Insurance Asset Manager

Insurance from the Investment Angle

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Dwight Expands Investment Team To Keep Pace With New Business

Third-Party Insurer Assets Surpass $1 Billion

Headquartered in Burlington, VT, Dwight Asset Management is not located very close to a major financial center, but it would be misleading to describe this fixed income asset manager, with a growing insurance asset management business, as detached from the institutional investment mainstream.

For a start, Dwight is a member company of Old Mutual plc, a global financial services company founded in South Africa during the 19th century and now headquartered in England. In the US, Dwight is one of a consortium of 19 Old Mutual member firms operating as Old Mutual Asset Management and led by CEO Scott Powers.

And while Vermont's investment management industry can't match Boston and New York, or Montreal and Toronto in size, it's location is very strategic – plus Vermont is the largest mainland state for the captive insurance industry, a big draw for a firm like Dwight. At the Vermont Captive Insurance Association (VCIA) annual conference held in August, the turnout was more than 1,000. Only Bermuda has more captives.

Dwight's senior vice president and head of insurance business development, Rob Miller, is a member of the VCIA board. In an interview with IAM, he said Dwight had enjoyed a very successful first half acquiring new insurer clients in 2006, and by July 31st had lifted its non-affiliated general account assets above the $1 billion mark. "Our recent success tells us our commitment to the insurance sector has been validated, and we now have momentum," he said.

To support this growth, Dwight recently hired two additional investment professionals. Dawn Silvia joined from Conning Asset Management as a dedicated insurance company portfolio manager, while Tsana Nobles, FSA, MAAA, moved from National Life Insurance Co. to become a quantitative analyst.

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"This is a core business for Dwight. We will continue to hire experienced people and expand our capabilities to serve the dynamic needs of our growing client base," Dwight's chief investment officer David Thompson said in a statement accompanying

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the announcement of the two new hires. The firm's investment team now totals more than 30.

Asked what has contributed most to Dwight's 2006 progress in gaining third-party clients, Miller said in the interview that it was the culmination of three years of building from scratch. "You've got to be a certain kind of firm to be an asset manager for insurance companies, and over the past year or two we have fine-tuned our group....not only to be insurance industry and insurance investment specialists, but also to be actively connected with clients, with frequent phone calls and written reports. I'd like to think we've reached that point."

Looking to the future, Miller agrees with the argument that the U.S. market, while mature compared with other regions of the world, is nowhere close to running out of steam.

Until it branched out into the non-affiliated insurance assets sector, Dwight had built up a strong base of affiliated insurance assets through connections with members of its Old Mutual global parent. Its first big mandate came in 2001 when it won the business of Fidelity & Guaranty Life Insurance Co. of Baltimore, MD.

Miller said Dwight's experience with F&G -- managing a life insurer's assets backed by annuities -- provided the firm with excellent qualifications to seek out non-affiliated life companies with similar product lines, and gave it a "strong suit" to play in the early years of marketing to insurers. This year's new client relationships, though, are broader and include health and property & casualty as well as life companies. The total number of insurance clients at the end of September was 17. This compares with a total of ten at the end of 2005.

Looking to the future, Miller agrees with the argument that the U.S. market, while mature compared with other regions of the world, is nowhere close to running out of steam. "I can see more competition coming into the insurance asset management sector, and additional trends that indicate further good expansion -- such as insurers starting to employ multi-manager strategies for their general accounts, and greater use of consultants." (*Alex McCallum*) •