

# Solvency charge on equities can be halved - Lyxor

**L**yxor Asset Management has developed solutions to help insurers under Solvency II to lower the capital charges related to equity and alternative strategies.

The French financial services provider says certain asset classes such as equities and alternative investment strategies have become quite unattractive for insurers as they incur a high solvency capital requirement (SCR).

“For equities ... Lyxor offers a combination of equity investments with protection (through options) enabling a reduction in the SCR cost (typically, from 39% to 17%) and in the risk per unit of capital exposed to equities,” explained David Niddam, head of custom solutions.

He acknowledged that there was an extra cost involved in buying the options.

For absolute return and long-only investment funds, Lyxor has a portfolio insurance technique that enables the SCR to be calculated, in accordance with regulatory constraints, at 20% instead of 49%.

“This is done through the combination of a Lyxor investment management methodology and the use of options,” Niddam said.

Much of the work Lyxor does is bespoke to client requirements.. 



**David Niddam**

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