

INSURANCE ASIA NEWS

Institutional Asset Management Awards
2023



Best Risk Management Firm Insurance Fund House of the Year – Hong Kong

Conning Asia Pacific

Conning's risk management tools are designed to integrate with the broader asset classes in the insurer's portfolio, so the strategies support and enhance the insurer's strategic asset allocation (SAA).

The ability to maximise uncorrelated return opportunities is imperative in a changing market environment. Conning's risk modeling software continues to be highly effective in helping insurers deal with the unprecedented economic distress and uncertainty created by the COVID-19 pandemic.

Conning's vast experience in modelling capital markets and non-standard investments, supported by its sophisticated risk modelling software, has proved its worth yet again in the current environment.

The unprecedented economic distress and uncertainty created by the COVID-19 pandemic have created a particularly heavy burden for insurers. These institutions need sophisticated investment tools more than ever before to help them plan for the future and maximise returns with minimal losses.

At Conning, the combination of our long history of strong performance and deep understanding of insurance regulations across Asia has enabled us to maintain and meet the objectives of

our insurance clients during recent turbulent markets. We focus on achieving long-term, enterprise level objectives through robust and well-thought out investment strategies that seek to provide stable growth and mitigate portfolio drawdowns.

Conning's Risk Solutions team specialises in applying a stochastic modelling framework that allows clients to analyse the relationship between asset classes and the risks they face from extreme market events. Having a tried-and-tested process that incorporates sophisticated financial modelling and stress-testing has become crucial as insurance regulations evolve and the range of investment tools expand.

Risk modelling

In Asia, insurers use Conning's ESG scenarios and asset-liability modelling (ALM) software for risk modelling and SAA purposes. The software decomposes the market into the key drivers of return and risk. Conning then optimises the key components before translating this back to an asset allocation. The strategies are focused on maximum diversification, in turn mitigating the tail risk and, ultimately, maximising long-term investment returns.

Ruby Yang, CEO and Head of Asia Pacific, takes pride in the firm's risk management products and services. 'The tools are designed to integrate with the broader asset classes in the insurer's portfolio, so the strategies support and enhance the insurer's SAA.'

The framework and modeling tools also enable the automation of management reports covering customised metrics such as the probability of requiring shareholder injections.

The proprietary Conning Allocation Optimiser is run through the asset-liability model, which calculates duration gap, net investment income, surplus, book value and risk-adjusted return on capital for the management report.

To further enhance this risk management process, a new cloud-based allocation optimiser delivers an intuitive, faster and more flexible client experience – even for more complex optimizations, requiring little to no IT setup and support.



Ruby Yang, CEO and Head of Asia Pacific



Insurers are seeking more sophisticated investment tools that deliver the maximum risk-adjusted returns possible with minimum losses.

‘Conning’s Risk Solutions and investment teams serve some of the largest insurers in Hong Kong, China and in Asia Pacific. It continues to deliver some of the most sophisticated investment and risk analytics tools, while managing to grow its business even in tough investments markets.’ Ruby explained. ‘With a long history of global investment experience and good understanding of insurance regulations across Asia, we are the investment solutions providers of many top Chinese insurers.’

The combination of Conning’s enhanced quantitative solutions and asset allocation model, allow them to provide clients with further clarity on investment strategy.

With the recurring waves of virus variants bringing economic and environmental uncertainty, insurers are seeking more sophisticated investment tools that deliver the maximum risk-adjusted returns possible with minimum losses. Adapting swiftly and smoothly to all the Covid-related restrictions, Conning pivoted to building business and relationships through online and digital means in a seamless manner.

Deeper commitment

As the firm continues to tackle the dynamic needs of insurance investors, it has significantly deepened its investment resources. Conning has dedicated teams focusing on corporate bonds, municipal debt and structured securities. It supplements these with expertise in specialty asset classes including: high-yield bonds, bank loans, emerging markets debt, private placements, convertibles, commercial mortgage loans, high-dividend equities and master limited partnerships.

Recent significant business developments include acquiring Pearlmark, a specialised commercial real estate investment firm. Relative performance and peer rankings, especially for Conning’s largest investment strategies, remain good for most assets over the 3-5 years.

Governed by its responsible investment and stewardship and engagement policies, Conning strives to ensure transparency and the communication of the financial and ESG factors driving the expected performance of the issuers or securities they manage.

This effort is led by a Sustainability Leadership Group comprised of member across Conning Group entities and its affiliates and members of the Conning Operating Committee. The efforts are also manifest by the solid work conducted through the Diversity, Equity and Inclusion Council of the firm. Conning is also a signatory to the Principles for Responsible Investment (PRI).

Growth in AUM remains a priority as Conning continues to expand its global asset management platform. After enhancing investment capabilities in Europe and Asia in recent years, it has broadened expertise across a number of asset classes beyond investment grade bonds, including US and global high-dividend equities, master limited partnerships, bank loans, high-yield bonds, collateralized loan obligations and emerging and frontier markets. The addition of these capabilities has strengthened its ability to meet the needs of both small and large life and property-casualty companies.

Overall, a unique combination of asset management, investment solutions and exclusive insurance research has enabled Conning to develop highly integrated solutions that reflect a deep understanding of client objectives and risk preferences.