

Press Release

BAI publishes study: “German Insurance Companies 2024: Sophisticated Investors in the Global Alternatives Market”

- Relatively more insurers than other investors in Germany invest in alternative asset classes.
- They often have more experience and specialized alternatives teams.
- Compared to other types of investors, there is less scope for new entries and increases in the alternatives allocation.
- The outlook for alternative investments is positive despite challenges.
- The majority of insurers want to further increase their allocation in almost all alternative asset classes.
- In an international comparison, German insurers are focusing more on infrastructure investments and less on real estate.
- Reinsurers tend to focus on capital appreciation and equity investments, while primary insurers tend to focus on debt asset classes for regular investment income.

Bonn, November 14, 2024 - As institutional investors, insurance companies are not immune to the current interest rate trend and geopolitical environment. Based on quantitative and qualitative research, a recent analysis provides an update on the role of alternative investments for German insurance companies and reveals current trends.

A higher proportion of German insurers than other investors are invested in alternative asset classes and often already have more experience and specialized teams. However, due to the advanced stage of the build-up plan for alternatives portfolios, there are obstacles to further increases in allocation. Challenges include regulation, illiquidity, long-term capital commitment and valuation problems. Despite this, the outlook remains largely positive and regulation offers enough leeway for more insurance companies to continue to increase their allocation than reduce it.

Compared to their international peers, German insurers tend to want to increase their allocation to infrastructure equity and debt while they tend to reduce their exposure to real estate. Primary insurers and reinsurers pursue different approaches due to regulatory requirements and strategies: Due to more flexible rules, reinsurers pursue more equity investments, such as in Private Equity, whereas primary insurers tend to focus on debt asset classes such as Infrastructure Debt and Real Estate Debt in order to achieve stable returns.

BAI Managing Director **Frank Dornseifer** outlines the importance of insurance companies with regard to infrastructure: “The current and future allocation of insurance companies in the infrastructure segment is of great importance in two respects. On the one hand, the industry is clearly signaling that it is available as a relevant investor group for financing the sustainable transformation and energy transition. Secondly, it shows how important it is that current legislative procedures such as the Future Financing Act II, the Occupational Pensions Strengthening Act II, and, of course, the Fund Market Strengthening Act are passed quickly. These are the basis for further and more efficient investment in infrastructure. Here, not only the old Ampel coalition but also the opposition is called upon to contribute to constructive solutions so that the energy transition can succeed.”

Florian Bucher, BAI market analyst, observes: “In an international comparison, German insurers are increasingly focusing on infrastructure investments. This provides a solid basis for institutional investors to contribute to the digital and sustainable transformation of the German economy. However, it must be borne in mind that Germany is competing for investments on the global capital market and that German insurers' investments do not necessarily flow into German infrastructure projects. We must continue to make Germany more attractive as an investment location in order to better exploit the potential of German insurers' capital in the economic transformation in Germany.”

The BAI study “German Insurance Companies 2024: Sophisticated Investors in the Global Alternatives Market” can be downloaded via the following link:

[Link](#)

Press contact:

Bundesverband Alternative Investments e.V. (BAI)

RA Frank Dornseifer

Managing Director

Poppelsdorfer Allee 106

53115 Bonn

Tel.: +49 (0)228-96987-50

dornseifer@bvai.de

www.bvai.de

[Follow us on LinkedIn](#)

The Bundesverband Alternative Investments e.V. (BAI) is the central representative body for the alternative investments industry in Germany. The association serves as a catalyst between professional German investors and recognized providers of alternative investment products worldwide. It advocates for enabling German institutional and professional investors to diversify their capital investments in alternative investments more easily and effectively, with a particular focus on the long-term security of German pension provisions. The BAI promotes public awareness and understanding of alternative investments and supports scientific research in this field. It engages in dialogue with political decision-makers and relevant regulatory authorities, maintaining communication with national and international organizations and associations. The association aims to achieve legal reforms and developments that benefit its members and their investors and to establish attractive and internationally competitive conditions for investment in alternative assets. The BAI's membership, which includes professionals from all areas of the alternative investments sector, has grown to around 300 companies. Bundesverband Alternative Investments e. V.