 12 months, thanks to the preparation that had been undertaken by the trustees before seeking to transact, the responsiveness of the administrators and the skill and care of our dedicated transitions team utilising the unique functionality of our Mantle Administrator software."

▶ **The Iveco Limited Pension Scheme** has completed a £100m full-scheme buy-in with Aviva, securing the benefits of all 225 deferred and 1,127 pensioner members. The transaction was completed in March 2026 and represented a "significant milestone" in the scheme's long-term de-risking strategy. The trustee board was chaired by Zedra Governance Limited client director, David Archer, while XPS Group acted as specialist de-risking adviser to the trustee. Pi Partnership secretariat lead, Simon Davies, acted as secretary to the trustee, and Squire Patton Boggs provided legal advice.



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A new landscape beckons...

Germany's ageing population and burdensome pensions system is undergoing dramatic-if-slow change. What opportunities does this raise for insurers?

WRITTEN BY PETE CARVILL, A FREELANCE JOURNALIST

If there is a single narrative in Germany about the pension system, it is that the current workings—a reliance on first-pillar schemes, alongside trace evidence of second- and third-pillar provision or uptake—is not destined to last. And, yet, it seems that politicians here in Berlin are reluctant to address the issue head on.

The situation is best illustrated in a recent interview given to *Update Germany*, a local newsletter, by Chris Reiter, the local *Bloomberg* senior editor who has written the new book *Broken Republik: The Inside Story of Germany's Descent into Crisis*.

"[There's] this feeling of tension," said Reiter. "This is

just around the corner. The problem is that there's been decades to prepare for this and now it's just before *Ladenschluss*—closing time—and these huge pension bills are coming and along with the pension bills is the healthcare cost because older people need to go to the doctor more and deserve care."

Put simply, Germany is a country with a rapidly ageing demographic and a pensions system that is rapidly becoming unfit for purpose. A recent report from Allianz Research said that non-wage labour costs have risen significantly in recent years, with total labour costs rising by more than 20% since the first quarter of 2021. Non-

wage labour costs, wrote the firm, have risen by a third in the same period. At the same time, another five million people are expected to retire within the next three years.

It is a problem that has been known about for some time. As the Bundesbank wrote in the middle of 2020: “There are more and more pensioners but fewer and fewer people paying into the statutory pension insurance scheme. How much of a burden this becomes will depend on how long people work in old age and when they retire.”

As for how the country reached this state, The German Council of Economic Experts’ council member, Martin Werding, said earlier this year that the trend in recent decades has been the reduction in birth numbers.

He said: “There is no uncertainty about that and it’s part of our demographic structure. Previous decades saw us go through a baby boom, which was large by German standards. That’s led into an unfavourable age structure over time because a reduction in birthrates has fed through to a continuous higher share of older people.”

The solution in hand

Even though change is needed—alongside a possible full recalibration of what ‘retirement’ means and what it could look like—the pace of process so far can be described as ‘glacial’. The biggest development was the passing in December of the Act to Strengthen Company Pensions II (BRSII). At the time, the Government said that this was ‘only the beginning’, with further proposals to materialise. The BRSII would have decoupled the average pension in Germany from wage growth from 2026, maintaining it at 48% of the average wage until 2031. Around the time that BRSII was passed, Chancellor Merz said that he was launching a pensions commission to build on its reforms.

Passed on the same day was the *Mutterrente*, an expansion of the ‘mother’s pension’ from the beginning of 2027. Under this, the intention was to give equal recognition to the childcare contributions of mothers or fathers during the first three years of each child’s life, regardless of the year of birth. LBBW’s *Germany’s Pension Time Bomb*, published in August, estimated that this will add €5bn to the Government’s deficit each year. In a similar vein, the nation announced a plan around the same time to give €10 a month to schoolchildren that goes into a retirement account. That is scheduled to begin this year, and payments will go to children from ages six to 18.

The third development undertaken here was the introduction of the *Aktivrente* (‘active pension’), which would let pensioners earn up to €2,000 per month without paying tax in salaried employment.

All of this has been a relative tampering around the edges. The big development came recently through the *Altersvorsorgedepot* (‘private pension depot’). This new, state-subsidised, capital-market-based savings product will replace the *Riester* system and is set to launch on 1 January 2027, following parliamentary approval in 2026 and final ratification in May.

The current *Riester* system has drawbacks. According to Deutsche Bank, these have been low returns, high costs, and insufficient transparency. Estimates on returns go between -3% and +3%. When inflation is taken into account, returns have often been negative. Payouts, too, are subject to personal income tax in exchange for contributions in the savings phase being made out of pre-tax income. During the low-interest period between 2012 and 2022, Deutsche Bank says it became ‘virtually impossible’ to guarantee payouts that matched contributions.

Meanwhile, the *Altersvorsorgedepot* has a number of provisions that mark a shift to a strengthened third-pillar. These include the introduction of a return-oriented ‘old-age provision account’, in which contributions will be invested in investment funds; the maintaining of a voluntary opt-in model; the capping of annual costs at 1.5% for a standard product; the maintenance of existing

tax incentives; a simplification of additional government support, making public subsidies proportional to contributions; easier switching between different offers; and more flexibility in the payout phase.



“The reform creates a more attractive environment for long-term savings and investment”

WTW’s head of retirement Germany Hanne Borst

When asked about what the reforms mean, WTW’s head of retirement Germany, Hanne Borst, said that they mark a structural shift in the country’s retirement system, one that will have far-reaching impacts for life insurers. The aim, she says, is to take pressure from the nation’s first-pillar system, which is under increasing pressure due to demographics. From there, it looks to channel significantly more long term savings into the funded private or occupational pension systems.

Heubeck’s senior adviser, Michael Metzger, explains: “In contrast to the *Riester* system [the private pension scheme], the private pension depot does not include

guarantees. The depot allows investments in ETFs, stocks, and funds without minimum guarantees, aiming for higher long-term yields. There is a standardised form of the private pension depot with limited cost, limited fund selection options, and digital access only. Existing *Riester* contracts can be transferred into the new system.”

He adds: “The reform as a whole aims to accumulate pension capital in addition to the pay-as-you-go public system by paying contributions to private, funded schemes—where insurers and asset managers are key providers. By making private pension products more attractive via subsidies, flexibility, and higher return potential, the reform is expected to unlock annual net inflows into the private pension market.”

There will, undoubtedly, she adds, be opportunities for insurers. Borst explains: “The removal of strict guarantee requirements allows insurers to offer more capital market oriented solutions, including funds and ETFs, which historically were difficult to integrate into state supported products. Combined with the newly introduced cost cap and more flexible payout options, such as withdrawal plans up to age 85, the reform creates a more attractive environment for long-term savings and investment.”

The implications so far for insurers

The impacts are not yet fully apparent, but the feeling is that they will be monumental.

Overall, Eversheds Sutherland’s head of pensions and related benefits for Germany, Rolf Kowanz, says, the moves will have a “significant impact”. The end result, he contends, will be a considerable diversification in the future of the German market.

He adds: “Certain previously compelling requirements for tax-beneficial treatment will be abolished such as contribution guarantees, lifelong annuitisation, and restrictions for capital payments. The market will be opened up to other competitors such as banks and asset managers, and a wider range of products will be allowed like ETF-based retirement savings accounts.”

Borst says, overall, that the reform is a ‘decisive step toward a more sustainable and return oriented pension system.’ “By removing guarantee requirements and introducing cost caps,” she explains, “it enables a product landscape with higher long term return potential. However, it also fundamentally reshapes the competitive environment.”

