

## In 2024, insurers and pension funds maintained diversified portfolios in an uncertain economic environment

In 2024, with the steepening of the yield curve (fall in short rates, stable long rates), insurers and pensions funds invested more in long-term bonds at the expense of money market collective investment undertakings (CIUs). The share of bonds in their portfolios remained high, after rising in 2023. They also continued to replace their maturing bond holdings with higher-coupon securities, leading to improved returns, especially for pension funds. Portfolios remain primarily exposed to euro-denominated fixed income securities and only a small share of holdings are in low-rated assets. Exposure to instruments denominated in other currencies or issued outside the euro area also remains low.

**Frédéric Ahado, Laure Chantrelle, Alexandre Chevallier**  
General Secretariat of the *Autorité de contrôle prudentiel et de résolution*  
Research Directorate

JEL code  
G22

**Andréa Barnava, Laure Desseaux**  
Directorate General Statistics, Economics and International  
Monetary and Financial Statistics Directorate

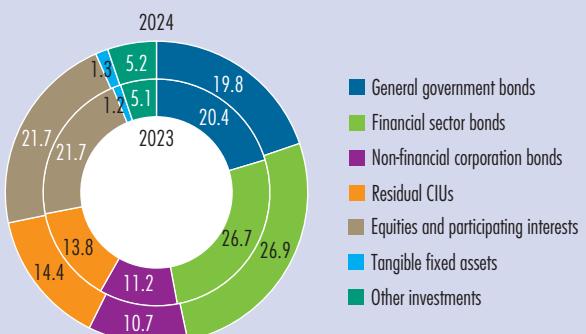
### End-2024

EUR 2,950 billion  
value of French insurers and pension funds' investment holdings

57%  
share of bonds in French insurers and pension funds' portfolios

EUR 245 billion  
value of "responsible" asset holdings

### Breakdown of French insurers and pension funds' investment holdings at end-2023 and end-2024 (% of total investments)



Sources: *Autorité de contrôle prudentiel et de résolution* (ACPR – Prudential Supervision and Resolution Authority), Banque de France.  
Note: CIU, collective investment undertaking.

## 1 Insurers and pension funds increased the horizon of their fixed income investments in 2024

In 2024, insurers and pension funds' investment holdings continued to grow after the recovery observed in 2023

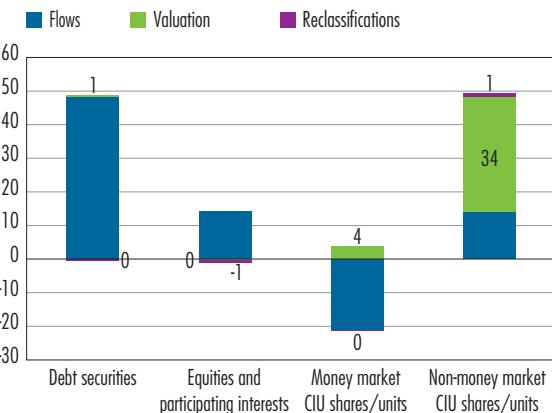
At the end of 2024, insurers and pension funds had EUR 2,950 billion of investment holdings, of which 76.8% was held by life insurers and 16.6% by non-life insurers.<sup>1</sup> The remaining 6.6% was held by pension funds, up from 6.4% at the end of 2023.

Between the end of 2023 and end of 2024, total outstanding investments rose by 3.4% (or EUR 93.5 billion), driven by EUR 55.3 billion of net acquisitions (including EUR 18 billion stemming from the investment holdings of a new reporting entity)<sup>2</sup> and a positive valuation effect of EUR 37.9 billion. The valuation of bond holdings increased moderately (by EUR 0.5 billion), reflecting the stability of yields on French 10-year government bonds (OATs) (despite cuts to key rates; see later). Nearly all capital gains were on non-money market CIU shares/units (EUR 34.0 billion), and notably on equity funds, which were boosted by strong stock market performances: rise of 24.7% in the US S&P500 index and rise of 11.9% in the Euro Stoxx 50.

French insurers and pension funds purchased significant assets over 2024 to readjust their portfolios, resulting in annual net acquisitions of EUR 55.3 billion. They notably purchased EUR 48.2 billion of debt securities to take advantage of attractive fixed income yields. Conversely, they sold a net EUR 7.0 billion of CIU shares/units, as purchases of non-money market CIUs (EUR 14.1 billion) were outstripped by EUR 21.1 billion of money market CIU sales. Holdings of equities and participating interests

### C1 Change in French insurers and pension funds' investment holdings between end-2023 and end-2024

(EUR billions, before applying the look-through approach to CIUs)



Sources: Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority), Banque de France.  
Note: CIU, collective investment undertaking.

remained stable when measured at constant scope. The observed EUR 14.1 billion rise was almost exclusively caused by a scope effect, with the inclusion of a new reporting entity during the year.<sup>3</sup>

### Insurers and pension funds shifted away from money market instruments and towards longer-term debt securities (over one year)

The European Central Bank (ECB) continued to lower its key rates as inflation eased (100 basis-point cut to the deposit facility rate). The decline was passed through to short-term interest rates, prompting insurers and pension funds to rebalance their portfolios. They reduced their holdings of money market instruments and shifted instead towards the longer end of the yield curve. Consequently, the majority of new investments in 2024 were in long-term bonds. Net purchases of fixed income products (debt securities, money market and bond CIUs)<sup>4</sup> totalled

1 For the purposes of this *Bulletin*, "life insurers" refers to life and composite insurers, and "non-life insurers" also includes reinsurers (see definition of the study population in Appendix 2 on methodology).

2 Scope effect linked to the licensing of a new entity in 2024.

3 Aggregates are calculated using the 2024 scope of insurers and pension funds, excluding the ERAFP (*Établissement de retraite additionnelle de la fonction publique – Public Sector Additional Pension Fund*), which is not subject to prudential supervision by the ACPR.

