

Insurance Companies Remain Committed to Private Equity 60% plan to make new commitments in 2012, with new regulations having limited impact on exposure to the asset class.

Almost two-thirds of insurance companies are planning to make new private equity investments before the end of 2012, the latest Preqin research reveals. The results of the most recent Preqin Special Report show that despite the impending Solvency II regulatory changes, the vast majority (79%) of insurance companies have not altered their levels of exposure to private equity. Fund managers will also be buoyed by the news that nearly one-third (30%) of insurance companies are currently below their target allocations to the asset class, and 88% plan on maintaining or increasing their allocation to private equity over the longer term.

The results are also positive for fund managers coming to the crowded fundraising market with new vehicles, as 85% of insurance companies will consider forming some new GP relationships over the next 12 months.

Summary of Findings:

- 30% of insurance companies are below their target allocations to the asset class. 85% plan on maintaining or increasing their allocations in the next 12 months and 88% in the longer term.
- 60% have over \$250mn allocated to the asset class.
- 60% intend to make their next commitments to funds in 2012, 2% intend to invest in 2013 and 16% not before 2014, while 22% remain unsure on exact timings.
- 79% of insurance companies have not changed their exposure to private equity as a result of new regulations.
- 51% of insurance companies view Europe as an attractive area for private equity investment in the current economic climate. 45% view North America as attractive, while 16% see Asia as appealing.
- 31% of insurance companies already invest in emerging markets, and a further 29% consider such opportunities.
- Small to mid-market buyout funds are viewed as the most attractive fund types, with 49% seeking to invest in such funds over the next 12 months.
- 46% are actively or opportunistically seeking co-investment opportunities alongside fund managers.

To view the full report, please visit:

http://www.preqin.com/docs/reports/Preqin_Special_Report_Insurance_Companies_Investing_in_Private_Equity.pdf

Comment:

“Insurance companies represent an important source of capital for the private equity industry, accounting for 9% of all capital invested in the asset class. Regulations such as Solvency II are likely to impact upon the level of exposure some of these investors will have to the asset class. However, over three-quarters of insurance companies have so far been unaffected by impending regulations and the majority of insurance companies will continue to allocate capital to private equity in order to meet their long-term investment objectives.”

Emma Dineen, Manager – Private Equity Investor Data

About Preqin:

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Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q'.

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