

6th January 2023

## Financial investments of Insurance Corporations – France • 3<sup>rd</sup> quarter 2022

### The valuation of securities held by insurers diminishes by 82 billion euros

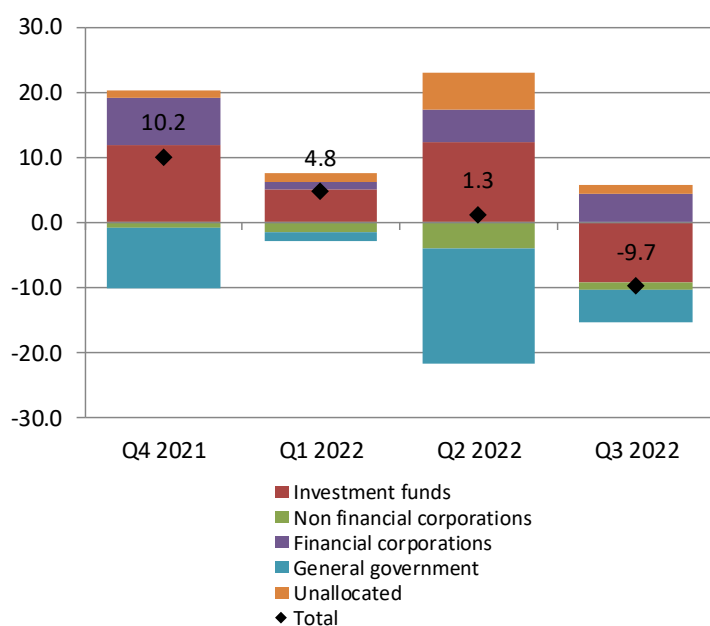
At end-September 2022, financial assets of insurance corporations amount to €2,501 billion, down strongly by -€73 billion over the third quarter. The fall is explained by a strong negative revaluation of assets (- 82 billion) slightly attenuated by positive net investment flows (+ 9 billion).

The new rise in long-term rates (+ 76 basis points for the 10-year OAT in the third quarter of 2022) diminishes the valuation of long-term debt securities (- 63 billion). The decline in equity markets (- 3 % for the CAC 40 index in the third quarter) also diminishes the valuations of listed shares (- 4 billion). The degradation of the equity and bond markets also impacts the valuation of non-money market funds, which also falls (- 15 billion of which - 7 billion for equity funds and - 3 billion for bond funds).

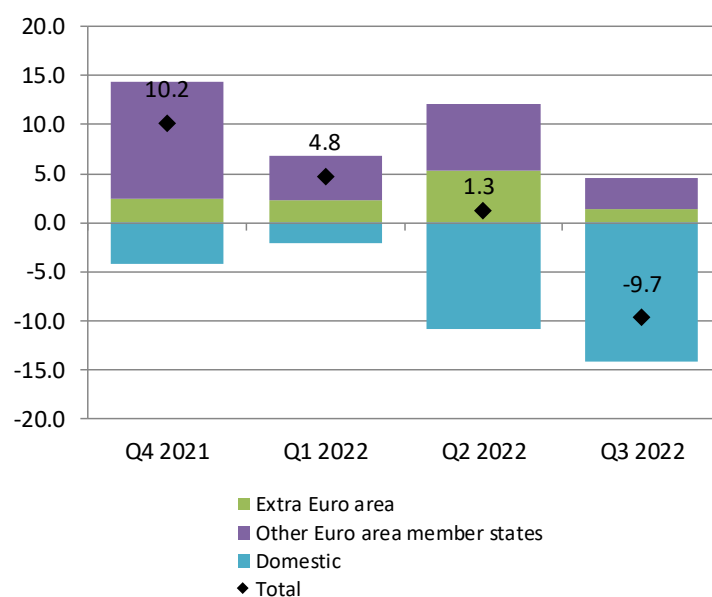
Positive net investment flows result from a high level of net loan flows (+ 8 billion), notably intra-group loans in the amount of + 5 billion. They are also explained by net purchases of short-term debt securities (+ 6 billion) and by an increase in deposits (+ 6 billion). Net sales of securities (- 10 billion) are due to money market fund shares (- 13 billion) and to a lesser extent to long-term debt securities (- 7 billion).

