

# Capital for insurers

Insurers need a strong capital base to support growth, compete effectively and to demonstrate security to policyholders, regulators and rating agencies.

Access to capital is a key competitive advantage. It enables an insurer to grow its premium volumes, to acquire other companies, to withstand market volatility, competition and pricing cycles. With the right balance of capital in place cost and management strains will be minimised.

Working with selected fund managers, investors and other partners, AHJ Capital Markets can help insurers raise capital in a variety of forms including:

- Traditional Equity
- Subordinated Debt
- Funds at Lloyd’s (FAL) for Lloyd’s Syndicates
- Hybrid capital structures

Equity Capital	Debt Capital
The foundation of most insurers’ capital structures	Usually in the form of Subordinated or Senior Debt
Not usually an option for mutual insurers	Increasingly available to mutual insurers and smaller issuers
Maximum solvency benefit	Terms of the debt product determine the solvency value under Solvency II and similar risk based regimes
Dilutes existing shareholders	No dilution of ownership
Introduces new owners	Non-intrusive investors
Allows partial or total entry and exit of investors	Can replace equity (subject to solvency guidelines)
Potential for access to listing and public markets	Terms usually from five to thirty years
Board controls payment of dividends	Fixed or floating coupons
Permanent capital	Flexible, well established products

## For more information

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**AHJ Capital Markets** was established to provide clients with access to risk transfer and capital products available in the financial markets. It sits alongside Alwen Hough Johnson, an independent, privately owned, Lloyd's broking company. Founded in 1973, it employs over a hundred people at its London headquarters.



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