4 "Fixed income products" refers to financial instruments where the remuneration is linked to the payment of interest in exchange for a capital loan. It includes debt instruments held directly, as well as monetary and bond CIUs through which insurers and pension funds own debt instruments indirectly.

EUR 42.3 billion for the year. Conversely, after attracting record net inflows in 2023 (EUR 24.2 billion), money market CIU shares/units<sup>5</sup> saw net sales of EUR 21.2 billion. With the domestic political turmoil in France (dissolution of the National Assembly in June followed by a period of government instability), French long-term sovereign debt<sup>6</sup> yields failed to follow the downward trend seen for other European bonds. The spread between the 10-year OAT and German Bund widened from around 40 basis points at the start of 2024 to nearly 70 basis points at the end of the year, bringing French 10-year yields to near 2023 levels, at 3.1-3.3%.

Net purchases of debt securities held "directly"<sup>7</sup> amounted to EUR 48.2 billion in 2024, compared with EUR 1.3 billion in 2023. This is the highest level seen since 2019 and reflects EUR 54.3 billion of gross purchases of long-term debt securities and EUR 6.1 billion of gross sales of short-term debt. Nearly 75% of gross purchases were of securities issued by the euro area financial sector (EUR 35.5 billion), while subscriptions to government debt issues rose very slightly (EUR 3.4 billion) after three consecutive years of falls. These trends can be explained by the higher average yield offered by financial sector bonds, along with continued strong inflows into unit-linked contracts and a sharp slowdown in outflows from euro-denominated contracts (where a higher proportion of savings are invested in government securities; see later). Alongside these direct holdings, investments via bond CIUs amounted to EUR 15.3 billion in 2024, the highest level seen since 2016.

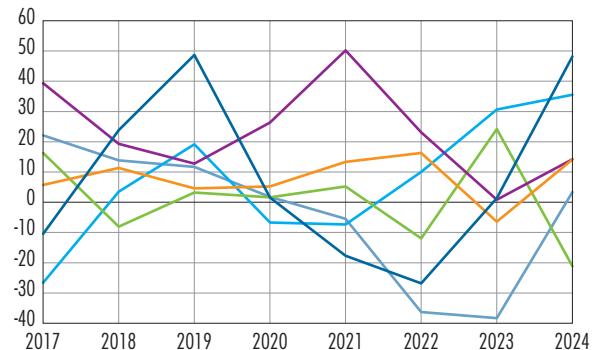
Investment in equity-based products<sup>8</sup> (equities and non-money market CIUs excluding bond funds) proved less dynamic than in 2023, with net purchases amounting to EUR 13.0 billion. Investments in non-money market CIUs, excluding bond funds, declined by EUR 1.1 billion,

## C2 French insurers and pension funds' investment flows between 2017 and 2024

(annual flows in EUR billions, before applying the look-through approach to CIUs)

— Debt securities  
— o/w issued by general government (euro area)  
— o/w issued by the financial sector (euro area)

— Money market CIU shares/units  
— Non-money market CIU shares/units  
— Equities and participating interests

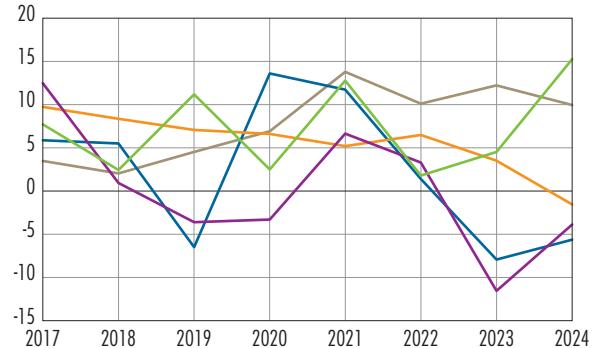


Sources: Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority), Banque de France.  
Note: CIU, collective investment undertaking.

## C3 French insurers and pension funds' investment flows into non-money market CIUs between 2017 and 2024

(annual flows in EUR billions, before applying the look-through approach)

— Equity funds  
— Bond funds  
— Mixed funds  
— Real estate funds  
— Other funds



Sources: Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority), Banque de France.  
Note: CIU, collective investment undertaking.

<sup>5</sup> Money market CIUs mainly invest in short-term financial instruments such as Treasury bills and certificates of deposit. These CIUs are managed funds designed to offer investors a secure and liquid vehicle for their cash savings. The returns are generally similar to central bank key rates. CIUs are notably used by firms to manage their short-term liquidity surpluses.

<sup>6</sup> Refers to negotiable bonds with different maturities issued by the state to finance central government.

<sup>7</sup> Assets held directly as opposed to those held indirectly via CIUs.

<sup>8</sup> Equity products are financial instruments granting their holders ownership rights, for example equities and non-money market CIU shares/units (excluding bond funds) where investors are entitled to a share of the firm's profits and net assets.

whereas the sharp rise in holdings of equities and participating interests (excluding valuation effects) was mainly due to the inclusion of a new reporting entity (see previous).

### After applying the look-through approach, the share of bond holdings declined slightly in 2024

Despite strong inflows into debt securities, the share of bond holdings in insurers and pension funds' portfolios fell slightly in 2024 when calculated using the look-through approach. At the end of the year, it stood at 57.4%, down from 58.2% at the start of the year (see Chart 4). However, bonds still make up the majority of insurers and pension funds' holdings for two reasons. First, insurers need to hold high-quality bonds to maturity to cover the capital guarantees they offer on their euro-denominated funds. Second, although there are tax incentives in place to encourage savers to keep their life insurance policies over the long term, a large share of these contracts can be redeemed at any time. Insurers therefore need to be able to access funds quickly without incurring major losses, and sovereign bonds are particularly suited to this due to their low credit risk and high liquidity.

