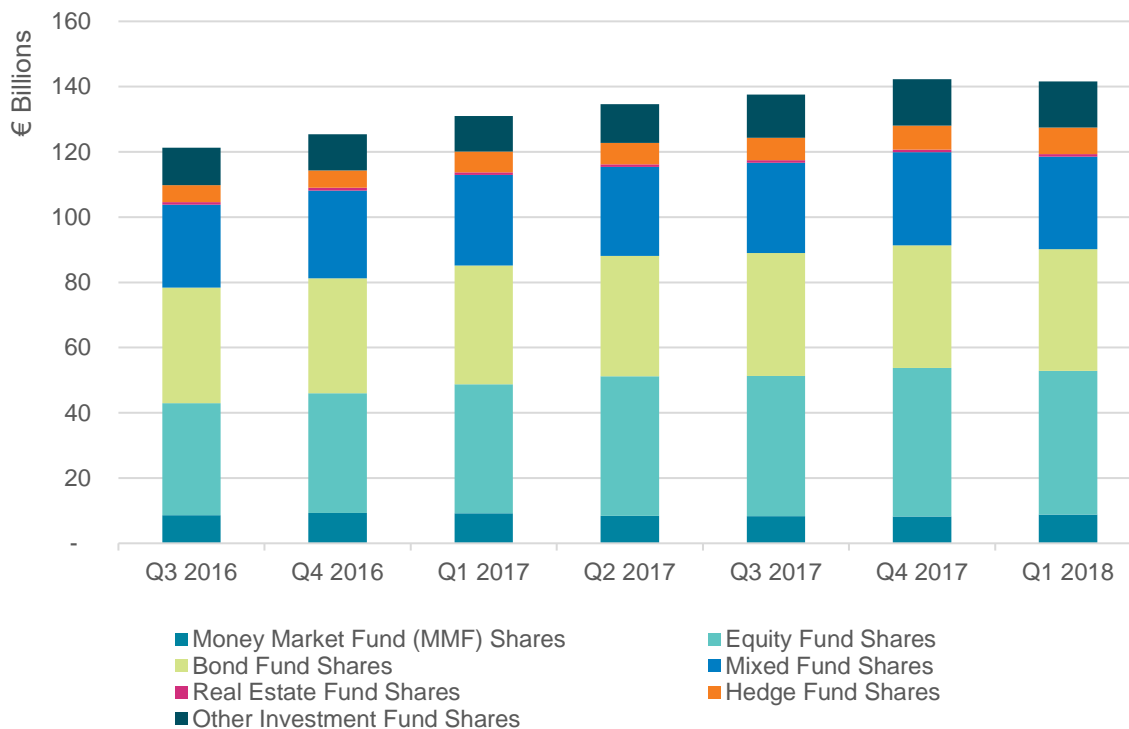




### Insurance Corporations Statistics Q1 2018

#### Holdings of Investment Fund Shares by Insurance Corporations



- ❖ Holdings of Investment Fund shares represent 46 percent of the total assets of Irish Insurance Corporations (ICs).
- ❖ Equity and bond funds are the largest Investment Fund holdings, accounting for 58 per cent of total Investment Funds held by ICs.
- ❖ The value of investment funds held decreased slightly from Q4 2017 to Q1 2018, in line with a 1 per cent fall in total asset value for the insurance sector over the same period.
- ❖ ICs increased the share of their total assets invested in investment funds by 6 percentage points from end September 2016 to end March 2018.

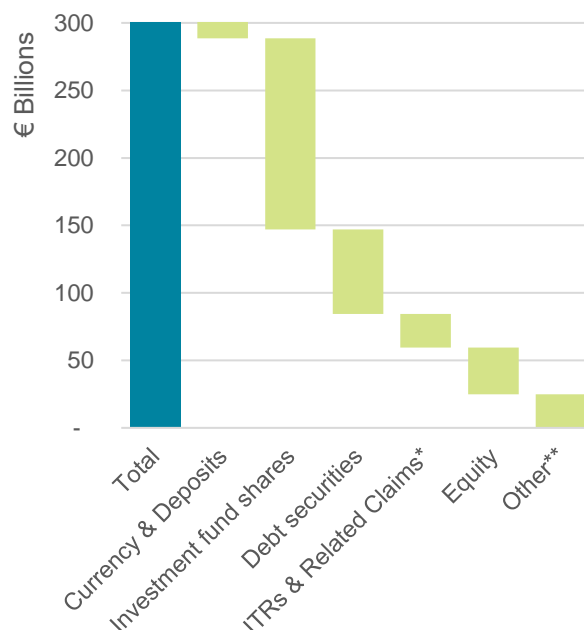
## Assets of Irish Insurance Companies

Irish Insurance Companies (IC) assets are predominantly holdings of Investment Fund Shares (46 per cent), Debt Securities (20 per cent) and Equity (11 per cent) (Chart 1). The aggregate balance sheet structure of Irish Insurance companies is consistent with the dominance of life insurance companies, which account for 80 per cent of the sector's assets<sup>1</sup>. Holdings of investment fund shares account for the largest asset of the insurance sector. Within this category, ICs are 31 per cent and 26 per cent invested in equity and bond funds respectively (see Chart 2).