At the same time, Borst sees that the positions of insurers will change. She adds: “Insurers will continue to have a unique selling proposition when it comes to providing lifelong payout models. However, due to the

new options for structuring payouts through withdrawal plans up to the age of 85, insurers will no longer be the standard providers for subsidised private pension schemes. Banks, fintechs, and now even the state will compete for the same customer flows. Insurers that embrace capital market orientation, invest in digital capabilities, and communicate a clear value proposition will be well positioned to capture a meaningful share of the expected inflows. Those that fail to adapt risk losing relevance in a rapidly evolving market.”

Increased competition

If there is a change in the landscape, it may be in three streams: a broader field of competitors, a new state-run competitor, and greater product comparability.

With the first, removing the requirement for lifelong guarantees, the pension space can now be entered by other players such as banks, asset managers, and fintechs—all of whom typically excel in low cost, capital market driven products and digital customer journeys. This opens up the sector to more competition that comes with the possibility of a race to be the most efficient while producing the highest value to customers.

Likewise, the introduction of a public, standardised investment option—an officially sponsored default fund—adds another powerful market participant, its presence raising expectations around transparency, simplicity, and pricing. There is, in this, a move towards making citizens here more aware of the importance of planning for an income in retirement other than the current first-pillar scheme upon which many solely rely.

And, lastly, as guarantees are removed and costs capped, differentiation will increasingly come from performance, user experience, and digital capabilities rather than from traditional insurance features. It is on these that insurers will find themselves competing and aiming to pull themselves away from the pack.

But this competition, says Borst, will not just come from the insurers. “It won’t be only from each other,” she explains. “It will also be from institutions that have historically operated outside the third pillar.”



The reform is expected to unlock annual net inflows into the private pension market”

Heubeck’s senior adviser Michael Metzger

Kowanz offers a more-comprehensive outlook. While competition will improve, he says, there will be drawbacks in a sector and country that has traditionally been slow to change and innovate. There will also have to be a transition period in which new methods and products are rolled out, tested, and then given feedback.

He says: "By nature, broadening the scope of permissible products and possible providers will increase competition considerably which, however, is not as such a bad thing. The downside may be that established products may decline, and people who already have made contributions into such products for years will face the question whether or not to stop paying into their 'old' contracts and taking out a new one, to stick to their 'old' contract or whether they can afford to do both."

Adaptation

While the reforms are deep and offer a more sustainable and return oriented pension system, they will fundamentally reshape the competitive environment in which insurers in this space operate. The landscape will become one with higher long-term return potential due to the removal of guarantee requirements and the introduction of cost caps.

This will put insurers in a good position, says Borst.

She adds: "They will continue to have a unique selling proposition when it comes to providing lifelong payout models. However, due to the new options for structuring payouts through withdrawal plans up to the age of 85, insurers will no longer be the standard providers for subsidised private pension schemes. Banks, fintechs, and now even the state will compete for the same customer flows."

It is those, she says, that embrace capital market orientation, invest in digital capabilities, and communicate a clear value proposition that will be well positioned to capture a meaningful share of the expected inflows. And those who fail to do this adaptation are the ones who risk losing relevance.

If it can be summed up in a word, that is likely to be 'inevitable'.

Says Kowanz: "We expect life insurers in Germany to open up and diversify their product lines, too, and also to take other measures such as increasing the efficiency of their cost structures in order to compete with the new providers and products."

This adaptation, Borst says, is likely to occur along several adaptation paths.

Firstly, there is likely to be capital-market-focused product design, with insurers shifting their portfolios

toward low cost, performance oriented investment solutions. This includes greater use of capital market orientated products, multi asset strategies, and lifecycle concepts. A core differentiator, she says, will be the ability to deliver attractive long term returns.

The second will be to look at cost efficiency and implement lean structures. Insurers must streamline operations, modernise legacy systems, and leverage automation. Going forwards, cost discipline will be integral to remain competitive against banks and fintechs that traditionally operate with lower cost bases.

A third path will be in digital distribution and engaging with customers. While the reforms will be sweeping, they will also increase the importance of intuitive digital onboarding, transparent dashboards, and seamless self-service tools. Insurers with strong digital ecosystems will have a clear advantage in acquiring and retaining customers.



We expect life insurers in Germany to open up and diversify their product lines"

Eversheds Sutherland's head of pensions and related benefits for Germany Rolf Kowanz

Clear value propositions—a fourth adaptation path—will see insurers in a position where they have to articulate compelling reasons to choose their solutions. These may include superior investment expertise, personalised advice, hybrid guarantee options, or integrated retirement planning tools.

And, finally, the fifth adaptation path, will see partnerships and platform strategies arise between the major players. In order to compete with banks and fintechs, says Borst, insurers may increasingly collaborate with asset managers, robo advisers, or digital brokers to enhance product attractiveness and distribution reach.

There is a long road to go in Germany in order to decouple the pension system from its current unsustainable constraints. And these moves are steps in the right direction. But where questions do remain, they do so around the speed at which the changes can happen, and whether they can happen before the demographic timebomb makes its presence felt.

For insurers, there will be opportunities. But those opportunities will stem from the ability to adapt and to act quickly.

Around the globe

Insurance Asset Management looks at the latest insurance developments happening around the world



Finnish pension insurer, **Elo**, made a return of €68m, equivalent to 0.2%, in the first quarter of 2026, it has revealed. Publishing its first quarter results, the pension insurer noted that investment markets were marked by geopolitical crises, fluctuations in inflation expectations, and uncertainty in the fixed income markets. In response to the result, Elo chief investment officer, Jonna Ryhänen, stated that Elo's investments take a "long-term and systematic approach, regardless of short-term market fluctuations".



Finnish pension insurer, **Veritas**, made a loss of -0.3% in Q1 2026. Its Q1 results revealed that its return was slightly worse than its return in Q1 2025 (-0.2%). By asset class, fixed income investments yielded -0.4% (-0.3%), equity investments -0.7% (-0.6%), property investments -0.2% (0.8%) and other investments 1.9% (0.5%). Veritas investment director, Laura Wickström, said: "The start of the year has been very eventful, and returns on investments fell below zero. Fears of an escalation of the crisis in Iran led to negative returns on listed shares at the end of the quarter. But the investment year has only just begun and there is still plenty of time for things to happen."



Hong Kong's life insurers have seen their revenue from premiums of in-force business surge 33.7% YoY. This figure includes \$82.3bn (HK\$632.7bn) from non-linked individual policies, \$3.9bn (HK\$30.2bn) from linked policies, and \$6.4bn (HK\$49.3bn) from retirement schemes, preliminary data from the Insurance Authority has shown. Industry-wide, total gross premiums in the industry rose to \$107.5bn (HK\$827bn) last year. This represents a 29.7% increase compared to 2024. Ranked by total single premiums, Hang Seng Insurance led the market with \$3.7bn (HK\$28.7bn), followed by AIA International with \$3.2bn (HK\$24.3bn), FWD Life (Bermuda) with \$2.7bn (HK\$21bn), HSBC Life with \$2.7bn (HK\$20.93bn), and Manulife (International) with \$2.4bn (HK\$18.4bn).



Vienna Insurance Group (VIG) has passed the €1bn profit threshold for the first time and has outlined new growth targets to 2028. In its preliminary results for 2025, VIG revealed that it generated gross written premiums of €16.3bn, up 7.1% YoY, with growth across all segments and lines of business. Profit before tax rose 31.7% YoY to €1.16bn. Insurance service revenue climbed 8.7% to €13.2bn, reflecting broad-based growth, particularly in health and life. Insurance service expenses rose 7.5% to €11.45bn, driven mainly by higher business volume. Its preliminary 2025 solvency ratio of 296% is well above the 150% to 200% range that many European insurers aim to hold over Solvency II requirements, and above its own medium-term target band.