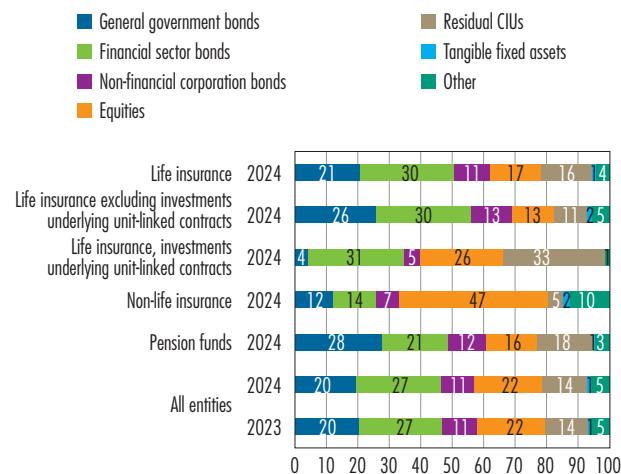
French sovereign bonds account for 12% of insurers and pension funds' investment holdings. Since 2016, the share has fluctuated between 19% and 11%, mainly due to valuation effects linked to the sensitivity of these instruments to the changes in interest rates observed since 2022. When interest rates rise, the market value of existing bond holdings declines and their weight in the portfolio shrinks. Conversely, when interest rates fall, the market value of bond holdings rises even though nominal holdings remain the same.

The share of investments related to unit-linked contracts, where savers bear the market risk, has increased over

recent years. At the end of 2024 it stood at over 20%, up from 12% in 2016. As a reminder, insurers encouraged savers to invest in unit-linked products when interest rates were low, due to the falling returns on euro-denominated funds. A large share of these underlying investments (26.4%) is in equities, which deliver higher returns than bonds over the long term. Bonds issued by financial sector firms also account for a significant share (30.8%). Hence, as well as financing firms directly by purchasing their shares, insurers also finance them indirectly by buying bonds issued by credit institutions that finance small and medium-sized enterprises. Unit-linked funds also invest in shares/units in foreign CIUs (32.8%).<sup>9</sup>

### C4 Breakdown of French insurers and pension funds' investment holdings by product

(%, after applying the look-through approach to CIUs)



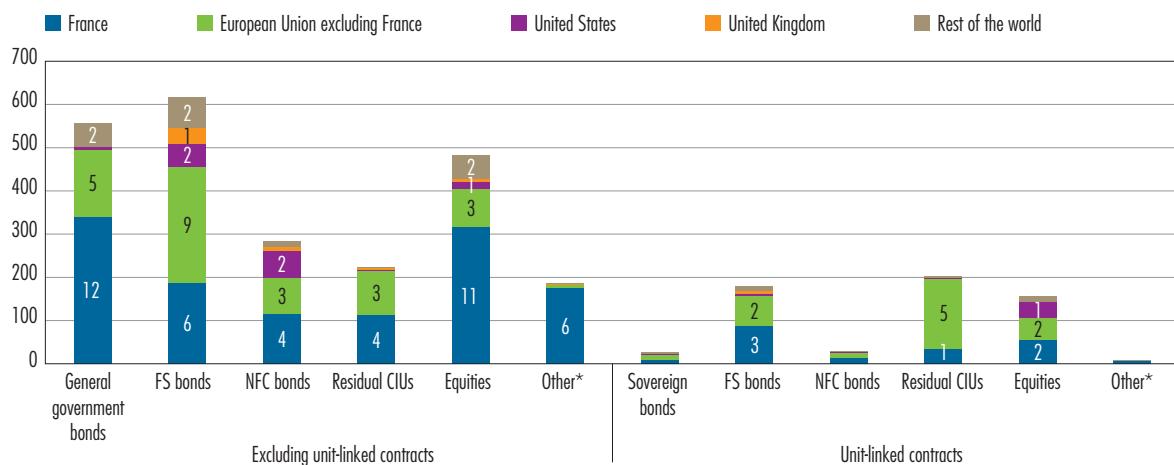
Sources: Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority), Banque de France.

Notes: Applying the look-through approach replaces CIU shares/units with the underlying assets held in the CIUs. This process identifies the final beneficiaries of the investments made by CIUs (see Appendix 2). CIU, collective investment undertaking.

<sup>9</sup> Unlike French CIUs, foreign CIU holdings are not calculated using the look-through approach. They therefore make up the majority of residual CIUs in this analysis.

## C5 Geographical breakdown of French insurers and pension funds' investment holdings at end-2024

(%, after applying the look-through approach to French CIUs)



Sources: Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority), Banque de France.

Interpretation: 12% of investments are in French general government bonds excluding unit-linked contracts

Notes: FS bonds, financial sector bonds; NFC bonds, non-financial corporation bonds; CIU, collective investment undertaking.

Other\*: other investments.

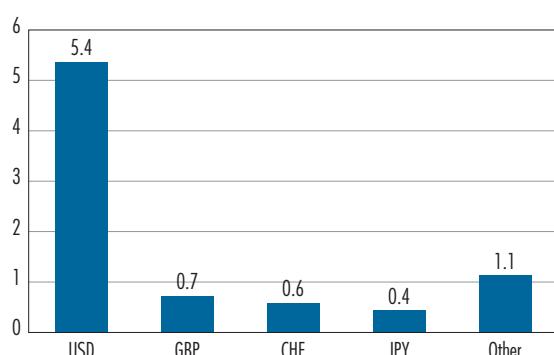
In terms of geographical allocation, insurers and pension funds tended to favour issuers resident in France and other European Union countries, with these two areas accounting for 49% and 34% of holdings respectively at end-2024. Exposures to non-EU issuers remained marginal, at 6% for the United States and 2% for the United Kingdom (see Chart 5).