Life ICs primarily offer long-term insurance products (e.g. life insurance and annuities) and unit-linked investment products. All IC types hold debt securities and equity, particularly the Non-Life and Reinsurance sectors, as they typically have a greater need for liquid assets with fixed cash flows.

IC holdings of investment fund shares have grown over the year (+8 per cent), to stand at €142 billion at end March 2018. This growth was concentrated in the holdings of Equity Funds (+12 per cent). The overall growth in the holdings of investment fund shares was somewhat offset by a fall in the holdings of MMFs (-5 per cent) and Real Estate Fund Shares (-7 per cent).

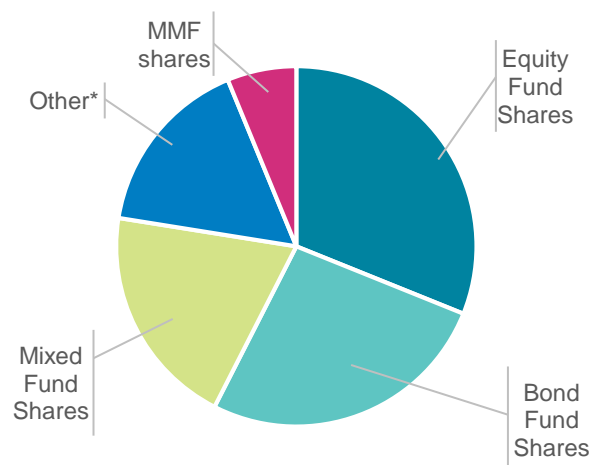
**Chart 1. IC Asset Composition, Q1 2018**



\*Insurance Technical Reserves (ITRs) and Related Claims or Reinsurance Recoverables

\*\*Loans, Non-Financial Assets, Financial Derivatives, Remaining Assets

**Chart 2. Holdings of Investment Funds, Q1 2018**



\*Other includes Hedge Funds, Real Estate Funds & Other Investment Funds

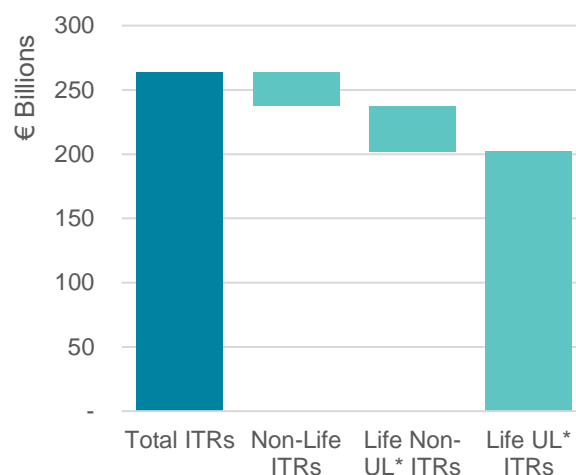
<sup>1</sup> Life ICs account for the majority of the sector, contributing 80 per cent to total assets, followed by reinsurance (11 per cent) and non-life ICs (9 per cent).

## Liabilities of Irish ICs

Insurance Technical Reserves (ITRs) is the largest financial instrument on the liability side of the balance sheet, representing 85 per cent of IC liabilities. The majority of ITRs represent the amount an IC sets aside to cover future estimated claims. ITRs grew 3 per cent year-on-year, to stand at €263 billion at end March 2018. This growth was almost entirely due to an increase in Life unit-linked ITRs.

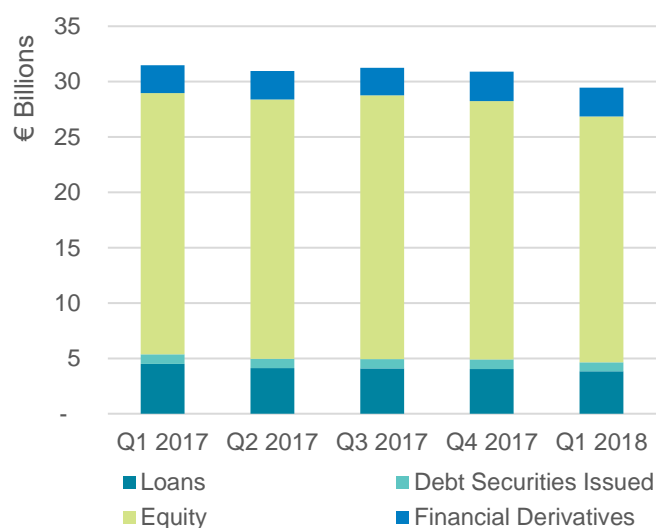
Life ITRs account for the majority (90 per cent) of the total ITRs liabilities (Chart 3). 85 per cent of Life ITRs are unit-linked. This reflects the long-term obligations of Life ICs to their policyholders, matching the unit-linked assets with an equivalent amount of unit-linked reserves. Excluding ITRs (Chart 4) from the liability side of the balance sheet, it is evident that equity represents the majority (75 per cent) of the other financial liabilities.

**Chart 3. Breakdown of Life and Non-Life ITRs, Q1 2018**



\*Unit-Linked (UL)

**Chart 4. Financial Liabilities Composition (excluding ITRs) Over Time**



### Further information

The data and explanatory notes can be accessed [here](#).

For queries contact: Central Bank Media Relations at [media@centralbank.ie](mailto:media@centralbank.ie) or (01) 224 6299