

Financial investments of Insurance Corporations – France • 4th quarter 2022

In 2022 financial investments of insurance corporations decrease by 438 billion euros

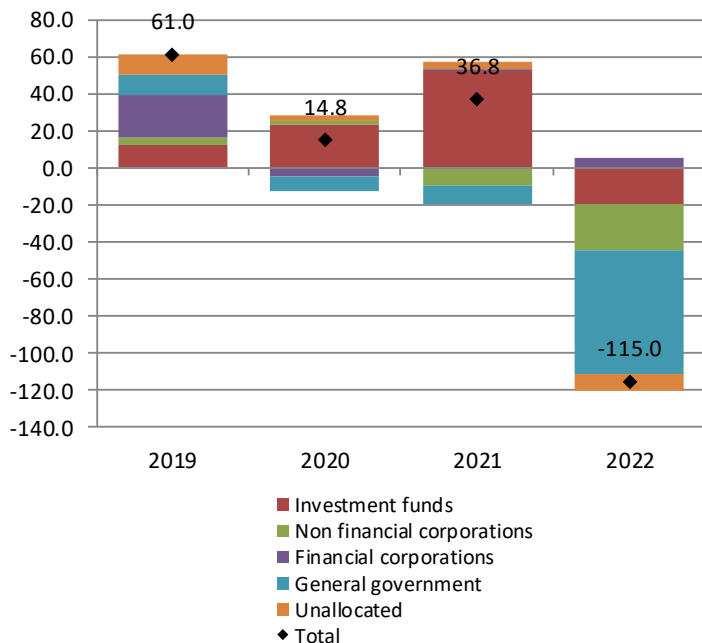
At end-December 2022, financial investments of insurance corporations amount to €2,369 billion, down strongly by - €438 billion over the year 2022. The diminution results firstly from an important decrease in asset prices (- 328 billion over 2022) but also from important negative annual net flows (- 109 billion over 2022). However, after correcting for sales of assets carried out as part of the creation of 12 new ORPS (Organismes de Retraite Professionnelle Supplémentaire under French law) in the course of the year (for - 117 billion), insurers' net investment flows amount to + 9 billion.

In 2022 the negative valuation effects come mainly from long-term debt securities (- 235 billion), in connection with the rise in long-term rates (+ 292 basis points for the 10-year OAT over the year). This rise also impacts the valuations of bond funds (- 15 billion over the year) and mixed funds (- 27 billion) within non-money market funds (- 79 billion). The valuations of equity funds (- 37 billion) and listed equities (- 13 billion) also decrease strongly in connection with the drop in stock markets (- 9 % for the index CAC 40 over the year 2022).

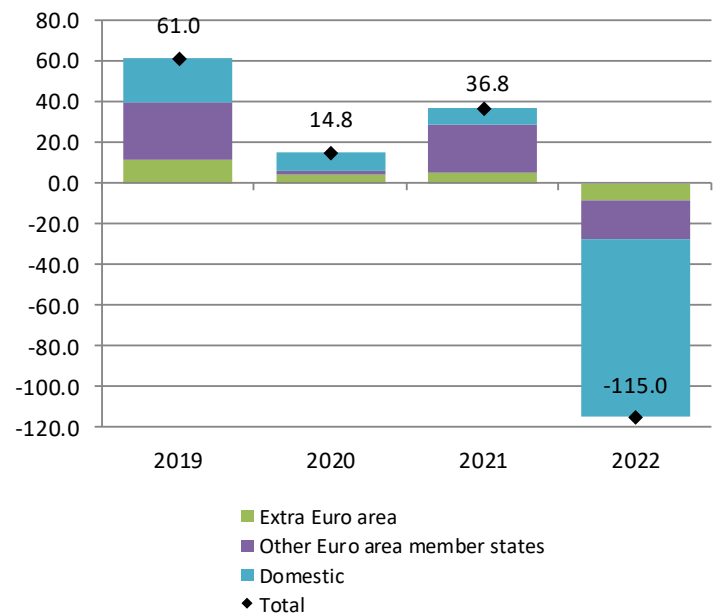
The negative annual net flows concern the majority of instrument categories, with the exception mainly of unlisted shares (+ 9 billion) and loans (+ 15 billion, of which + 5 billion of intra-group loans). Long-term debt securities record net sales of - 95 billion, followed by money market funds (- 14 billion), currency and deposits (- 11 billion), listed shares (- 10 billion) and non-money market funds (- 5 billion). However, if we exclude the effect of sales to ORPS, insurers are net purchasers of non-money market funds (+ 26 billion) and equity (+ 9 billion) to the detriment mainly of long-term debt securities (- 26 billion) and money market funds (- 12 billion).