Insurers' foreign currency investments remained limited: at end-2024, the US dollar accounted for 5% of holdings while exposure to other currencies was minimal (see Chart 6). Exposure to currency risk is therefore very low. A large share of these foreign currency investments consists of participating interests in affiliated companies or investments underlying unit-linked liabilities, where there is a natural currency match between assets and liabilities. The remaining exposures can be hedged with derivatives and are mainly held against outstanding euro-denominated life insurance liabilities.<sup>10</sup> Insurers' residual risk is covered by Solvency II capital requirements, which oblige them

to hold sufficient funds to cover any losses they might experience from either a 25% increase or decrease in the value of a foreign currency.

## C6 Breakdown of French insurers' foreign currency-denominated holdings at end-2024

(%, after applying the look-through approach to CIUs)



Sources: Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority), Banque de France.

Note: USD, US dollar; GBP, pound sterling; CHF, Swiss franc; JPY, Japanese yen.

<sup>10</sup> In addition, the existence of profit-sharing mechanisms, where the value of technical provisions is tied to the performance of the investments, creates a partial currency match between assets and liabilities.

In the case of pension funds, the breakdown of exposures is very similar, with euro-denominated products accounting for the majority of holdings and exposure to other currencies remaining very low. As for euro life insurance products, the presence of a profit-sharing mechanism creates a currency match between assets and liabilities.

For points-based pension schemes, the prudent person principle requires that assets be diversified and rigorously managed with respect to liabilities. As for insurers, any residual exposure to foreign currency risk can be hedged using derivatives.

**BOX**

**Responsible and diversification investments**

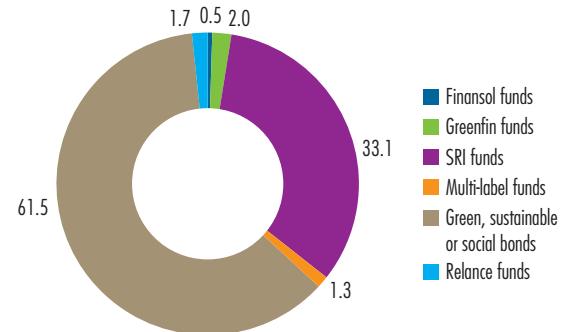
**Insurers and pension funds' holdings of assets with a "responsible" label increased in 2024, excluding a negative scope effect**

At the end of 2024, French insurers and pension funds held EUR 245 billion of so-called "responsible"<sup>1</sup> investments, a reduction of EUR 127 billion compared with end-2023. The contraction is mainly due to a negative scope effect, linked to the entry into force of version 3 of the SRI label on 1 March 2024 (version 3) which applies tighter qualifying criteria.<sup>2</sup> Under the new label, over 60% of funds either lost or gave up their label, leading to a fall in outstanding SRI holdings from EUR 237 billion to EUR 81 billion. The scope effect – i.e. the net impact linked to funds losing or obtaining the SRI label between 2023 and 2024 – was therefore significant, at EUR 156 billion. At constant SRI-label scope,<sup>3</sup> insurers and pension funds' outstanding "responsible" holdings rose by EUR 28 billion (or 21%) compared with end-2023.

Indeed, inflows into labelled funds other than SRI vehicles continued to increase. At the end of 2024, outstanding holdings of funds labelled Finansol, Greenfin and Relance amounted to EUR 10.3 billion for insurers and pension funds combined, up from EUR 8.4 billion at end-2023 (rise of 22%). In parallel, holdings of green, sustainable and social bonds rose to EUR 151 billion from

**Breakdown of French insurers and pension funds' responsible and diversification assets by label at end-2024**

(%, before applying the look-through approach to CIUs)



Sources: Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority), Banque de France.

Notes: For the definition of the look-through approach, see Chart 4 and Appendix 2.

SRI, Socially Responsible Investment.

1 The labels taken into account here (SRI, France Finance Verte, Relance and Finansol) are on the official list of labelled funds set out in Decree No. 2024 644 of 29 June 2024. The CIES label (Comité intersyndical de l'épargne salariale – Inter-union Employee Savings Committee) is also included in the list but has been excluded from this study as it is mainly attributed to employee savings plans (FCPEs) managed by custodians, which are not on insurers' prudential balance sheet. A responsible investment is defined as "an investment that aims to reconcile economic performance with social and environmental impact by financing companies that contribute to sustainable development in all sectors of activity" (Association française de la gestion financière and Forum pour l'investissement responsable, 2013). Outstanding amounts are therefore calculated based on the list of labelled CIUs provided for information purposes by the Banque de France and available at <https://www.banque-france.fr/fr/publications-et-statistiques/>, and on holdings of green, social and sustainable bonds.

2 The new version introduced new exclusions (coal, unconventional hydrocarbons, tobacco, controversial weapons) and set a stricter carbon reduction trajectory for issuers. Funds must also exclude at least 20% of firms with the lowest ESG scores.

3 The scope effect is the net impact of funds that obtained and lost the label between 2023 and 2024. To strip out the scope effect, we take the SRI fund population as at end-2023 and measure the holdings of these funds as at end-2024. This adjustment allows us to isolate the financial trend (net flows and performance), excluding inclusions in and exclusions from the label scope.

.../...

EUR 122 billion at end-2023 (rise of 23%), and now account for nearly two thirds (61%) of insurers and pension funds' responsible portfolio.

