

10th July 2020

## Financial investments of Insurance Corporations – France • 1st quarter 2020

### Market downturn weighs on insurers' financial investments in the first quarter of 2020

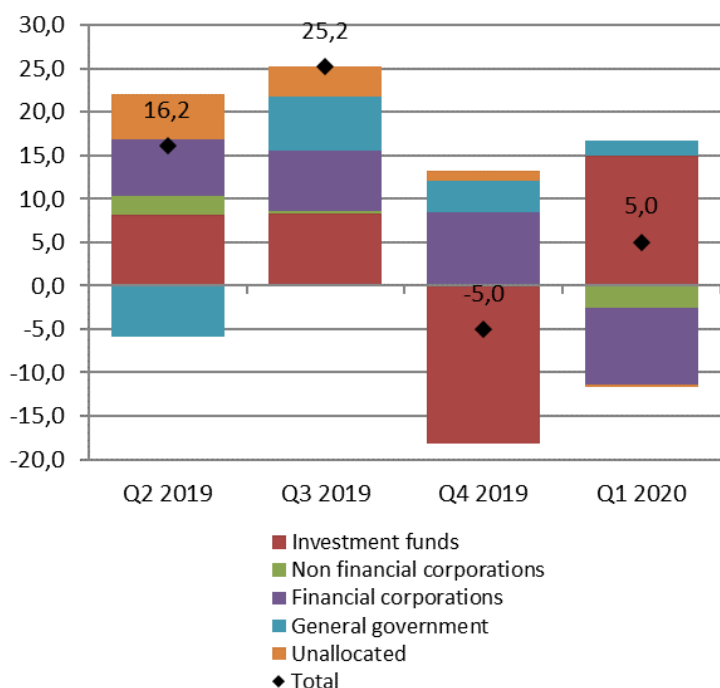
At end-March 2020, French insurers' financial holdings reach €2,588 billion, down €115 billion compared to the end of 2019 due to the sharp fall in assets valuation (- €129 billion).

Non-money market fund shares (- €65 billion, of which - €55 billion in equity and mixed funds) and listed shares (- €22 billion) record the largest valuation declines, in connection with the downturn in equity markets at the end of the quarter. The valuation of long-term debt securities diminishes as well (- €39 billion) due to the impact of higher risk premiums.

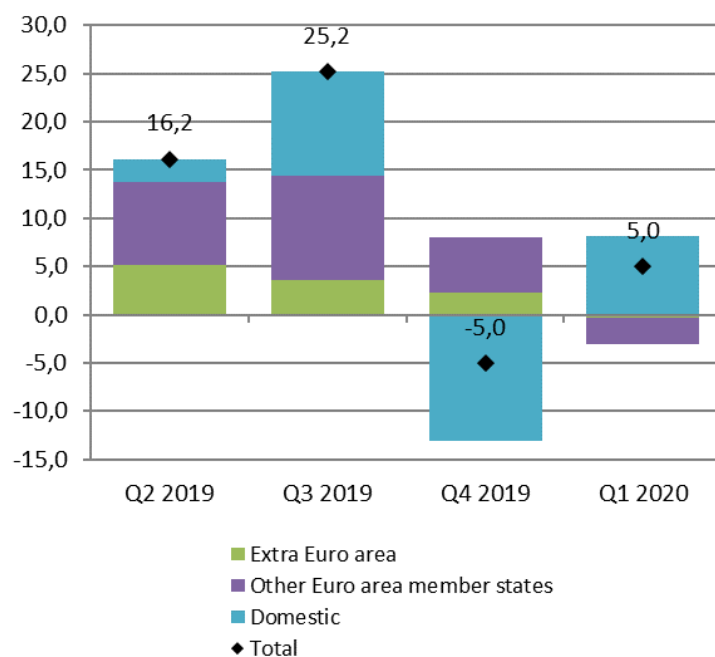
In the first quarter, insurers seasonally reinforce their liquid investments (+ €16 billion) in money market funds (+ €11 billion) and deposits (+ €5 billion). They also increase their net holdings of non-money market funds (+ €4 billion), mainly real estate funds (+ €3 billion) and equity funds (+ €3 billion). Besides, they are net sellers of debt securities (- €9 billion), in particular those issued by financial corporations. Net investments in securities benefit resident issuers (+ €8 billion) at the expense of non-residents (- €3 billion).

