



Solving the Solvency II problem for asset manager life companies

Not so long ago many asset managers were setting up in-house life companies to streamline management and offer tax advantages for pensions scheme clients. Now with Solvency II breathing down their necks, what seemed a good idea at the time is turning into a regulatory nightmare. And one that ties up £millions in regulatory capital. So what's the answer? One smart solution is to delegate so-called 'life-wrapping' to specialist life companies.

The advantages of using a life company to wrap global equity funds are clear. Asset managers can reclaim withholding tax of up to 30% on US equity dividends for UK pension funds. This means they can deliver around 0.5% extra performance to their clients as opposed to some other pooled structures – simply by using a life company structure to wrap their funds.

In January 2016 Solvency II will come into force – imposing new capital and reporting requirements on insurance companies. For insurers whose core business is the provision of life services meeting the new requirements is a fact of life. But for asset managers who set up life companies as a peripheral service - simply to benefit their clients - it is an onerous and time consuming process. Do asset managers really want to lock away regulatory capital and get tied-up in detailed reporting - including the intricacies of Pillar 3 disclosure?

Now there is an answer, both for asset managers who want the benefit of life-wrapping their funds without setting up their own life company – and for those who already have in house life businesses and want out. As an authorised unit-linked UK life insurance company, Mobius Life can 'life-wrap' asset managers existing funds in a cost effective manner. We provide the life wrapper and administration, leaving the manager free to focus on delivering performance for their clients. Where a manager has their own life company already set up, we can take over the complete ownership and management, freeing asset managers to focus on performance rather than admin.

You can find out more about our [fund wrapping](#) and [life company outsourcing services](#) on our website. Solvency II may be a challenge for asset manager life companies – but the future remains bright for life-wrapped fund.

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