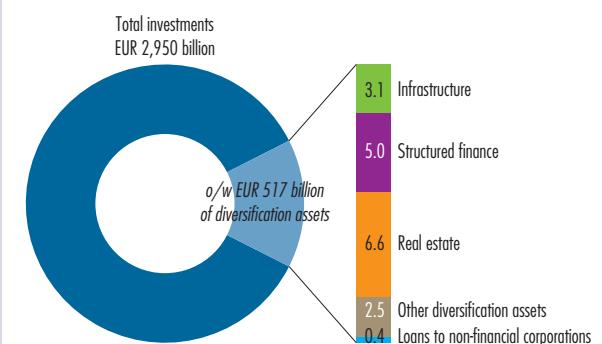
### The fall in the share of real estate holdings is attributable to lower valuations

Holdings of diversification assets (see definition in Appendix 1) rose from EUR 484.1 billion to EUR 517.4 billion, driven mainly by investment in infrastructure (EUR 28.3 billion) and in structured finance (EUR 15.0 billion).

After already declining by 8% in 2023, real estate asset holdings continued their downward trend in 2024, reaching EUR 195.4 billion at the end of the year, down 6% compared with end-2023.

#### Breakdown of French insurers and pension funds' investments in diversification assets at 31 December 2024

(outstandings in EUR billions, share in %; before applying the look-through approach to CIUs)



Sources: Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority), Banque de France.

Notes: For the definition of the look-through approach, see Chart 4 and Appendix 2.

CIU, collective investment undertaking.

## 2 Unrealised capital losses on bonds declined slightly and the replacement of holdings with higher rate products accelerated

### Partial recovery in bond valuations

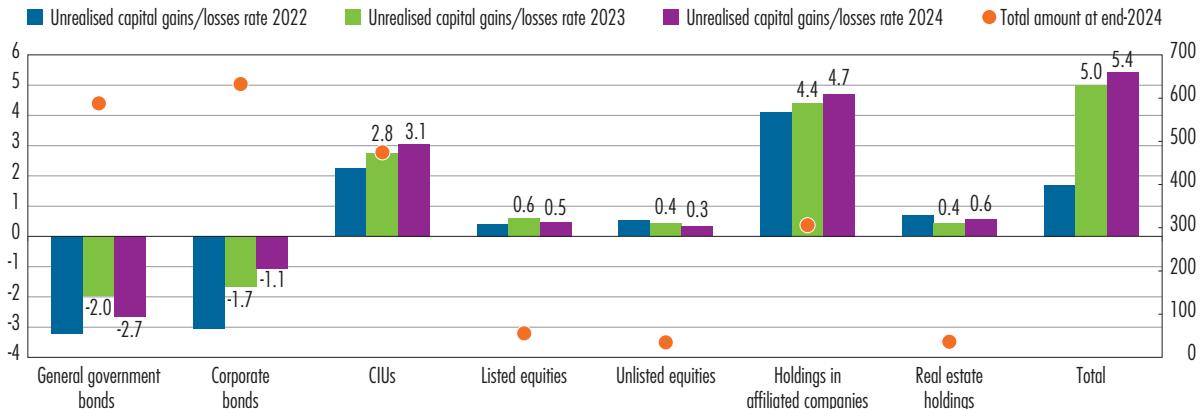
At the end of 2024, with long rates remaining stable, sovereign bond holdings continued to show unrealised capital losses, contributing -2.7% to total unrealised asset gains, compared with -2.0% at the end of 2023. In contrast, unrealised capital losses on bonds issued by financial and non-financial corporations declined, with their contribution falling from -1.7% in 2023 to -1.1%.

All other asset classes made a positive contribution to the overall portfolio valuation. Unrealised capital gains on CIUs and shares in affiliated companies<sup>11</sup> increased (respective contributions of 3.1% and 4.7%), whereas those on equities remained stable (contribution of 0.8%). Despite adjusting gradually to a higher interest rate environment, real estate assets continued to show significant unrealised capital gains, contributing 0.6% to total asset gains. Overall, insurers and pensions funds' portfolios showed an unrealised capital gain of 5.4% at the end of 2024 (see Chart 7).

<sup>11</sup> An "affiliated company" is either a subsidiary or a company in which a participating interest is held.

## C7 French insurers and pension funds' unrealised capital gains and losses since 2022 and main investment holdings at end-2024

(left-hand scale: unrealised capital gains/losses as a % of total net book value of asset holdings, before applying the look-through approach to French CIUs and excluding unit-linked contracts; right-hand scale: market value of outstanding investments in EUR billions)



Sources: Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority), Banque de France.

Notes: 2023 figures have been adjusted since the publication of the 2024 Bulletin (No. 254/1).

CIU, collective investment undertaking.

## Shift in bond portfolios towards higher-yield products

Between the end of 2023 and end of 2024, insurers and pension funds gradually rebalanced their portfolios towards higher-yield bonds as they replaced maturing securities purchased when rates were low. Insurers and pension funds are long-term investors and generally hold bonds to maturity.

For insurers, the share of bonds in their portfolio with a coupon of between 3% and 4% rose from 12% at the end of 2023 to 19% at the end of 2024. The share of those with a coupon lower than 3% continued to decline, falling to 65%, which is similar to the share observed at end-2020. The share of bonds with a coupon of over 4% continued to fall as these (older) bonds matured (see Chart 8).

