

# INSURANCE SOLUTIONS

Managing investments for Australian insurers

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# INTRODUCTION

Janus Henderson Investors manage a range of portfolios backing different types of regulated liabilities, shareholder funds, insurance company offerings and retirement products.

We have significant experience in managing insurance-related investments and offer expertise across all major asset classes, with investment teams situated around the world.

Our Australian-based investment teams manage assets for multi-national insurers based outside of Australia, as well as entities based in Australia and regulated by APRA's Life and General Insurance Capital Standards (LAGIC) framework.



340

investment professionals providing solutions across equities, fixed income, multi-asset, and alternatives.



\$11bn

of insurance-related assets managed by our Australian-based investment teams.



\$86bn

of insurance-related global assets managed on our clients' behalf.

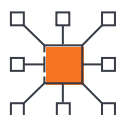
All figures as at 31 March 2023.

## Our approach

We understand that managing assets for insurance companies requires a deep understanding of the unique position in which each insurance company finds itself; It demands a bespoke approach to both the investment solution and the client servicing model.

### One approach does not fit all;

We believe the development of an optimal investment strategy involves an understanding of:



#### The investment opportunity set:

Including an understanding of investment beliefs, disclosures on the investment strategy, ESG considerations and the broader diversification needs.



#### The nature of the liabilities:

Including the duration, convexity, liquidity requirements and any embedded policyholder guarantees and options.



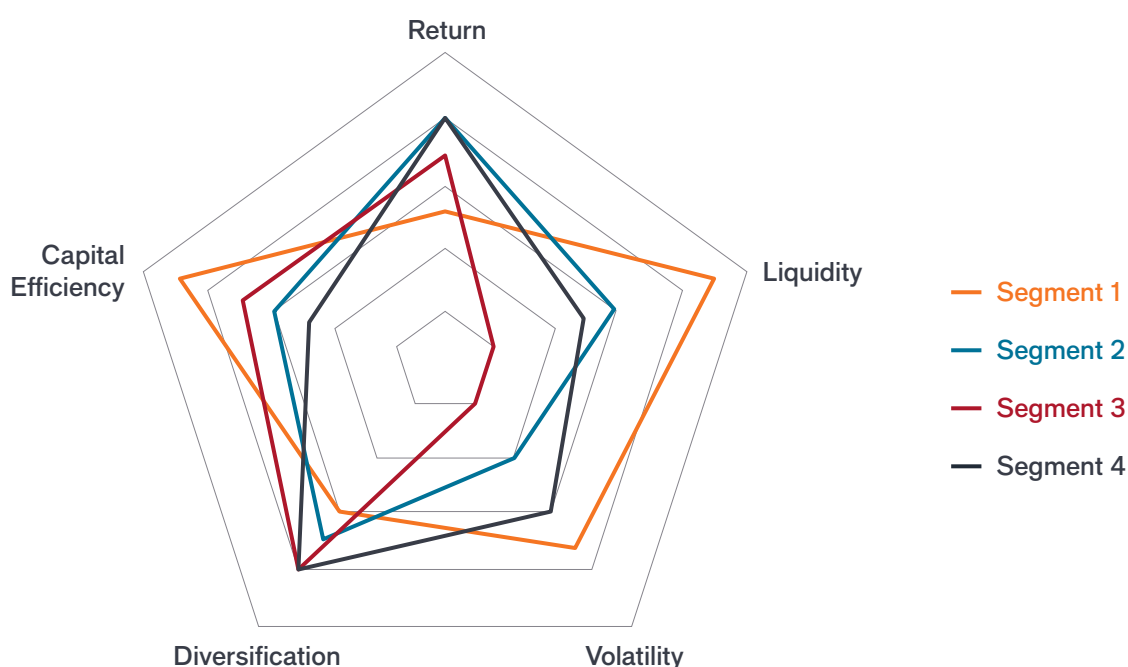
#### The capital considerations:

Including the capital budget allocated to the investment strategy, the return required on this allocated capital, the acceptable amount of capital and profit volatility from the investment strategy.



#### Navigating the trade-offs:

Each asset class and potential investment solution within it has its own set of characteristics. Successfully balancing the trade-off between these characteristics is vital to finding an appropriate investment solution.



## Case studies

### 1

#### **A general insurer seeking to manage a matching portfolio.**

A leading general insurer required a manager to run an investment grade corporate bond portfolio managed in accordance with regulatory matching requirements.

Janus Henderson worked closely with the client to understand their risk, profit volatility, capital and liquidity tolerances and identify a portfolio of capital efficient bonds suitable for the portfolio. In addition, bespoke reporting was provided to the client, covering an array of different portfolio metrics.

### 2

#### **A life insurer looking for yield enhancement.**

An insurer had a book of asset backing liabilities that offered policyholders a guaranteed rate of accumulation. The insurer had historically invested in domestic government bonds, but the prevailing yields available on such bonds were not high enough and they were looking to carefully enhance the yield of the portfolio.

Yield enhancement necessarily means increasing exposure to credit risk and under the regulatory capital framework, results in a higher capital ratio. Janus Henderson worked with the insurer to develop a corporate bond portfolio which served to provide this yield enhancement in a fully diversified, capital efficient way, helping to manage the exposure to credit risk.

### 3

#### **A life insurer seeking efficient use of additional capital.**

An insurer accumulated additional capital following a number of years of good business performance and wanted to deploy it to enhance returns. Janus Henderson worked with the client to understand their risk, profit volatility, capital and liquidity tolerances and presented a range of potential investment solutions. The insurer consequently allocated existing and new capital to a selection of capital-efficient credit opportunities and were able to add additional yield.

Given the insurer was operating beyond their existing ALM investment restrictions, Janus Henderson set up an investment and governance structure for these solutions to be monitored and accounted separately from their Asset Liability Management (ALM) portfolio.

For further information on our insurance asset management capabilities please contact: [clientservices.aus@janushenderson.com](mailto:clientservices.aus@janushenderson.com)

**Janus Henderson**  
— INVESTORS —

### Important information

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