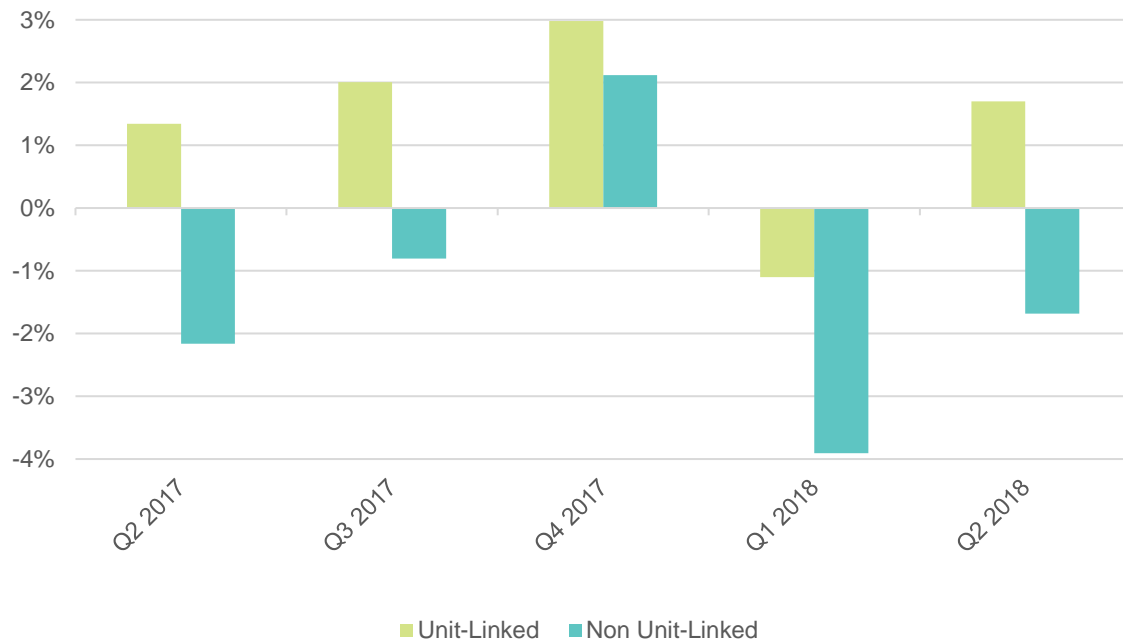




Insurance Corporations Statistics Q2 2018

Quarter-on-Quarter Percentage Change in Life Insurance Technical Reserves



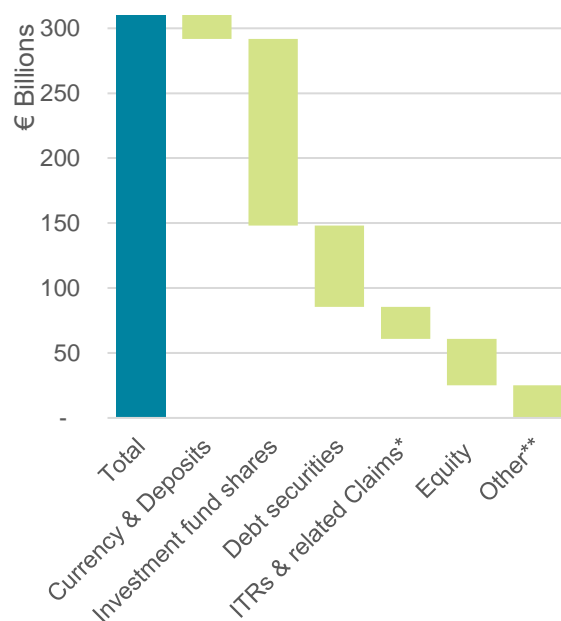
- ❖ Insurance Technical Reserves (ITRs) account for 85 per cent of the total liabilities of Irish Insurance Corporations (ICs).
- ❖ 90 per cent of all ITR liabilities are related to life insurance.
- ❖ Unit-linked ITRs represented 86 per cent of total life ITRs at end June 2018, an increase of 4 per cent since end September 2016.
- ❖ The spread between ITRs held for unit-linked purposes and those held for non unit-linked has been increasing for every quarter since end September 2016.