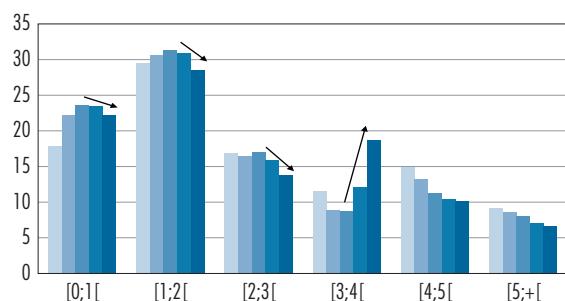
A similar trend was observed in pension funds' portfolios. The share of bonds with a coupon of over 3% rose to nearly 45% between end-2023 and end-2024. The trend was largely driven by bonds with a coupon of between 3% and 4%, which rose from a 16% share to 20%, as pension funds rapidly adjusted their portfolios to the higher rate environment. At the same time, the share of bonds

## C8 Change in the breakdown of insurers and pension funds' bond holdings by coupon rate between end-2020 and end-2024

(%)

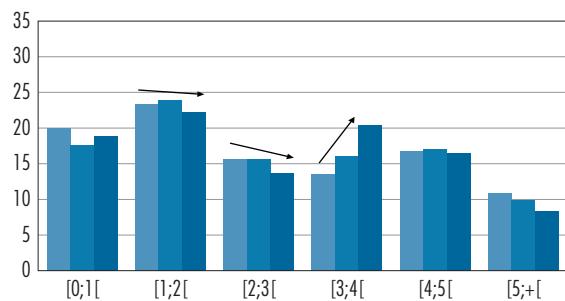
### a) Insurers

2020 2021 2022 2023 2024



### b) Pension funds

T4 2022 T4 2023 T4 2024



Sources: Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority), Banque de France.

with a coupon of between 1% and 3% fell from 40% to 36%, reflecting the increase in higher coupon issuances since 2022.

Overall, the average yield on insurers and pension funds' fixed rate bond holdings was 2.30% in 2024 (2.27% for insurers and 2.58% for pension funds), up from 2.21% in 2023.

### Liquidity remained strong against a backdrop of declining life insurance redemptions

Life insurance and retirement savings account for 32% of French citizens' financial wealth, or a total of EUR 2,078 billion.<sup>12</sup> Moreover, according to INSEE,<sup>13</sup> 42% of French households have a life insurance policy and 19% have a retirement savings product, making life insurance one of the most popular financial investments, just behind passbook savings accounts.

In 2024, inflows of household financial savings into life insurance products (excluding retirement savings) remained high. Net inflows into life insurance contracts (excluding retirement savings products) amounted to EUR 22.8 billion, the highest level seen since 2011. Net outflows from euro-denominated contracts decreased sharply from EUR 33.4 billion to EUR 2.7 billion, while net inflows into unit-linked contracts fell only moderately from EUR 31.1 billion to EUR 25.5 billion. The performances reflect a rise in premiums and a marked fall in redemption requests. The trend is linked mainly to strong performances by unit-linked products and to the high revaluation rates announced for euro-denominated contracts at the start of 2024. The revaluation rates announced at the start of 2025 were also high compared with other investments, which were offering declining returns. The average revaluation rate announced at the start of 2025 for euro-denominated contracts, applicable for 2024, remained

stable at 2.6%, while the interest rate on Livret A passbook accounts, which is the standard reference for savers, fell from 3.0% in February 2023 to 2.4% in February 2025.

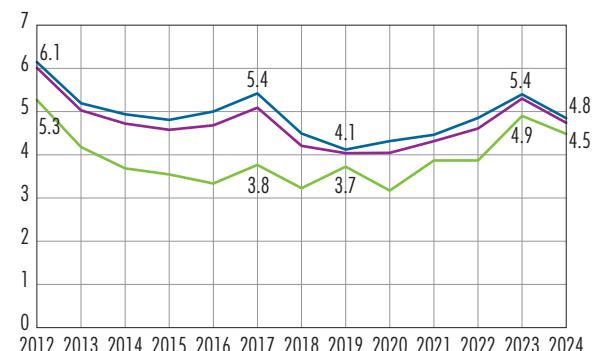
As a result, redemptions of euro-denominated contracts fell sharply in 2024 (-14.7%), while redemptions of unit-linked contracts declined only marginally (-1.7%). Redemption rates<sup>14</sup> fell for all types of contracts. In 2024, the rate was 4.8% for euro-denominated contracts, down from 5.4% in 2023, while for unit-linked contracts it was 4.5%, down from 4.9% the previous year. In the latter case, the fall can be attributed to the rise in the value of outstandings stemming from positive valuation effects in 2024 (see Chart 9).

To protect against liquidity risk,<sup>15</sup> insurers and pension funds generally hold a large share of securities that can be easily and rapidly converted into liquidity. At the end of 2024, the share of risky – or "high yield" – assets in

### C9 Redemption rate for life insurance contracts in France between 2012 and 2024

(%)

- Euro-denominated contracts
- Unit-linked contracts
- All redeemable contracts



Sources: Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervision and Resolution Authority), Banque de France.

12 "Le marché de l'assurance vie en 2024", *Analyses et synthèses*, No. 170, ACPR, April 2025.

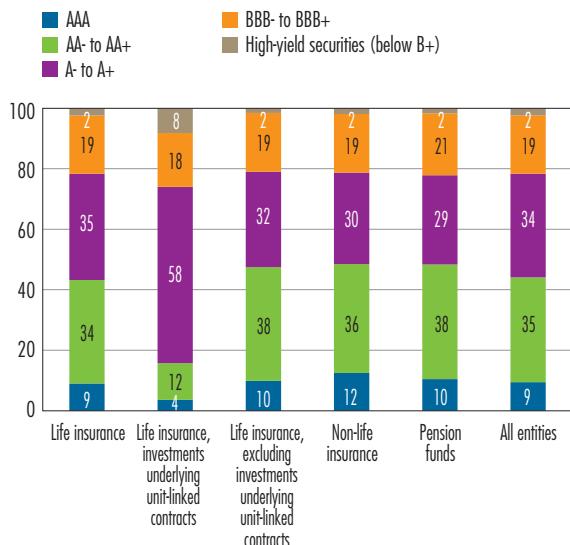
13 "La détention de patrimoine des ménages en 2024", Institut national de la statistique et des études économiques (INSEE), May 2025.

