CHALLENGE

Assist a multi-national insurer to overcome capacity constraints in its traditional investment processes and profitably invest new asset inflows by diversifying its general account portfolio while improving its portfolio risk exposure

PATPATIA & ASSOCIATES ACTIVITIES

- ✓ Reoriented investment strategy for total return incorporating investment style out-performance, product liability requirements, portfolio loss dynamics, and costs
- ✓ Deployed alternative asset classes (e.g. private placements, commercial mortgages, hedge funds, private equity, REITs) for improved investment yield and a diversified risk profile
- ✓ Retained external investment managers to supplement internal resources and mitigate volume and cost constraints
- ✓ Deconstructed portfolio risk exposures, identifying approaches to remedy an excessive reliance on derivatives, ALM duration mismatch, and inappropriate product structures

THE RESULTS

The insurer successfully penetrated alternative asset classes within higher yielding investment structures and outsourced specialized mandates to complement proprietary deal flow. Concurrently, by adjusting product guarantees and yield curve strategy on traditional investments, the firm reduced its aggregate investment risk exposure, minimizing reliance upon derivative hedging strategies to maintain asset-liability management objectives.