### Transactions of financial portfolio assets<sup>1</sup> of insurance corporations (in billions of euros)

#### By category of issuers<sup>2</sup>



#### By geographical area



1. Debt securities, equities and investment fund shares

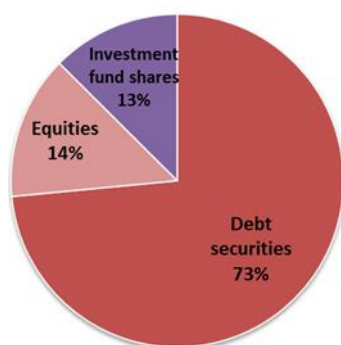
2. "Unallocated" is composed of bonds and equities issued outside the euro area.

## Financial assets of insurance corporations – 1<sup>st</sup> quarter 2020

(EUR billion, outstanding amounts at market prices at end of period, variations, transactions, valuation effects during period)

		Life and composite IC			Non-Life IC			Total IC		
		Net flows	Valuation effect	Stocks	Net flows	Valuation effect	Stocks	Net flows	Valuation effect	Stocks
Currency and deposits		2,2	0,0	35	2,7	0,0	16	4,9	0,0	51
Debt securities	≤ 1 year (original maturity)	-1,8	0,0	13	0,2	0,0	1	-1,6	0,0	13
	> 1 year (original maturity)	-6,4	-35,9	1 439	-1,1	-2,9	110	-7,5	-38,9	1 548
Loans		1,4	0,0	47	-0,7	0,0	9	0,8	0,0	55
Equity	Listed shares	-2,3	-17,9	58	0,5	-4,2	11	-1,8	-22,1	69
	Unlisted shares	0,8	-0,1	61	0,2	-2,1	28	1,0	-2,1	88
	Other shares	0,0	0,4	23	0,0	-1,4	25	0,0	-1,0	49
Investment	Money market funds	10,7	-0,1	88	0,5	0,0	8	11,2	-0,1	96
	Non money market funds	3,8	-62,7	574	0,0	-2,1	35	3,8	-64,8	609
Financial derivatives		3,5		8	0,1		0	3,6		8
<b>Total</b>		<b>11,9</b>	<b>-116,4</b>	<b>2 346</b>	<b>2,4</b>	<b>-12,6</b>	<b>242</b>	<b>14,3</b>	<b>-129,0</b>	<b>2 588</b>

### Breakdown of outstanding amounts of financial portfolio assets by type of assets

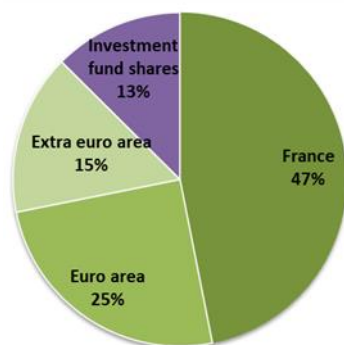


After the implementation of a look-through approach<sup>3</sup>, debt securities account for 73% of insurers' portfolio, equities represent 14% and the remaining 13% is made up of mutual fund shares.

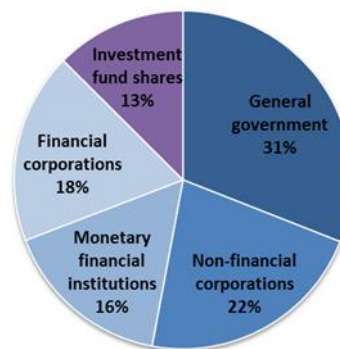
47% of the portfolio is invested in assets issued by residents, 40% in assets issued by non-residents and 13% in unallocated mutual fund shares.

Investments finance mainly general government (31%), non-financial corporations (22%), banks and other monetary financial institutions MFIs (16%), and financial corporations (18%).

### Breakdown of outstanding amounts of financial portfolio assets by geographical area



### Breakdown of outstanding amounts of financial portfolio assets by category of issuers



3. The look-through approach consists, when the information is available, in replacing the resident mutual funds shares in the insurance portfolios by the final investments of mutual funds. The 13% residual amount correspond to these mutual funds shares (mainly non-resident) which cannot be allocated with this approach. After a look-through approach, the share of equities increases by +6 basis points (8% to 14%) and the one of debt securities by +13 basis points (60% to 73%).

Date of next publication: 9<sup>th</sup> October 2020