14 Redemptions as a percentage of outstanding euro-denominated and unit-linked liabilities.

15 In particular, when interest rates are rising, insurers risk having to sell off assets at a loss if large numbers of investors request a redemption of euro-denominated life insurance contracts so they can shift to higher return investments.

## C10 Rating of bonds held by insurers and pension funds at end-2024

(%, after applying the look-through approach to CIUs)



Sources: *Autorité de contrôle prudentiel et de résolution* (ACPR – Prudential Supervision and Resolution Authority), Banque de France.

Notes: Applying the look-through approach replaces CIU shares/units with the underlying assets held in the CIUs. This process identifies the final beneficiaries of the investments made by CIUs (see Appendix 2).

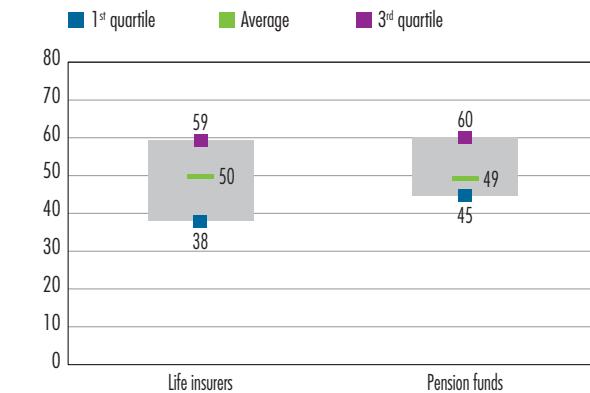
CIU, collective investment undertaking.

their bond portfolio remained marginal, at 2.5% compared with 2.2% at the end of 2023. At the opposite end of the spectrum, 45% of their investments were in issuers rated higher than AA- (see Chart 10). At the end of 2024, the average liquidity ratio of life insurers and pension funds' asset holdings was around 50%, which is very similar to that observed at end-2023 (according to the methodology used for banking supervision; see Appendix 2 and Chart 11).

Moreover, to be able to raise liquidity rapidly in the event of a sharp rise in life insurance redemptions, insurers make sure they hold bonds with short residual maturities. At the end of 2024, nearly 20% of their bond portfolio

## C11 Share of liquid assets in the portfolios of French insurers and pension funds at end-2024

(%)



Sources: *Autorité de contrôle prudentiel et de résolution* (ACPR – Prudential Supervision and Resolution Authority), Banque de France. Interpretation: In 2024, for life insurers, the average liquidity ratio was 50% (pension funds: 49%), 25% of undertakings had a ratio of below 38% (pension funds: 45%) and 25% had a ratio above 59% (pension funds: 60%).

Note: The scope covers life and composite insurers required to make quarterly reporting submissions on a non-consolidated basis.

had a residual maturity of less than two years, and this share tends to remain fairly constant due to the low turnover of bond portfolios.

The pensions industry is less exposed to liquidity risk as a large share of their retirement liabilities are non-redeemable. Therefore, pension funds tend to hold bonds with longer maturities than insurers. At the end of 2024, 31% of their bond portfolio was made up of bonds with a maturity of over 14 years, compared with 18% for insurers. Conversely, 32% of their portfolio consisted of bonds with a maturity of under six years, compared with 47% for insurers.

## References

Ahado (F.), Bui Quang (P.), Chantrelle (L.), Chevallier (A.) and Desseaux (L.) (2024)

"In 2023, insurers and pension funds adapted to the new interest-rate environment", *Banque de France Bulletin*, No. 254/1, September-October 2024.

[Download the document](#)

Coron (J.), Ly (D.) and Yang (C.) (2025)

"Le marché de l'assurance vie en 2024", *Analyses et synthèses*, No. 170, Autorité de contrôle prudentiel et de résolution (ACPR), April.

[Download the document](#)

Institut national de la statistique et des études économiques – INSEE (2025)

"Household wealth ownership in 2024", May 2025.

[View the document](#)

# Appendix 1

## Definitions

### Diversification assets

Diversification assets (also known as “alternative” assets) are investments that do not fit into the conventional broad categories of financial investments (equities, bonds), or at least whose performance is less correlated to variations in stock market and interest rate indices.

They include:

- infrastructure investments (including infrastructure funds);
- structured securities, i.e. hybrid securities combining a bond component and a derivative component (hedging mechanisms such as credit default swaps (CDS), credit maturity swaps (CMS) and credit default options (CDO)), as well as securitisation;
- real estate, with a distinction made between negotiable holdings (listed equities of real estate companies and shares/units of real estate funds) and non-negotiable holdings (unlisted equities of real estate companies, shares/units of property investment companies – *sociétés civiles immobilières* – and buildings);
- other diversification assets (shares in alternative funds and private equity funds as well as convertible and hybrid bonds);
- loans to unaffiliated companies (not belonging to the insurance group).

### Green bonds

There is no single internationally accepted definition of green bonds. In order to justify this label, an issuer can refer to the principles laid down by the International Capital Market Association (ICMA) and request validation by an international private body such as the Climate Bond Initiative. The list of green bonds used here corresponds to debt securities for which the main purpose of the funds raised is explicitly mentioned in the issue prospectus as a green activity. A European taxonomy on green activities and a European standard for green financial products are currently being developed.

### Unrealised capital gains/losses rate

This is the difference between the market value and the net book value of the assets held, expressed as a percentage of the total net book value of all assets held.

## Appendix 2

### Methodology

#### Legal forms of insurers and pension funds

Insurers take several legal forms:

- insurance companies and mutual insurance companies governed by the French Insurance Code (*Code des assurances*);
- mutual societies governed by Book II of the French Mutual Insurance Code (*Code de la mutualité*), which mainly insure health risks;
- provident institutions governed by the French Social Security Code (*Code de la sécurité sociale*).

