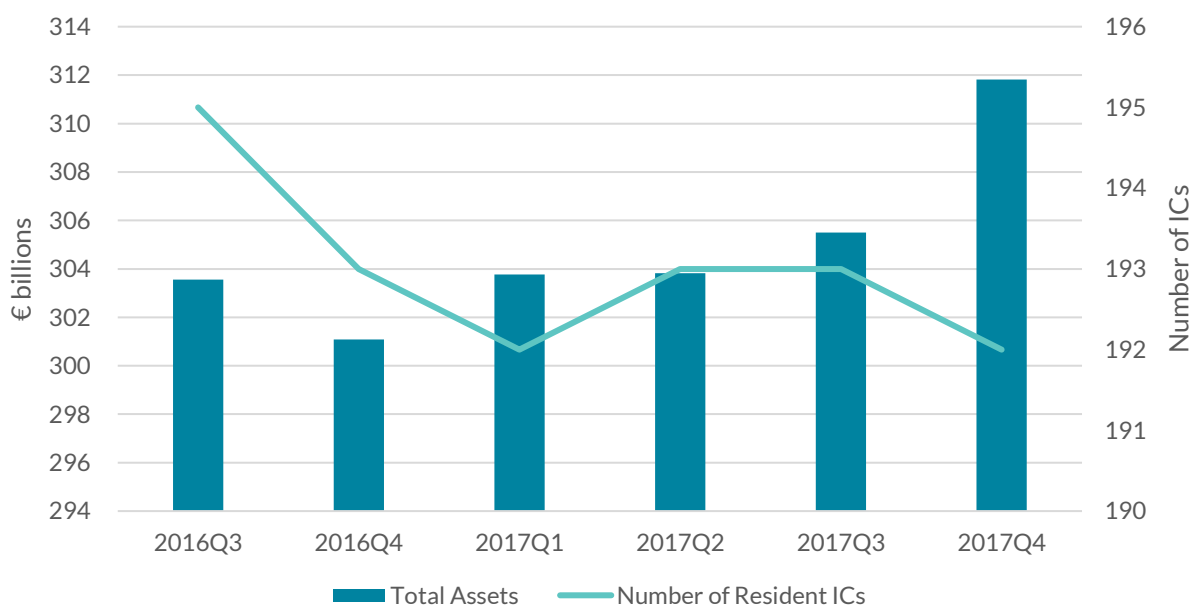




Insurance Corporations Statistics Q4 2017

This is the first release of a new quarterly statistical series detailing developments in the Irish Insurance sector. The data¹ consists of assets and liabilities broken down by their financial instrument composition, according to ESA 2010 definitions². The reporting population includes all resident insurance corporations (ICs) with head offices or subsidiaries located in Ireland, and branches located in Ireland with their head office in another European Economic Area (EEA) country.³

Total Assets and Number of Resident Insurance Corporations



- ❖ The Irish Insurance sector has grown steadily each quarter in 2017, with total assets amounting to €312 billion at end-December 2017, equivalent to 105 per cent of GDP.
- ❖ There were 192 ICs operating in the Irish market at end 2017, of which 47 had a balance sheet in excess of €1 billion.

¹ It should be noted that this is a new dataset, and so may be subject to change over time, as revisions occur.

² <http://ec.europa.eu/eurostat/web/esa-2010>

³ See the explanatory notes and the Q1 2018 'Insurance Corporations Statistics in Ireland' Central Bank of Ireland Quarterly Bulletin article for further information on the reporting population for the insurance corporations statistics.