China's Ping An said profit fell 7.4% in Q1, due to declines in the country's stock market denting investment returns. Net income dropped to 25bn yuan from 27bn yuan a year earlier. Operating profit rose by 7.6% however, with the insurer stating that this better reflects performance as it strips out short-term investment volatility. China's benchmark CSI 300 Index slid almost 4% during the quarter, weighing on the value of insurers' stock portfolios after the industry expanded equity holdings last year.



The start of the year has been very eventful, and returns on investments fell below zero



Zurich has successfully placed US\$500m of dated subordinated notes. The notes, which will mature in October 2056 and are first callable in April 2036, will be issued by Zurich Finance (Ireland) II DAC. The annual coupon is fixed at 5.875% until October 2036. The transaction was targeted at European and Asian institutional investors and has been conducted for general corporate purposes.



Japan Post Insurance (JPI) has agreed to acquire up to a 2.9% stake in Ashmore and also invest \$1bn in Ashmore-managed emerging market funds. Japanese financial groups have also been stepping up efforts to expand overseas and diversify away from their mature home market. The latest agreement follows similar tie-ups between L&G and Meiji Yasuda, as well as between M&G and Dai-ichi Life. "Emerging markets represent a strategically important and growing asset class for JPI," said Kunio Tanigaki, president and CEO of JPI.



Vietnam's general insurance industry is forecast to be worth \$5.2bn by 2030, according to estimates from GlobalData. The data and analytics company is predicting the Vietnamese market to grow at a compound annual growth rate of 9.9% over the next five years, from a current market value of \$3.7bn. GlobalData suggested that the Vietnamese general insurance industry will register an annual growth rate of 8.8% in 2026, supported by regulatory tailwinds, rising digital distribution, and heightened awareness of catastrophe risk.



Australia's non-life insurance industry has been resilient against an increasingly complex and interconnected risk landscape, with total insurance revenue for the non-life market reaching approximately AU\$77.7bn (US\$54.1bn) for the fiscal year ended 30 June 2025. According to AM Best, the 10 leading Australia-based non-life insurers reported a combined full-year insurance revenue of nearly AU\$46bn in fiscal year 2025, an increase of 11.1% year over year.



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Insurance Asset Management Summit 2026

Delegates heard from leading insurance professionals on the latest investment and regulatory trends in the industry

Figures from across the insurance asset management sector made their way to the stunningly beautiful Lingfield Park Racecourse for the second annual Insurance Asset Management Summit in March.

Across a day and a half, experts from across the industry explored the issues faced by CIOs, heads of investment, asset managers and consultants amid recent geopolitical uncertainty in the Middle East.

The conference was chaired by KPMG UK, partner and head of insurance, Huw Evans. In his opening statement, he said that the Summit was an opportunity for delegates to have a deep dive into some of the hot topics that face the market and a good update on the wider context in which the industry operates.

The first presentation, sponsored by Franklin Templeton, was led by Apera Asset Management partner, David Wilmot, to explore unlocking the power of direct lending.

The session covered the attractiveness of the European lower-mid-market (LMM), including the supply/demand imbalance, key structural features and current market dynamics.

Wilmot stated that the European LMM market represents debt volumes of €15m to €100m, with €22bn in capital funds, compared to the upper-mid-market, which currently has €81bn of funds and €56bn of

deal volumes, which leads to an oversupply of capital chasing these funds.

He added that the European LMM market has better structural protection than the European leveraged buyout market, with returns in the European LMM being “very stable”.

Wilmot was then followed by Jeremy Deacon, head of leveraged finance and ABS at Royal London Asset Management (RLAM). He discussed how recent and upcoming European regulations could reshape the ABS and ABF markets, what it could mean for investors’ portfolios and where the next investment opportunities could lie.

He stated that there are good opportunities in the ABS sector, with safe structures that





Insurance Asset Management Summit

perform well. He added that following the global financial crash of 2008, the market was “guilty by headline, not design”, and that issuance fell in this market due to regulation, as central bank funding became the favoured option. However, Deacon concluded that Royal London is seeing more “meaningful investments from European insurers” in this market, particularly in the French and Italian markets.

It was then time for the first panel of the Summit, which covered the fixed income market and was sponsored by Nuveen.

Nuveen’s head of macro credit and global investment strategist, Laura Cooper, chaired the panel, and said that “volatility has become the norm” across the fixed income market.

In light of this, head of investment oversight at Lloyd’s of London, Stephen Marsh, added that geopolitical risks are very hard to predict, and therefore investors need to build portfolios that have “diversity, offsets and have the ability to be selective in the right areas”.

Anjali Doshi, head of sovereign and emerging markets corporate research at Nuveen, stated that with these geopolitical events, especially in the post-COVID world, “emerging markets have forced discipline across the fixed income sector to have credible policies”. This has led to buffers being put in place in these markets, both in terms of fiscal and monetary policies.

She added that in the fixed income market therefore, in the event of surprise inflation increases, there is now space within these markets to buffer against these shocks.

When asked by Cooper which opportunities are most compelling within the fixed income market, head of strategy at Legal & General, Sumit Mehta, highlighted the credit



Volatility has become the norm

market, adding that “credit fundamentals are strong”.

He said that moves in the market ahead of the geopolitical crisis in Iran, AI disruption and private credit liquidity outflow have “been healthy for the market because it resulted in an interesting dispersion” in this investment.

Concluding the discussion, chief finance and investment officer at Pool Re, Richard Roberts, said that when navigating the AI super cycle within the fixed income landscape, there are two elements.

He said: “Broadly, we invest in fixed income, especially investment grade, but we collect the coupon and get our money back. We don’t really need to be taking the additional risk trying to expose ourselves to the potential upside of hyperscalers.

“That said, we do have exposure, we’re just not overexposed and slightly underweight. But as we go down almost a quality curve, we do change slightly, so within the high-yield space, we do have some exposure, but it’s normally around 10% of the portfolio.”

Ahead of the lunch break, Deepak Seeburrun, HSBC Asset Management’s head of global insurance & key partnerships, and Borja Azpilicueta, head of capital solutions, discussed the alternative credit market and strategies into how to unlock alpha with quality and diversification.





In his introduction, Azpilicueta said that private credit has evolved over the last 10 to 15 years, creating a “huge space which not only includes direct lending, but private investment, asset-backed finance and opportunistic credit”.

He stated that with this diversification in this area of this market, there are “lots of areas where you can generate alpha just by having credits that behave differently”.

Azpilicueta said that “the way in which investors are going to generate alpha in the next five years is going to be very different” from how it was in the last five, adding that there will be a need for higher quality across the market and that “resilience is going to be critical” throughout this period.

He finished by stating that with losses starting to manifest themselves in this sector in weaker areas, the “combination of asset class and manager selection will be critical” to generate alpha.

After lunch, the delegates returned to the conference room to hear from head of private fixed income at MetLife Investment Management (MIM), Geert Henckens, who led a talk, sponsored by Pinebridge Investments, on bespoke multi-strategy illiquid credit solutions for insurers.

He began by highlighting two structural trends that have shaped the industry in recent years. These included illiquid and private assets having experienced sustained growth over

many years despite recent volatility.

On the insurance side, he noted that there has been a significant shift in how insurers engage with asset managers, as insurance firms “look to reduce the number of managers they work with”.

He then went on to highlight the combination of Pinebridge Investments and MIM, as the partnership brings together strong origination capabilities, insurance-focused ALM expertise, and the ability to structure

bespoke solutions for insurance clients across different regulatory regimes.