Security portfolio transactions¹ of insurance corporations (in billions of euros)

By category of issuers²



By geographical area



1. Debt securities, equities and investment fund shares

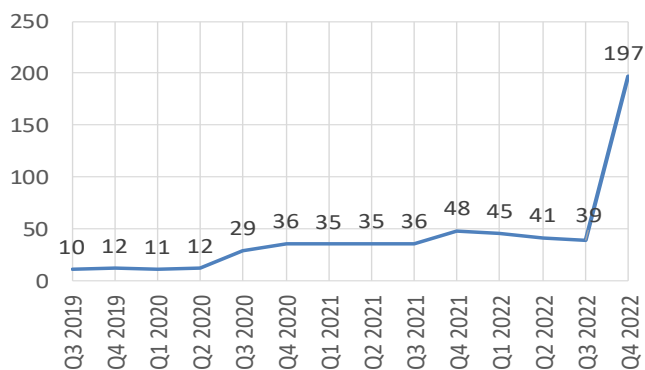
2. "Unallocated" is composed of bonds and equities issued outside the euro area.

Financial assets of insurance corporations during 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		-7.7	0.0	27	-2.9	0.0	10	-10.6	0.0	38
Debt securities	≤ 1 year (original maturity)	4.0	0.0	25	-3.0	0.0	2	1.0	0.0	27
	> 1 year (original maturity)	-99.0	-219.8	1 069	4.2	-14.8	105	-94.8	-234.5	1 174
Loans		10.5	0.0	60	4.0	0.0	14	14.6	0.0	74
Equity	Listed shares	-8.1	-11.8	66	-1.8	-1.3	13	-9.9	-13.1	79
	Unlisted shares	8.0	0.7	69	0.8	0.0	37	8.8	0.6	106
	Other shares	-1.1	-1.4	59	0.3	-1.1	32	-0.8	-2.5	91
Investment	Money market funds	-15.4	-0.2	71	1.0	0.0	9	-14.4	-0.2	80
	Non-money market funds	-4.3	-76.0	655	-0.6	-2.8	38	-4.8	-78.8	693
Financial derivatives		2.5		8	0.0		0	2.5		8
Total		-110.6	-308.5	2 108	2.1	-19.9	261	-108.5	-328.5	2 369

Outstanding amounts of total assets of the ORPS (in € billions)

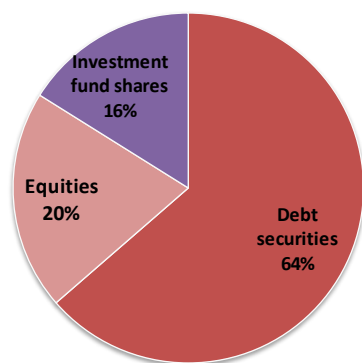


After the implementation of a look-through approach³, debt securities account for 64% of insurers' portfolio, equities represent 20% and the remaining 16% is made up of mutual fund shares.

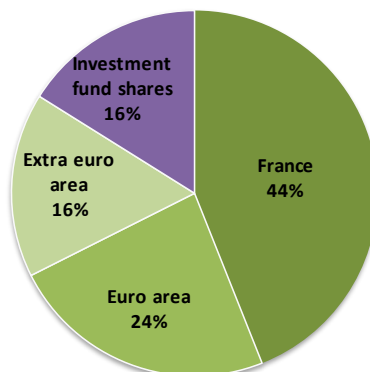
All instruments combined, 44% of the portfolio is invested in assets issued by residents, 40% in assets issued by non-residents and 16% in unallocated mutual fund shares.

Investments primarily finance the financial sector excluding investment funds (36%, i.e. 14% for monetary financial institutions and 22% for financial corporations), general government (24%) and non-financial corporations (24%).

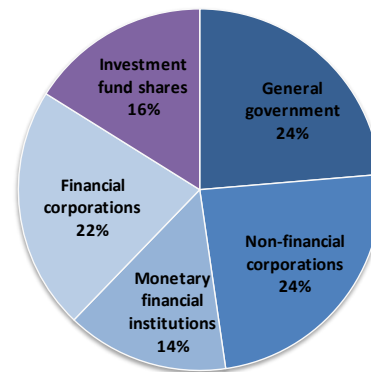
Breakdown of outstanding amounts of security portfolio by type of securities



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 securities in which these mutual funds invest. 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 percentage points (12% to 20%) and the one of debt securities by + 13 percentage points (51% to 64%).

Date of next publication: 7th July 2023