

## Life insurance and private equity

# Will 2017 finally be the year?

In 2015, France's so-called "Macron law" opened life insurance up to FCPR funds\*. What is the potential of these new investments? **Could the market expand? Daniel Collignon, CEO of Spirica, one of the first insurers to offer such products, gives us some answers.**

### **What does the future look like for life insurance opened up to private equity funds?**

Given the economic and financial context, this new kind of investment could be a real opportunity for individual investors. With properly chosen FCPRs, investors might reasonably expect returns of 5-10%. Another advantage is the low volatility, with products that, for the most part, are not listed.

### **Has the Macron law removed certain obstacles?**

One of its aims was to free insurers from liquidity risks, which some may have seen as an obstacle. In the event the policy is surrendered, insurers can now decide to give the policyholder FCPR shares rather than the value in cash of these shares. At Spirica, we prefer not to use this clause, which we find difficult to apply. We will continue to ensure the liquidity of our clients' FCPRs. For them, it is a mark of security and confidence.

### **Why are there few initiatives on the market despite all the benefits?**

They had a complicated start in 2015. Distributors lacked visibility. FCPRs were emerging from a period when they allowed people who had sold their company to defer their capital gains tax; they could not see any other use for them. But the renewed interest in FCPRs in a context of low rates will make them more attractive. I think that 2017 will be the year that they will really start to be marketed. At Spirica, we are considering new life insurance packages that include FCPR, property and traditional funds to convince holders of funds in euros to switch to this new asset class.

### **How could these new products help to finance SMEs?**

The day the market picks up, they will siphon a huge amount of money to non-listed companies, i.e. to SMEs. Life insurance policies represent €1.6 trillion of assets, up to 10% of which can be invested in FCPRs. Supposing that just 5% of policies use this type of investment, this nonetheless represents the significant sum of almost €8 billion.

\* Retail Private Equity Investment Funds (FCPR)



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