Henckens said that MIM's credit platform originates over \$15bn in these markets, managing an infrastructure debt portfolio of over \$40bn, making it “the largest infrastructure debt manager globally” on the investment grade credit side.

Henckens added that if insurers are to be successful in their illiquid credit investments, they must combine origination capabilities, analytics, ALM expertise and the differences in jurisdictions, but the platform must be used to “pull these model portfolios together and tweak them”.

He was then followed by Peter Ullman, managing director – credit, working capital finance at Pemberton Asset Management, who led a talk on working capital and how to provide defensive liquidity in an uncertain world.

He initially challenged the perception of private credit being inherently illiquid, stating that “there may be credit risk in private credit, that’s a given, but in certain asset classes it is certainly far from illiquid and properly managed, those that invest in the right strategy can achieve their desired returns”.

Ullman then highlighted the increasing importance of risk positioning as the credit cycle develops.



Resilience is going to be critical



Insurance Asset Management Summit

The final session of the day then began following a coffee break, with a panel, sponsored by Invesco, to discuss alternative opportunities for insurers.

The discussion was chaired by managing director, head of European senior loans at Invesco, Michael Craig, who began by stating that the firm works in institutional funds, and likes to work with insurance companies “because they have long-term capital”, as well as a view on liquidity and alternative funds, which he added is interesting, particularly with recent regulatory change.

The conversation turned towards concerns in the private credit market, especially around the concentration in the software sector and the disruption this has caused.

Head of private markets at Standard Life, Cecile Retaureau, said that there is a distinction between software equity and software debt exposure. She added that software exposure is a lot higher in direct lending markets

Peter McGloughlin, chief investment officer at Canada Life Reinsurance noted that there had been “huge growth” in the private credit market, which has created pressure on managers to deploy capital.

However, he did state that AI disruption is becoming unavoidable, adding that “any business could be disrupted by AI in their business models, so there’s always a little bit of risk there”.

Head of private assets at Aviva Life UK, Prasun Mathur moved the discussion towards lending in the LMM, saying that the sector still offer an illiquidity premium.

He added that by moving into the private credit market, “you do find that you have more control”. Although he noted that while there is a loss in “size element and the refinance flexibility” seen in other markets, control and governance is



“
Any business could be disrupted by AI in their business models

retained.

Towards the end of the conversation, the topic moved further towards alternative opportunities, with chief investment officer at Foresters Friendly Society, Corrado Pistrino, highlighting the relationship between private equity and private credit.

He said that from an insurance perspective, “credit remains a big focus”, but did note that credit cycles have changed in recent years, due to geopolitical shocks and COVID, which resulted in a rapid interest rate increase. However, he did say that “despite all these major supply shocks, the credit cycle has become very resilient”.

To round off the day’s discussions, business leader for EMSights Capital Group at Artisan Partners, Darren Goldman, led a talk on navigating emerging market debt.

He began by stating that emerging market debt is not primarily about macroeconomic trends, but rather “the pursuits of high returns in alpha for a portfolio, a broad opportunity set, and potential diversification benefits”.

Goldman acknowledged that while emerging markets are volatile, he said that the market gets “the most attention for the longest time” compared to domestic issues or from other developed countries.

Following the first day’s discussions, the





Summit attendees networked ahead of a three-course meal, and an after-dinner speech from snooker legend, Dennis Taylor.

The second day began with a welcome from Huw Evans and then was followed by a panel discussion on ESG, led by Standard Life's head of sustainable investment research, Hetal Patel.

He led by describing ESG as a "key boardroom priority" across the industry, particularly through net-zero commitments made after the pandemic. Patel said that although there have been changes in circumstances in recent times, "the underlying drivers of ESG have not changed", and policyholders continue to say that "it is "important to them".

Investment director at Bupa, Andrew Bailey, stated that ESG shapes the firm's approach, as climate change is directly impacting human health through rising temperatures, extreme weather and air and water pollution, which have led to diseases and death.

As a result, the company is trying to "align its investment portfolio with its corporate strategy, focusing on emissions reduction and

“ “ The underlying drivers of ESG have not changed

temperature alignment", and is also developing an "impact investment strategy focused on climate and human health".

The conversation then moved towards what Patel coined the "ESG backlash". Ben Howarth, assistant director, head of sustainability and climate at the ABI, distinguished this through two forms of backlash.

These included political backlash, as Governments argue that ESG-related policies harm economic growth, while the second comes from within businesses. He argued that businesses have asked "how does this fit in with our business agenda?"

Finally, Sindhu Krishna, partner, head of sustainability at Aon, said while net-zero by 2050 remains a target for some Governments, and legally binding in the UK, asset owners see it as a "broadly maintained ambition".

She concluded that climate-related issues for investors and insurers have "never been more important", with insured losses having "significant" impact on financial systems.

Portfolio manager at Aviva Investors, Todd Cutting, then took to the stage to discuss credit spread diversification for insurers.



Insurance Asset Management Summit

He began by stating that “it is possible to improve capital efficiency of our fixed income portfolios whilst maintaining high levels of liquidity”, adding that it is possible to diversify spread exposure through high-quality fixed income sectors such as Government bonds, covered bonds and ABS.

Against a backdrop of historically tight credit spreads, Cutting noted that investors are currently receiving limited compensation for extending duration in traditional investment-grade credit markets. Instead, he highlighted Aviva Investors’ Return Plus strategy as an example of how insurers can access returns while reducing credit spread risk and regulatory capital requirements.

Cutting also stated that return on capital is a “useful metric” in this sector, that resonates well with insurance clients to understand the economic value added to the balance sheet.

In conclusion, he called on insurers in this market to target enhanced returns, capital efficiency and reduced risk exposure in order to succeed in this area.

In the final discussion on the insurance market sponsored by Principal Asset Management, the firm’s director – origination and structuring, private infrastructure debt, Anders Amundson, covered the infrastructure investment space.

In a talk which initially labelled the sector as “wildly unglamorous and predictably boring”, Amundson said the infrastructure debt space is



It is possible to improve capital efficiency of our fixed income portfolios whilst maintaining high levels of liquidity

the “backbone of the modern world”, as it has no or little competition and is supported by long-term contracts.

He then added that Principal’s infrastructure portfolio is diversified across sectors, with around two-thirds in the US, a third in Europe and it is expanding into Asia-Pacific. He stated that every investment the firm makes is evaluated through its cash flows, downside protection and pricing, emphasising the importance of structure, describing them as “the brakes, the seatbelts and airbags of the investment”.

Amundsen went on to discuss Principal’s work on projects such as data centres in the US, work on the financing of Everton FC’s new stadium, the Westen Australia toll road and the Quebec-New York transmission line.

He concluded that over the next three years, the firm’s portfolio will “look more diversified geographically”.

The Summit then closed on a keynote from *The Times* columnist and broadcaster, Lord Finkelstein OBE, who led a discussion on the ‘rules of politics’.

Through the talk, he outlined his experiences in modernising the Conservative Party, using football examples and previous political events to outline the mistakes that are made in British politics and while turbulence in politics may seem high on the priority list, many votes do not pay attention to these stories.



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A green world

Insurance Asset Management looks at the key sustainable impact investment developments over recent months

Finnish pension insurer, **Varma**, is ahead of schedule on its climate targets, with climate-friendly investments making up 43.7% of its portfolio, according to its *2025 Responsible Investment Review*. The provider's target is for 50% of its portfolio to be climate-friendly investments by 2027. The report also highlighted progress in reducing the absolute emissions from its investments, which have fallen by 55% compared to 2021 levels. Varma's goal of increasing its climate allocation to 50% by 2027 is reflected in efforts to reduce the carbon intensity of its listed equities and corporate bond investments.



