

## Financial investments of Insurance Corporations – France • 4<sup>th</sup> quarter 2020

### 36 billion euros increase in insurance investments in 2020

At end 2020, insurers' financial investments amount to €2,739 billion, up €36 billion over the year. This increase is the result of both a revaluation of asset prices (+€19 billion despite the market drop in the first quarter of 2020) and net investment flows (+€17 billion). These net investments are significantly in decline compared to 2019 (+€69 billion) as a consequence on one hand of the net outflow from life insurance and, on the other hand, of the significant sales of assets by some insurers that have opted for dedicated management of retirement savings through the creation of ORPS under French law (Organismes de Retraite Professionnelle Supplémentaire, -€20 billion in the 3rd and 4th quarters, cf. Stat Info of the Q3\*).

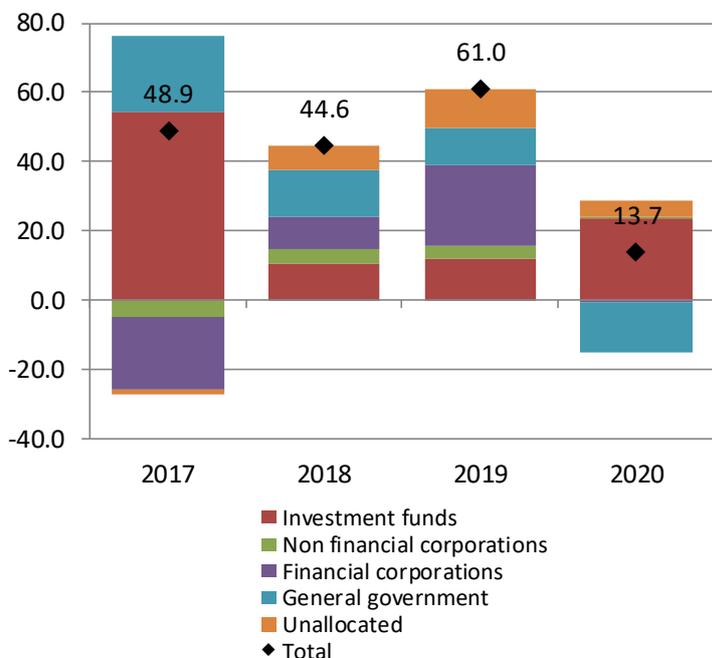
The valuation of long-term debt securities (+€20 billion) rises in connection with the easing of long-term rates (- 46 basis points for the 10-year OAT in 2020). The valuation of non-money market funds (+€9 billion) is mainly attributable to equity funds (+€6 billion) and mixed funds (+€3 billion).

Insurers are mainly net buyers of non-money market funds shares (+€22 billion), in particular of equity funds (+€13 billion), of real estate funds (+€7 billion) and of other funds (+€7 billion), while they are net sellers of mixed funds (-€6 billion). They are also net buyers of short-term debt securities (+€10 billion). Net sales of securities consist mainly of long-term debt securities (-€25 billion) and general government securities (-€14 billion).

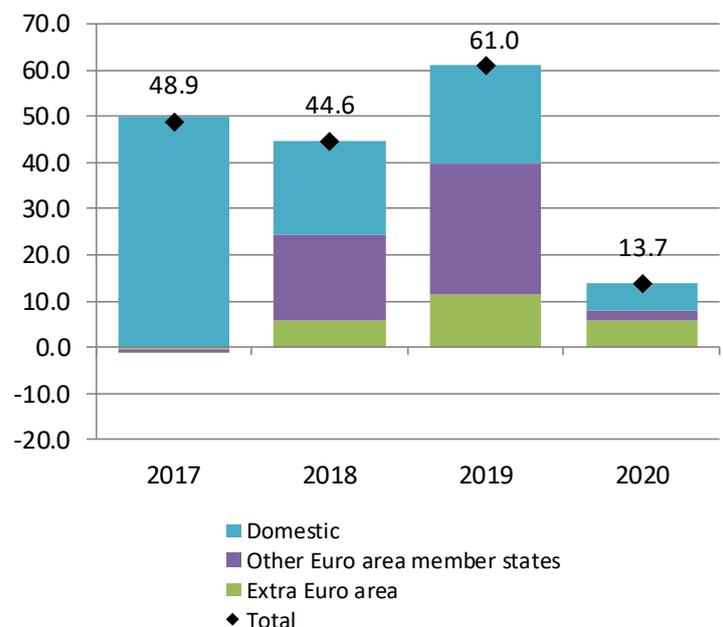
\* Insurance corporation statistics will not finally be revised to integrate ORPS data: these will be disseminated at a later stage via dedicated statistical series and will be the subject of a statistical complement in the next Stat Info.

### 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

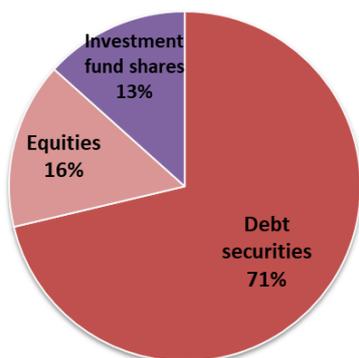
2. "Unallocated" is composed of bonds and equities issued outside the euro area.

## Financial assets of insurance corporations during 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		-1.8	0.0	31	0.4	0.0	13	-1.4	0.0	44
Debt securities	≤ 1 year (original maturity)	5.7	0.0	20	4.6	0.0	5	10.3	0.0	25
	> 1 year (original maturity)	-23.8	18.7	1 478	-1.5	1.1	114	-25.3	19.8	1 591
Loans		4.2	0.0	49	-0.5	0.0	9	3.7	0.0	58
Equity	Listed shares	-0.5	-6.8	71	0.3	-1.9	13	-0.2	-8.7	84
	Unlisted shares	3.4	-0.1	63	0.8	-1.1	29	4.2	-1.2	93
	Other shares	1.6	-0.2	24	-0.3	0.1	26	1.3	-0.2	51
Investment	Money market funds	2.5	-0.3	83	-1.0	0.0	7	1.5	-0.3	90
	Non money market funds	20.9	8.6	656	1.0	0.8	41	21.9	9.4	696
Financial derivatives		1.6	0.0	6	-0.1	0.0	0	1.5	0.0	6
<b>Total</b>		<b>13.6</b>	<b>19.9</b>	<b>2 482</b>	<b>3.9</b>	<b>-1.0</b>	<b>257</b>	<b>17.5</b>	<b>18.9</b>	<b>2 739</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 71% of insurers' portfolio, equities represent 16% and the remaining 13% is made up of mutual fund shares.

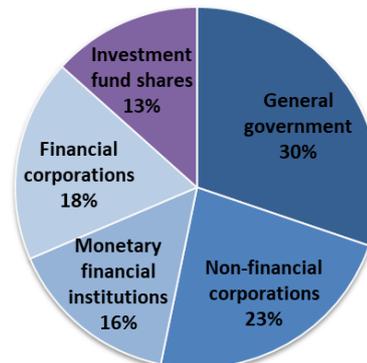
All instruments combined, 46% of the portfolio is invested in assets issued by residents, 41% in assets issued by non-residents and 13% in unallocated mutual fund shares.

Investments primarily finance the financial sector (34%, i.e. 16% for banks and other monetary financial institutions and 18% for financial corporations), general government (30%) and non-financial corporations (23%).

### 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 +8 basis points (8% to 16%) and the one of debt securities by +12 basis points (59% to 71%).

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