
Joint venture eyes distressed annuity books

By Editorial Staff *Thu, Oct 10, 2019*

A private equity firm and a pair of tech experts from Apollo Global and Aflac have up to \$500 million to buy or reinsure risk-laden annuity books from life insurers.

Värde Partners, a private equity firm, and Agam Capital, creator of an insurance solutions platform, are forming a joint venture to pursue “the acquisition, reinsurance and management of life and retirement businesses globally,” according to a release this week.

The joint venture will “price and manage complex insurance products with embedded market and actuarial risks, on a global basis” and “serve as a turnkey solution for financial modeling and enterprise risk management” for life insurance companies.

Värde Partners plans to invest \$500 million in complex life insurance, annuity, and reinsurance assets, marking the expansion of its private equity strategy into insurance. Elena Lieskovska, partner and head of European Financial Services at Värde Partners, said: “Given the current landscape of historically low interest rates and fundamental regulatory and accounting changes, we believe the opportunity across the \$23 trillion life insurance industry is huge. Life insurance companies are increasingly seeking risk mitigation solutions for legacy blocks of liabilities with multi-dimensional risks. This is particularly true for complex annuity products, such as those with high guarantees or exposure to certain market risks, which typically attract a higher capital charge.”

Agam’s Co-Founders, Avi Katz and Chak Raghunathan said his platform “is designed to price, analyze and manage complex insurance products with embedded capital market risks.” The platform uses “machine learning, predictive data analytics and cloud computing to evaluate and assess complex insurance liabilities” including “integrating transaction modeling with actuarial cash flows.”

Värde Partners is a \$14 billion global alternative investment firm that employs a value-based approach to invest in corporate and traded credit, real estate, mortgages, financial services, real assets and infrastructure. Its investor base includes foundations and endowments, pension plans, insurance companies, other institutional investors and private clients. The firm has headquarters in Minneapolis, London and Singapore.

Agam is a New Jersey-based insurance solutions provider, founded by Abraham Katz and Chak Raghunathan, senior executives from Apollo Global Management and Aflac Inc.

“While traditional insurance solutions have been aimed at enhancing asset yield to support a

liability structure, Agam has focused its efforts on building technology for risk management with integrated analytics. Agam's expertise is to develop solutions for complex cash flow streams through greater hedging optimization and meaningfully lower operating costs," the executives said in the release.

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