Historically, provident institutions, which are joint governance structures, have specialised in health and provident risk group insurance (companies or professional branches). Mutual insurance companies, mutual societies and provident institutions are non-profit structures. Mutual societies and provident institutions essentially insure individuals

The pension funds referred to in this *Bulletin* are companies dedicated primarily to covering retirement commitments. These companies refer to the supplementary occupational pension institutions (ORPS – *organismes de retraite professionnelle supplémentaire*) and may be governed by the French Insurance Code, French Mutual Insurance Code or French Social Security Code. Historically, pension fund portfolios have been created through transfers from insurance companies. These companies account for nearly two thirds of France's supplementary pensions industry.

#### Study population

The sample used in the 2024 study includes the 449 active insurers subject to the Solvency II Directive and its implementing legislation (mainly due to the criterion of balance sheet size) and the 23 supplementary occupational pension companies. The entities used in this study are those subject to ACPR supervision.

These insurers are divided into two main categories.

- Life insurers, which in this study refers to life and composite insurers. This category manages the bulk of euro-denominated contracts and all unit-linked contracts. Their liabilities are essentially long-term.
- Non-life insurers (or property and casualty insurers), which cover property damage, personal injury and civil liability. Their liabilities are essentially short-term as generally, with a few exceptions such as civil liability, surety and construction insurance, they settle claims in less than two years. For the purposes of this study, reinsurers are classified as "non-life" insurers.

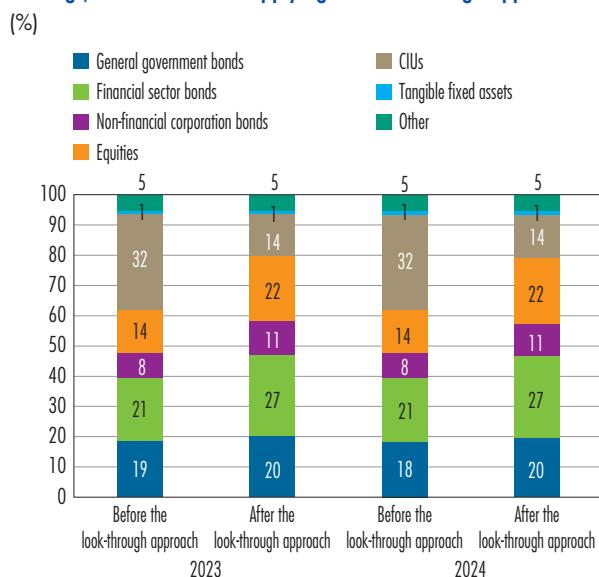
#### Study data

The reference closing date is 31 December 2024 and, unless otherwise stated, the investment data used are those taken from annual reporting template S.06.02 ("list of assets"). Investment values are disclosed at market value. Quarterly reporting is also used.

## Look-through approach for CIUs

The look-through approach is applied to insurers and pension funds' shares/units in CIUs, and uses Banque de France databases (mainly investment fund reporting) to identify the final beneficiaries of investments: the CIU shares/units in insurers and pension funds' portfolios are replaced by the underlying products in which the CIUs invest.

### Breakdown of French insurers and pension funds' investment holdings, before and after applying the look-through approach



Source: Banque de France.

Note: CIU, collective investment undertaking.

## Method for calculating the share of liquid assets

The calculation is based on the standards developed by the Basel Committee on Banking Supervision, within the framework of Basel III, which introduced a liquidity coverage ratio (LCR) to strengthen bank's short-term resilience to liquidity risk. This calculation, used in particular by the European Insurance and Occupational Pensions Authority (EIOPA), is the ratio of unencumbered high-quality liquid assets (HQLA), easily and immediately convertible into liquidity on private markets in the event of a liquidity crisis lasting three calendar days, to total investments.

## Method for calculating flows

Flows, revaluations and reclassifications are calculated on the basis of data reported by insurers in the detailed asset reporting templates (S.06.02), supplemented by data collected from CIUs and other available reference frameworks (CSDB, 1 etc.). The change in outstandings is broken down into flows (economic transactions), valuation effects (price effects) and reclassifications according to the following formula:

$$\text{Outstanding}_t - \text{Outstanding}_{t-1} = \text{Flows}_t + \text{Valuations}_t + \text{Reclassifications}_t$$

Flows, reclassifications and valuations are calculated on a security-by-security basis and then aggregated. Outliers (in terms of valuation and/or flows) resulting from the calculation are removed.

Flows and reclassifications are calculated first and valuations are then calculated as the change in outstanding amounts minus flows and reclassifications. For euro-denominated equities, the formula for calculating flows is as follows:

$$\text{Flows}_t = (\text{Quantity}_t - \text{Quantity}_{t-1}) \times (\text{Price}_{t-1} + \text{Price}_t) / 2$$

Where  $\text{Quantity}_t$  is the amount of securities held at time  $t$  and  $\text{Price}_t$  is the security's unit price at market value. For debt securities, flows are calculated as the change in the quantity of securities at an average price net of accrued interest ("clean price") plus interest income for all securities held at the end of the period under review. A negative flow may correspond either to the sale of a security or to the non-renewal of a security that has reached maturity.

When a characteristic of a security changes (e.g. its issuing sector), and in the absence of corrective submissions on previous outstanding amounts, the break in series is managed through a reclassification.

---

**Published by**  
Banque de France

**Managing Editor**  
Claude Piot

**Editor-in-Chief**  
Claude Blandin-Cornélis

**Editor**  
Caroline Corcy

**Translator/English Editor**  
Vicky Buffery

**Technical production**  
Studio Creation  
Press and Communication

ISSN 1952-4382

**To subscribe to the Banque de France's publications**  
<https://www.banque-france.fr/en/alertes/abonnements>