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 81 per cent of the sector's assets¹. Holdings of investment fund shares account for the largest asset of the insurance sector with equity funds (32 per cent) and bond funds (26 per cent) being the largest holdings (see Chart 2).

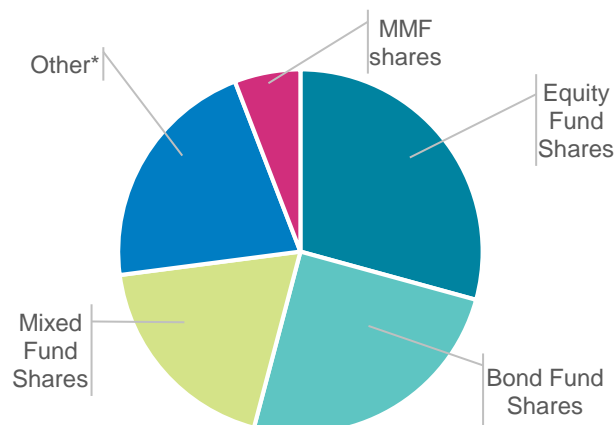
IC holdings of investment fund shares have grown over the year (+7 per cent), to stand at €144 billion at end June 2018. This growth was concentrated in the holdings of Equity Funds (+7 per cent) and Other Investment Fund Shares (+26 per cent). The overall growth in the holdings of investment fund shares was somewhat offset by a fall in the holdings of MMFs (-11 per cent).

Chart 1. IC Asset Composition, Q2 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, Q2 2018



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

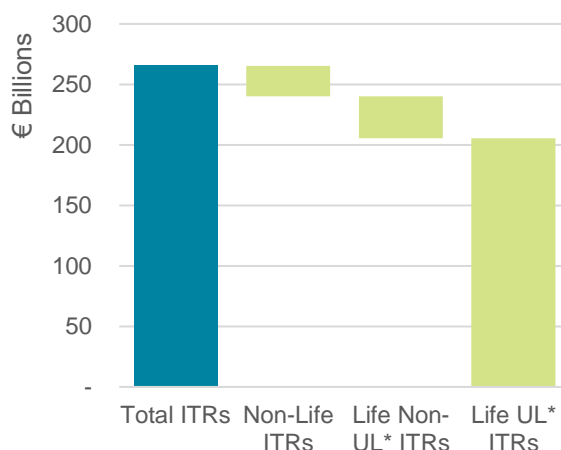
¹ Life ICs account for the majority of the sector, contributing 80 per cent to total assets, followed by reinsurance (11 per cent) and non-life ICs (8 per cent).

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 €265 billion at end June 2018. This growth was due to an increase in Life unit-linked ITRs.

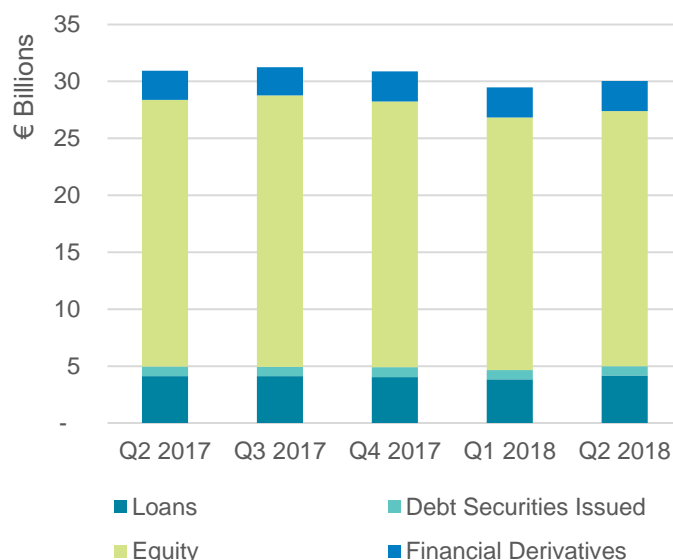
Life ITRs account for the majority (90 per cent) of the total ITRs liabilities (Chart 3). 86 per cent of Life ITRs are unit-linked. This reflects the long-term obligations of Life ICs to their policyholders, matching the unit-linked assets with an equivalent amount of unit-linked reserves. Excluding ITRs (Chart 4), equity is the largest other financial liability.

Chart 3. Breakdown of Life and Non-Life ITRs, Q2 2018



*Unit-Linked

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



Further information

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

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