Skandia has pledged to allocate more than 10% of its life insurance portfolio to climate and environmental investments as part of its updated *Climate and Resilience Plan*. At the same time, the pension provider has set itself the goal of reducing its exposure to fossil fuels to below 1% by 2030. A growing proportion of its portfolio companies will also be subject to science-based climate targets in line with the 1.5-degree target.

Finland's **Ilmarinen Mutual Pension Insurance Company** has strengthened its climate efforts and committed to setting science-based short-term emission reduction targets in accordance with the Science Based Targets initiative (SBTi). Science-based targets will guide Ilmarinen's investment activities toward emission reduction pathways in line with climate science, to achieve clear emission reductions by 2030. As it has now committed to the SBTi, the company will submit short-term emission reduction targets to the SBTi for assessment, which will be assessed and reviewed based on SBTi criteria.

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NUMBER OF STRATEGIC SUSTAINABILITY KPIS UNVEILED BY CNP ASSURANCES FOR THE 2026-2030 PERIOD, FOUR OF THEM NEW.

The indicators were co-built with the subsidiaries and the group's main stakeholders and reflect the group's commitment to a more inclusive and sustainable society consistent with its corporate mission and its new strategic narrative of sustainability. Among the KPIs is to reduce the carbon footprint to less than 50kgCO₂e/€k by 2030. Furthermore, a KPI has been set measuring CNP Assurances' new investments in favour of the ecological transition, including green bonds, certified forests, certified buildings, environmental infrastructure and Article 9 funds. By 2030, CNP Assurances hopes to have €10bn in new investment flows in this area.



Just Group has achieved its first net-zero emissions target covering Scope 1 direct emissions/Scope 2 market-based emissions and has met its green and social investment targets. Scope 1 and 2 emissions saw an absolute reduction of 92% (663 tCO₂e) against the 2019 baseline year. On its investment strategy, Just exceeded its commitment to invest £825m in green and social assets from the start of 2023 to the end of 2025 delivering £893m of investment aligned with its Sustainability Bond Framework. Eligible assets include renewable energy, green buildings, clean transportation, affordable housing and access to essential services. Just's investments are divided between a credit portfolio, which accounts for up to 90% of the organisation's emissions, and lifetime mortgages. In 2023, Just set an ambitious target to reduce emissions intensity within the credit portfolio (scope 1, 2 and 3) by 50% by the end of 2026 and by the end of 2025 exceeded this by achieving a 57% reduction.



a.s.r. will consider not only climate change, but also nature and biodiversity in its insurance and investment activities going forward. In its *Climate and Nature Transition Plan 2026*, the insurer observed that climate change and nature loss reinforce each other, and that both feed into risks for customers, portfolios and ultimately the insurability of activities. Mariska van Donge, head of sustainability at a.s.r., said: "For an insurer, nature and biodiversity are not abstract concepts. They influence claims frequency, repair costs, long-term risks and the question of what remains insurable. That is why we are increasingly factoring nature into our choices, just as we do with climate. At the same time, we recognise that knowledge of nature-related risks is less advanced than that of climate-related risks. This is how we, step-by-step, work towards becoming an insurer that looks ahead and takes responsibility for the long term."

ROUNDTABLE WITH NUVEEN

Short Duration Investment Grade Private Fixed Income

Our panel of experts discuss how private markets are continuing to expand in tenor and complexity and how insurer demand for IG private fixed income strategies is growing

For more insights from Nuveen, visit [Nuveen.com](https://www.nuveen.com)

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Sukhanenko: The topic of investment grade (IG) private fixed income is beginning to resonate, not just with life insurers, which have been the traditional investors in this space, but also short duration insurance.

Let's briefly introduce ourselves and share how familiar you are with IG fixed income, to help tailor the discussion.

Parrott: I'm based in the U.S. and am head of private fixed income at Nuveen. The platform spans corporate credit, infrastructure debt, credit tenant loans, and private asset-backed securities. While many associate private credit with direct lending, I focus more on the IG side. Most of what I'll discuss focuses on IG, with some limited sub-IG exposure typically linked to IG structures, such as asset-backed securities (ABS) tranches.

There's clearly growing interest in this space, especially among UK insurers. As someone closely engaged with the UK market, I'm interested to understand how the evolving regulatory landscape is shaping your investment objectives and the considerations driving your allocation decisions.

Lim: In terms of my experience, we're planning to add private credit to our portfolio over the next couple of years, so I'm keen to understand market direction. I'm also interested in views on different structures, and how they perform for investors.

Kansagra: I lead investment strategy of the portfolios we manage. While we allocate across multiple private asset classes, our exposure to private credit is mainly sub-IG rather than IG to maximise the return from the limited illiquidity risk appetite that we see in P&C books.

Shah: Our private fixed income exposure so far has been in direct lending and asset finance within high yield and sub-IG, across both evergreen and closed-end structures. We're particularly interested in this space because 90% of our assets are in core IG public fixed income, and we're starting conversations about how we can slice a part of that allocation into the private space, or on the shorter duration side.

Huang: We have solid experience with IG private placements across balance sheets. My main interest is in the supply market, specifically the availability of non-dollar, shorter duration opportuni-

ties. We've been investing mainly in the dollar market, so I'm keen to understand the growth potential in the euro and sterling markets.

Griggs: We are focused on achieving significant diversification by spreading our allocation across a range of underlying managers and ensuring low concentration risk to individual obligors.

Mahmood: I'm part of the EMEA insurance team at Nuveen, and until recently I spent four and a half years at Just Group as a part of the Investment Strategy team, so I bring experience from the perspective of the insurer.

Sukhanenko: So, we'll cover asset allocation trends, market structure including non-USD flows, and model portfolios to illustrate deal differences between direct lending and IG private fixed income.

To set the scene, Nuveen's data is based on our sixth annual institutional survey, Equilibrium. This year's data covered 40 UK insurers and 238 globally, with broad regional representation. We asked a lot of questions for this survey, but most relevant for this discussion is we found a genuine shift in the asset allocation intent within fixed income.

Demand for private credit remains strong but unlike previous years, where flows often came from sub-IG assets like high yield and bank loans, there's now a notable move toward IG private credit. This aligns with what we're seeing in actual capital flows. While this survey was done in November, recent market developments have likely accelerated the trend further.

Lim: You mentioned that a lot of funding is shifting from public high yield fixed income into private credit. Did your survey manage to capture why that is?

Sukhanenko: We don't track that specifically, but I suspect it's driven by a similar risk profile with an additional spread pickup, rather than insurers selling IG credit. More likely a shift from comparable risk in public high yield.

Lim: I guess being a bit more cautious with that risk.

Sukhanenko: They often carry similar risk levels, particularly for general insurers. One peer we met with noted that certain Lloyd's liability lines, while appearing to have a one or two-year duration, are effectively evergreen because claims



Chair: Kyrylo Sukhanenko, Managing Director, Head of Insurance, EMEA, Nuveen

Kyrylo is the head of Nuveen's insurance practice in EMEA and a member of Nuveen's leadership group. He leads the firm's strategic engagement with insurers across the region, overseeing coverage strategy and asset management solutions while ensuring Nuveen's full suite of products and services addresses the evolving regulatory, economic, and accounting needs of EMEA insurance clients.

rarely trigger immediate liquidity needs. As a result, although liquidity still has to be tested and managed, insurers can afford to sell some liquidity in exchange for better access to return.

Mahmood: And in private markets, the fact that exposure is often secured against ringfenced assets is another key differentiator compared to public markets.

Sukhanenko: Clearly, the IG private fixed income market, for decades now, has been a core asset allocation part of life insurance balance sheets, but we're seeing a lot of structural dynamics, which makes it broader than that.

