

## Survey: Insurers' interest in investing in infrastructure growing, but supply of suitable assets must increase

### *Significant investment currently committed to infrastructure projects by Europe's insurers*

While many of Europe's insurers are becoming increasingly interested in infrastructure assets, more action is required by policymakers to unlock future potential investment, according to a survey conducted by Insurance Europe, the European insurance and reinsurance federation.

The survey, which covered eleven jurisdictions across the European Union, found that this improved interest is linked to insurers' need for alternative investments, due to the current low interest rate environment, as well as the need to diversify their portfolios. Several large European insurers have already publicly committed to increasing their infrastructure investments by a total of around €50bn in the coming years.

However, the survey identified a serious lack of pipelines of suitable projects in which insurers can invest. Although pipelines of infrastructure projects have improved in some markets, the survey found that several remain weak and that, in many markets, improvements were not significant.

In addition, the survey showed that while the use of public support – through the European Fund for Strategic Investment (EFSI) – has had a positive impact on the ability of insurers to invest in a small number of infrastructure projects, it is crowding out private investment in several others. The survey also revealed several cases across the EU where insurers were crowded out by the involvement of the European Investment Bank (EIB).

Cristina Mihai, head of international affairs and investments at Insurance Europe, commented: "Increasing private sector investment in infrastructure projects is a central aim of the EU Investment Plan. Therefore, while it is positive to see some improvements in the pipelines of infrastructure assets, more needs to be done to foster the supply and to crowd in private sector investors, such as insurers."

The survey also found that:

- There is a lack of information about available projects in pipelines, which makes it difficult for investors to plan infrastructure investments effectively.
- Political risk remains a major challenge across all markets, creating uncertainty about contract fulfilment and pricing.
- The most dynamic sectors were: renewable energies, transport and social infrastructure.

Mihai added: "If the EU Investment Plan is to achieve its objectives, more ambitious action is needed. For instance, work on infrastructure project finance investments was much needed and welcome by insurers, but additional action is required on infrastructure corporate investments. Equally important, pipelines of suitable projects need to be substantially increased and public support must only be used in infrastructure projects where it complements, rather than crowds out, private sector investment. The use of public support should also be assessed at an individual project level to ensure its best use."

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#### Notes for editors

1. The survey was carried out to investigate the progress made in facilitating infrastructure investments and addressing regulatory barriers throughout the EU, following the launch of the EU Investment Plan and the Capital Markets Union around two years ago. The jurisdictions covered were Austria, Belgium, Denmark, France, Germany, Italy, Netherlands, Slovenia, Spain, Switzerland and the United Kingdom.

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