### Security portfolio transactions<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

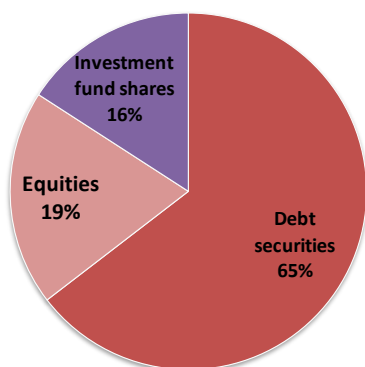
2. "Unallocated" is composed of bonds and equities issued outside the euro area.

## Financial assets of insurance corporations – 3<sup>rd</sup> quarter 2022

(EUR billion, outstanding amounts at market prices at end of period, 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 |                              | 5.2                   | 0.0              | 44           | 0.7         | 0.0              | 15         | 5.9        | 0.0              | 60           |
| Debt securities       | ≤ 1 year (original maturity) | 5.8                   | 0.0              | 25           | -0.1        | 0.0              | 2          | 5.7        | 0.0              | 26           |
|                       | > 1 year (original maturity) | -8.2                  | -58.9            | 1 156        | 1.5         | -4.0             | 106        | -6.7       | -62.9            | 1 262        |
| Loans                 |                              | 5.7                   | 0.0              | 55           | 2.8         | 0.0              | 13         | 8.5        | 0.0              | 69           |
| Equity                | Listed shares                | -0.1                  | -4.2             | 67           | -0.1        | 0.0              | 13         | -0.2       | -4.3             | 80           |
|                       | Unlisted shares              | 1.9                   | 0.3              | 67           | 0.6         | 0.0              | 37         | 2.5        | 0.3              | 104          |
|                       | Other shares                 | -1.7                  | -0.2             | 63           | 0.0         | 0.2              | 33         | -1.7       | 0.0              | 97           |
| Investment            | Money market funds           | -9.8                  | -0.2             | 75           | -2.8        | 0.0              | 8          | -12.7      | -0.2             | 82           |
|                       | Non money market funds       | 3.4                   | -14.9            | 674          | 0.0         | -0.5             | 38         | 3.4        | -15.4            | 712          |
| Financial derivatives |                              | 4.7                   |                  | 11           | 0.0         |                  | 0          | 4.6        |                  | 11           |
| <b>Total</b>          |                              | <b>6.8</b>            | <b>-78.1</b>     | <b>2 237</b> | <b>2.5</b>  | <b>-4.4</b>      | <b>265</b> | <b>9.3</b> | <b>-82.5</b>     | <b>2 501</b> |

### Breakdown of outstanding amounts of security portfolio by type of securities

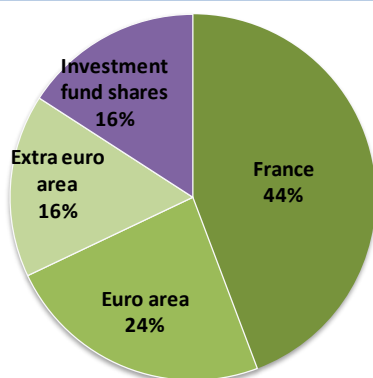


After the implementation of a look-through approach<sup>3</sup>, debt securities account for 65% of insurers' portfolio, equities represent 19% and the remaining 16% is made up of mutual fund shares.

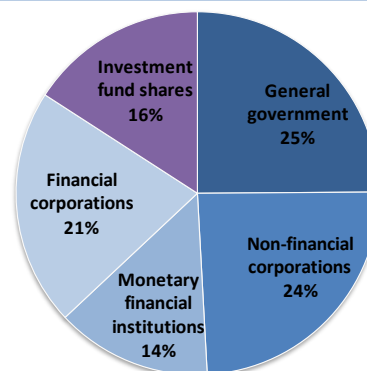
All instruments combined, 44% of the portfolio is invested in assets issued by residents, 40% in assets issued by non-residents and 16% in unallocated mutual fund shares.

Investments primarily finance the financial sector excluding investment funds (35%, i.e. 14% for monetary financial institutions and 21% for financial corporations), general government (25%) and non-financial corporations (24%).

### Breakdown of outstanding amounts of security portfolio by geographical area



### Breakdown of outstanding amounts of security portfolio by category of issuers



3. The look-through approach consists, when the information is available, in replacing the French mutual funds shares in the insurance portfolios by the final investments of mutual funds. The 16% residual amount correspond to these mutual funds shares (mainly foreign) which cannot be allocated with this approach. After a look-through approach, the share of equities increases by +8 basis points (11% to 19%) and the one of debt securities by + 14 basis points (51% to 65%).

Date of next publication: 7<sup>th</sup> April 2023