Parrott: This is what we're hearing from clients. I'm responsible for roughly \$75bn portfolio across four different categories that allow us to do both long duration and short duration with a barbell approach. Life insurers and pension funds still have strong demand for long duration, but that's been harder to source given rate volatility and where the curve has settled.

At the same time, shorter-duration private markets have become more relevant. It's not necessarily a direct rotation from high yield into IG, but more about diversification and incremental spread. In areas like ABS or asset-backed finance (ABF), you can still achieve mid-to-high single-digit returns at strong ratings, which is attractive on a risk-adjusted basis.

One point that stood out in the earlier comments around the table is that performance itself wasn't really discussed, and maybe that's



because of recent attention on a few high-profile private credit issues. Historically though, IG private credit has outperformed public portfolios, largely due to stronger recovery dynamics and structural protections across cycles.

There is often strong security in the ABF space, and the financial covenants our market enjoys have remained broadly consistent. While in private credit more generally there's been concern that increasing investor demand could lead to looser covenant packages – something also discussed in direct lending and broadly syndicated markets – any impact in the IG space has so far been limited. Investors here remain highly focused on structure and downside protection.

So, while the spread pickup is certainly part of the appeal, for many long-standing life insurers the key driver is performance through the cycle, specifically the lower volatility and stronger resilience in periods of public market stress, which has made it a significant part of strategic allocations.

Griggs: In terms of public vs private credit, is there a long enough track record in private markets to make statements around recovery rates being greater? Public markets have long-term data across multiple cycles, whereas current private exposures haven't really been stress-tested. Would you agree with that?

Parrott: Yes and no. TIAA, Nuveen's parent company, has been active in the US private placement (USPP) market since the 1960s, so we do have long-term performance data, including



Laura Parrott, Senior Managing Director, Head of Private Fixed Income, Nuveen

Laura is a senior managing director and head of private fixed income. She is responsible for the growth and commercialisation of the private fixed income platform, which has grown to over \$75bn in AUM, and includes corporate credit, infrastructure debt, credit tenant loans, and private ABS. Prior to joining Nuveen, Laura worked at J.P. Morgan in various market-related roles in equities and corporate strategy.

through the global financial crisis.

That said, parts of today's market are newer and less tested. ABS, being the asset class du jour, has become a key area especially in shorter duration. But it can range from more traditional assets like student loans or credit cards to highly bespoke collateral such as helium reserves, diamond receivables, or music royalties.

So, while some segments have deep history, others are more novel. That's why selection and structuring are critical. Building a diversified portfolio with a blueprint around structuring, so that we have the covenant protections, cash sweeps and all these sorts of things, gives me comfort in how these assets should perform through cycles, even if specific collateral types don't have long track records.

Lim: The argument makes sense for IG private placements, but would that same argument apply to sub-IG? In that segment, banks largely exited due to higher capital charges, and the market has already been stress-tested through downturns, where performance has deteriorated significantly.

Parrott: It's two different markets, but that's where in the sub-IG or senior lending space, it really is around selection.

You can point to a few credits that have been discussed widely in the press that have performed poorly, mostly fraudulent conveyance type issues, but I don't see a systemic issue in private credit, because it's so diverse. Outcomes vary significantly by sector so it's hard to make blanket statements for the whole market.

Generally, you want diversification. I like the private ABS space where you're getting more attractive returns due to collateral backing, stronger covenants, and better visibility into issuers.

Sukhanenko: IG private fixed income differs from sub-IG and direct lending for a few key reasons. Really, it goes back to the point for financing need. Borrowers come to this market for long, stable financing and because of that, the market attracts established, higher-quality companies and creates a more reliable borrower base.

Secondly, the biggest buyers of this paper tend to be insurance companies. Yes, pensions



Nosheraan Mahmood,
Director, Insurance
Strategy EMEA, Nuveen

Nosheraan is a director and insurance strategist within EMEA insurance at Nuveen, providing technical expertise across insurance asset allocation, regulatory frameworks, and investment structuring for European insurance clients. Prior to joining Nuveen, he spent four and a half years at Just Group, a UK life insurer, where he focused on strategic and tactical asset allocation, portfolio management for infrastructure debt, and tailoring investment solutions for matching adjustment eligibility.

have moved into this space as well now, but 80% of the flow is acquired by insurance companies globally. So for insurers as yourselves, rating migration matters, and maybe that puts a brake on some of the exuberance you've seen in certain parts of the sub-IG space.

The market has also really grown from the USPP market. The USPP market was initially designed for US life insurance companies with specific sets of terms and covenant protections, and this hasn't changed that much.

Data is limited, it's a private asset class ultimately, but available estimates show strong growth. The message here is that the market is now large but also diversified enough for you to be able to build pretty broad portfolios.

Shah: Do you have any data for what that looks like from the US to the continent?

Sukhanenko: If we're talking annual volumes, across all different sorts of underlying collateral but really within IG private fixed income markets, the US still makes up 66%. This would have been above 80% four or five years ago, so the non-US part of this market, in the UK and Europe, is growing.

Parrott: To be fair, it's always been a large part of the market. The USPP market has mostly had US life insurers investing but it's a global market. What is changing is that, historically, this was just a US dollar market.

Now, even US life insurance companies can buy in sterling, in euro, and other currencies. Issuers can raise capital in a single transaction across dollar, sterling, and euro tranches based on investor demand, which is more difficult to achieve in public markets. This has broadened participation from both US and non-US investors, including those with natural sterling or euro liabilities. For issuers, this is highly attractive because it allows them to access different pools of capital while tailoring currency exposure.

This is increasingly beneficial for UK investors, as growing infrastructure and energy-related capital expenditure can be financed in the private market in native sterling. I anticipate

that will continue to be a tailwind, and the same can be said in Europe as well.

Kansagra: A key thing we also consider, along with liquidity and ease, is diversification. Between IG corporate bonds and sub-IG private direct lending issuer diversification is strong since many smaller sub-IG companies in need of short-duration financing and use private markets instead of public markets.

What is the overlap of issues between public markets and private fixed income in IG space?

Parrott: I don't think it's significant in the shorter duration space, because a lot of the shorter duration is going to be a monetisation of a pool of collateral, through the ABF. But then from a corporate perspective, it's generally smaller corporates.

Kansagra: So a lot of private placements don't come into the short duration market?

Parrott: Some do. There's a growing trend of corporates, so non-US public companies without sufficient size or ratings, using private placement instead of public markets. These offer easier execution, greater flexibility, and typically fall in the five to seven-year duration sweet spot.

Then in the structured market, short-duration structured credit or ABF offers a very diverse set of investment opportunity vs traditional public corporates. From a longer duration perspective, credit tenant loans (CTLs), which are real estate-linked and tied to high-quality tenants like governments or AA-rated hospitals, have greater overlap with public issuers. It's an attractive trade because they feel a little bit more like a long-term mortgage, but that's where there's more overlap with the public market.

Sukhanenko: Let me put some numbers around this. Using a rough 20% assumption for short-duration deals, out of 178 standalone originations last year, taking 20% of that as a proportion of shorter duration deals you can build a portfolio of 35-40 short-duration issuers within a year, with a natural tilt toward ABS given its prevalence in shorter maturities.

Huang: When we describe this market as IG, what is the split between external vs internal ratings? And do you see an increasing trend or issuance being externally rated?

Parrott: I do. More deals are getting external

“ The non-US part of this market, in the UK and Europe, is growing

ratings, though not always from the big three rating agencies.

Most of Nuveen's portfolio information is based on internal, proprietary ratings applied to every deal, but we do require external rating for ABS. Our CTL portfolio is largely externally rated as well because the tenant's rating, say a hospital system, is ported onto the CTL transaction, which is helpful. About 60% of our total portfolio has external ratings.

Sukhanenko: Because our origination platform is quite heavily skewed towards working with insurers, the rating requirements are high, and so we're probably going to have more externally rated securities than the average income market as well. It's important to our investors.

Parrott: It is, though, an unrated market, so that is one of the benefits to issuers. We want to make sure there's going to be great issuer interest, and not having to get the big three public rating is a benefit. Almost all our private ABS deals carry private ratings, so only investors can access the report. That distinction is part of the attractiveness of this market. It's much easier to obtain a single private rating than multiple public ratings from the major agencies.

This isn't about sketchy credits or rating arbitrage. Major rating agencies often lack the capacity to develop methodologies for bespoke or one-off transactions, so they don't always rate more complex deals. As a result, the next largest rating agencies have done a really nice job in being able to help with novel and more esoteric transactions.

We have that internal rating. A private rating might label a deal A-, but our internal models could assess it as BBB. In that case, the expectation is BBB pricing and BBB-level protections, including appropriate covenants, aligned with that credit quality across asset classes. I think that's critical.

Mahmood: On that internal rating piece, the PRA are comfortable with internal rating frameworks for private fixed income, provided the methodology reflects established ECAI credit rating methodologies, so regulatory approval can be straightforward.

Kansagra: If all these deals were able to get



Angel Kansagra, Head of ALM & Investment Solutions, Lloyd's of London

Angel heads the asset liability management and investment solutions team at Lloyd's. He is responsible for investment strategy, asset allocation and investment risk. He also leads the design and implementation of investment solutions on the Lloyd's Investment Platform to provide customised solutions to insurers and capital providers in the Lloyd's market. Angel is a qualified actuary with experience across insurance and pension investment management, and equity research.

multiple ratings, then why would they issue in the private market? Is it because in public markets you need standardisation, which issuers might not be able to provide or have access to given it is quite expensive?

Sukhanenko: Last year, we looked at what a break-even cost would be for one of the sub asset classes we were looking at to issue a public rating. We found that you need more than \$300m for an issuance, for a public rating cost to justify the loss of excess spread you will get, which is huge.

Parrott: That may be the average size, but there's plenty of transactions in our market that get done at \$75m-100m. And then there's the liquidity piece. Even at \$300m, liquidity can be an issue. If issuers don't repeatedly access the market, public analysts may not track them or maintain coverage. You just have a bond that's out there, so that's also something to be thoughtful about.

The other thing is that issuers, particularly after 2020, have recognised the value of having a stable investor base that you find on the private side with insurance investors, as we have money to invest every day and want to evaluate issuers as buy and maintain investors.

This is a relationship market. Investors maintain investments for say 10 years, receive regular payments, and focus on ongoing performance rather than trading in and out of a name. Issuers engage continuously and then in year nine might discuss refinancing and where rates are. It is a very different market, and I think issuers have recognised this.

Huang: What percentage of deals are externally valued, and to what extent would you adjust the valuation? Is it more driven by fundamental



credit profile of the deal? Or would there be other considerations?

Parrott: There are other considerations. We do require valuations for our clients. All our clients need a mark. It's not daily but we do get monthly and then most of our clients just want a quarterly valuation. So, we have external validated valuations, and we have an internal valuation department that manages that process to ensure impartiality.

Griggs: In terms of resourcing if it's relationship based, how many people have you got in your team? Can you really keep on top of the evolving picture, particularly if you're constantly looking at new partners? It must be resource intensive.

Parrott: I have 30 people on my team, and we have 800 names in our portfolio. The level of high touch conversation varies by credit and what's happening in the market. Some might be more straightforward but we do try to know who the CFO and treasurer is for every issuer. That's part of our annual portfolio review. We're a buy and hold portfolio, but we are actively managing it and maintain relationships is part of our management.

Griggs: You mentioned earlier a focus on illiquidity risk, so maybe leaning towards the more higher-octane stuff. In terms of the illiquidity risk premium on a forward-looking basis, how confident are you that that's going to be maintained? Or do you see the market evolving where more participants are getting involved? We could be sitting here in five years' time, and it's eroded to a degree where you question if it's ultimately worth it.

Parrott: The longstanding participants in this market are more interested in the performance, meaning through cycles with the covenant protection and recovery rates. But relative value is obviously an important consideration. While more capital has entered the asset class and broadened the issuer base, many investors are deploying third-party capital that requires a minimum illiquidity premium, effectively creating a pricing floor supported by fee structures.

There's significant discipline around pricing, which is arguably even stronger than a decade ago, reinforced by the commercialisation of the market and higher-fee managers, which helps



Ken Hon Lim, Deputy Head of Investments, Chaucer

Ken is the deputy head of investments at Chaucer and is a qualified actuary with extensive investment data analytics capabilities and 5+ years' experience in the insurance industry. Ken helped the formation, manager selection and execution of the investment strategy of the newly formed Ki Insurance with AUM growing from zero to c.\$2bn in four years. Ken was the lead investment contact for the main capital provider, Blackstone.

sustain that implied premium.

In general, I don't have significant concerns. My bigger concern is around structure. Coming from an insurance background, there's emphasis on disciplined structuring, and there's some concern that newer alternative managers may be less rigorous, though meaningful degradation hasn't really been seen yet.

Having a broad deal funnel is also valuable, allowing selectivity rather than forced participation, even when spreads look attractive. There's a distinction between platforms that own origination engines vs models like ours, where we don't own origination and instead independently underwrite and choose what to invest. That neutrality allows more control over credit selection, especially since most transactions are still visible to us even when originated elsewhere.

Kansagra: Do you issue any private ABS or not because you invest in them?

Parrott: Yes, one caveat to that is our commercial property assessed clean energy (C-PACE) platform. This is a longer-duration US product that provides super-senior loans secured alongside property taxes, effectively making them very low credit risk. It's focused on financing energy efficiency improvements in commercial real estate and aligns well with a long-duration annuity insurer due to both its sustainability angle and strong credit profile.

There's not a great corollary in the UK to that product, though we're exploring a similar concept called property-linked finance to support

efficiency upgrades in the built environment with blended private and public credit support.

Sukhanenko: From a management perspective, the key question is finding the right operating model. Within the fixed income business, we operate as a neutral capital platform that is owned by an insurance company rather than owning one, which we see as a core philosophical requirement.

Parrott: Which goes back to why I worry more about structural protections. New entrants that are either pure asset managers or asset managers owning insurers may approach the market differently.

In contrast, we think like an insurance company because we are one, so our focus aligns with insurance clients. Things like credit quality, cashflow stability, and rating stability. Others may be more focused on packaging products for insurance balance sheets, which can lead to different priorities.

Kansagra: Is the illiquidity premium similar between the shorter weighted average life deals and the longer ones, which annuity players buy?

Parrott: The long duration opportunities that we're investing in tend to be higher rated and structured for 30 years, so they offer less relative yield pickup than shorter or more complex deals. Investments like first mortgage bonds that have never had a default in US history. It's not going to knock your socks off from a spread perspective, but it's great for a long duration liability balance sheet and there is relative value.

Shah: Is that just a function of appetite? If you have life insurers wanting longer dated deals, there's just more appetite for the longer end? Because on the short run there's less people in that space.



Parrott: Exactly. Life companies absorb most of that broadly syndicated, long-duration paper, where pricing can tighten to more significantly. In shorter-dated, bilateral deals, we have more influence over pricing due to execution certainty and the private nature of the transaction.

Now that doesn't mean we're going to try to extract a significant pound of flesh in proprietary transactions. We want to be fair and transparent on where deals should clear, because overreaching would mean losing the opportunity altogether.

Shah: Just on that shorter end, because we looked at private placement last year and felt that the 10-year profile was just too long and there was an asset and liability mismatch. You mentioned 35-40 issuers, that's quite a constrained buy box in just private placement. How are P&C insurers considering private placement vs ABF and ABS?

Sukhanenko: Take us as a benchmark. As a life insurer, investment strategy is typically asset-class specific. When it comes to general insurers, these portfolios are more outcome-based and focus on targets like excess spread, capital efficiency, or geography. Really you want to have access to the broadest pool of asset classes possible to achieve that objective, which is reflected in how we've partnered with clients.

Mahmood: The other advantage of private ABS is it offers attractive relative value. Single-A private ABS spreads are comparable to those of a BBB rated corporate private placement, which helps explain its appeal.

Sukhanenko: So a common implementation style for this asset class is a segregated mandate, and this is mainly due to liquidity control. It allows clients to pause deployment when needed, something not possible within a commingled fund structure, whether closed-end or evergreen.

While commingled structures offer operational efficiencies and scalability, segregated mandates enable greater flexibility in managing liquidity and market events, which is important in IG private fixed income.

Lim: I almost agree with that, in that not just private placement but private credit in general,



Jonathon Griggs,
Investor Adviser,
Canopus Group

Jonathon has advised the Canopus investment management team since 2023. He began his career as an economics lecturer at Warwick in 1989 before moving to Barclays as an economist and then becoming an adviser to the proprietary trading team. He transitioned into asset management with Citigroup in 1997 and joined JPMorgan in 1999.



Kedi Huang, SVP and UK Chief Investment Officer (CIO), Somp

Kedi is the SVP and UK CIO at Somp. He transitioned into this role following Somp's acquisition of Aspen Insurance Group, where he previously held the same title. Prior to this, Kedi was an investment banker at Nomura. Before that, Kedi served as a portfolio solution manager at LGIM, covering strategy and fund management activities for insurers and pension funds.



Tej Shah, Investment Manager, Riverstone International

Tej is an investment professional with over seven years' experience, currently working within the investment team at RiverStone International, a legacy P&C insurer, and specialising in public markets manager research. His role covers manager selection, qualitative and quantitative due diligence, performance and risk monitoring, and ongoing investment governance and support. Previously he worked at Aon as an investment consultant.

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is better suited to segregated mandates. You get more control around the investors you're looking at, and covenants you're interested in.

I do think there's almost a mismatch in trying to make illiquid assets overly liquid through structure, though. This shouldn't fit into your liquidity mandate. They should be treated as illiquid long-term holdings that deliver coupons and are held to maturity.

Sukhanenko: Is there a secondary market liquidity in this?

Parrott: There is but it's by appointment. We are net buyers on an annual basis, and it's de minimis from an overall portfolio size. The reason why we're net buyers is because generally, if there is a credit issue, because of the covenant protection, and the relationship aspect, we generally want to go through an amendment or workout process rather than selling below par. Therefore, we have a workout team. That's a capability that we have in-house because we think it's important in this market.

Sukhanenko: In the context of the Lloyd's market, where does a corporate private placement sit in terms of liquidity? Would it be considered liquid or illiquid given there may be a secondary market?

Kansagra: It depends and you have to look at a cash ladder and liquidity requirements vs. the amount of liquidity available in the secondary markets. One of the questions I also had was on ABS, is this amortising, or is it bullet payments?

Parrott: Mostly amortising.

Kansagra: So that could actually help with liquidity assessment as well. Generally, at a high-level many investment committees often take view that it's either liquid or illiquid. If it's a bullet, that's illiquid, otherwise you have some

natural liquidity coming through, which could be considered for cashflow matching point of view.

Sukhanenko: Is it fair to say that that's more for our benefit? If it's an amortising ABS, then it may be considered as liquid.

Kansagra: It depends on different syndicates and managing agents. From a Lloyd's point of view, we put out some guidance around how members can invest their funds (including illiquid assets) at Lloyd's, with no additional capital charge for investment risk up to a certain limit. Syndicates calculate their capital requirements individually, and Lloyd's applies diversification benefits across members based on their exposures. They are responsible for assessing the level of illiquidity risk they are happy to take. Lloyd's does oversee the allocations and challenges where appropriate.

For members' capital if an asset takes more than three months to convert to cash, it is generally treated as illiquid to keep rules standardised and avoid inconsistent interpretations. If everyone makes up their own rules, then it becomes quite complicated for us.

Mahmood: Does the fixed rate help as opposed to floating?

Kansagra: That's the choice of individual investors. But from a fixed and floating point of view, one key distinction is that liabilities are not discounted under UK GAAP, meaning asset interest rate risk can generate a significant capital charge. Under Solvency II though it gets diversified away with liability risk.

Ultimately, the approach depends on whether firms are driven more by accounting treatment or regulatory capital considerations.

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Current ponderings on industry themes

On a.s.r. bringing together its real estate and infra activities under a single platform

In recent years, we have grown into a broad platform for global investments in real estate and infrastructure. With the name a.s.r. real assets, we bring these activities together under one recognisable brand. This strengthens our positioning towards clients and investors and supports our ambition to add value through scale, expertise and a long-term focus.

DICK GORT
a.s.r. real assets CEO

SCOTT EASON
Howden IAL
managing director

On Howden acquiring Hymans Robertson's insurance and financial services consulting team

Today is a milestone moment for our business. By uniting two outstanding teams, we are creating an advisory capability with the breadth and depth to support every critical client need across the insurance landscape. This is a significant step in Howden's long-term ambition to build a world class insurance advisory practice.

HELEN PRIOR
ICSWG workstream
chair

On the UK Investment Consultants Sustainability Working Group (ICSWG) publishing updated Climate Competency Guide for asset owners

This guide provides examples of how investment consultants can demonstrate that their firm and staff have the expertise, tools and thought leadership to support asset owners when assessing climate related risks and opportunities. We hope the refresh and fresh input from the trustee side helps to keep it relevant for asset owners in 2026 and beyond.

SHOBIT GUBTA
Generali Central Life
Insurance CIO

On being appointed chief investment officer (CIO) of Generali Central Life Insurance

I am delighted to take on this new role with an organisation that stands firmly for trust and innovation, backed by the strong legacy of the Generali Group and the Central Bank of India. I am excited to join the company at this important phase of its growth journey. I look forward to working closely with the leadership team to further strengthen our investment platform, drive consistent fund performance, and create long-term value for our policyholders. In life insurance, sound and disciplined investments play a critical role in customer delight and long-term persistency, reinforcing our commitment to being a lifetime partner for our customers. Through innovation-led and sustainable investment practices, and by building on the strong track record of our funds consistently outperforming benchmarks, we will strive to deliver superior outcomes aligned with our long-term goals.

On allowing Australian insurers to use an advanced illiquidity premium (AILP) when determining capital requirements for longevity products

We're backing innovation in retirement income and we're doing it safely. As the prudential regulator, we always look for opportunities to refine our requirements. These adjustments to capital settings will free up insurers to invest in sustainable, competitively priced products that help Australians retire with greater confidence.

SUZANNE SMITH
Australian Prudential Regulation Authority
(APRA) member

TOM PEARCE
Rothesay CEO

On Rothesay generating £5.2bn in new premiums in 2025

Rothesay delivered another very positive year, with strong financial performance and value generation. We made excellent progress in investing the significant volumes of assets generated over the last two years and will continue to do this cautiously given the turbulent market backdrop.

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