Assets of Irish ICs

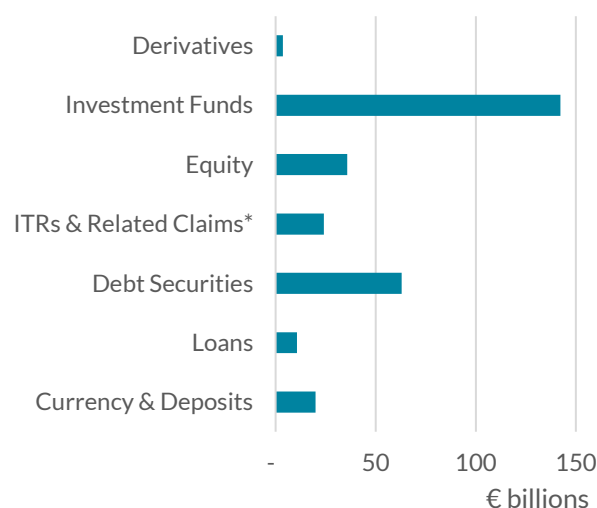
Chart 1⁴ depicts the financial asset breakdown of the insurance statistics dataset. The IC assets are predominantly holdings of Investment Fund Shares (48 per cent), Debt Securities (21 per cent) and Equity (12 per cent). This balance sheet structure is consistent with the fact that Life ICs account for 80 per cent of the sectors assets⁵.

Life ICs primarily offer long-term insurance products (life insurance and annuities) and unit-linked investment products. The underlying assets of the unit-linked products⁶ are incorporated into the relevant asset categories (e.g. the investment funds or equity instruments). The unit-linked assets are reflected on the balance sheet of the IC, but the risk associated with these products is borne by the policyholder. 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 significantly over the year (13.5 per cent), to stand at €142 billion at end 2017 (Table 1). This growth was concentrated in the holdings of Equity Funds, Other Funds and Hedge Funds. The overall growth in the

holdings of investment fund shares was somewhat offset by a fall in the holdings of Money Market Funds (MMFs) (-12 per cent) and Real Estate Fund Shares (-13 per cent).

Chart 1. IC Financial Asset Composition, Q4 2017



*Insurance Technical Reserves (ITRs) and Related

Table 1. Movements in IC Financial Assets

Assets	Stock (€ m)	Y-on-Y change (€ m)	% change
Currency & Deposits	19,881	(941)	-4.52
Loans	10,696	(305)	-2.77
Debt Securities	62,999	(1,716)	-2.65
ITRs & Related Claims	24,062	(1,359)	-5.35
Equity	35,807	2,815	8.53
Investment Fund Shares	142,307	16,883	13.46
- MMF shares	8,197	(1,126)	-12.08
- Equity Fund Shares	45,550	8,834	24.06
- Bond Fund Shares	37,557	2,346	6.66
- Mixed Fund Shares	28,628	1,741	6.48
- Real Estate Fund Shares	748	(121)	-13.92
- Hedge Fund Shares	7,384	2,049	38.41
- Other Fund Shares	14,243	3,161	28.52
Financial Derivatives	3,685	(2,971)	-44.64

⁴ The non-financial assets and residual remaining assets are not included in Chart 1.

⁵ Life ICs account for the majority of the sector, contributing 80 per cent to total assets, followed by reinsurance (13 per cent) and non-life ICs (7 per cent).

⁶ A unit-linked product is an investment plan that combines the policyholder's money along with other plan-holders money to buy assets that are held in a fund. The amount invested and the price of the units at that time will determine the number of units held in the fund.

Liabilities of Irish ICs

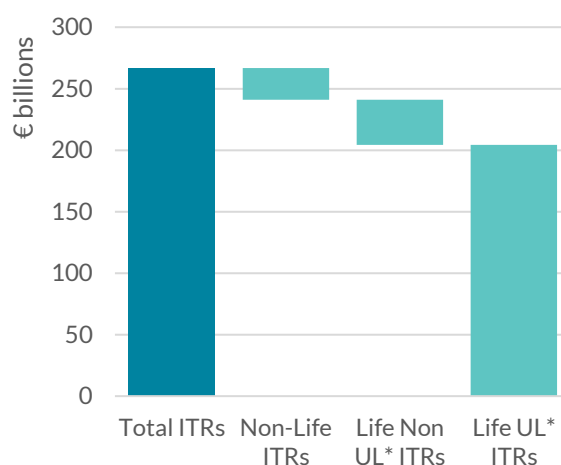
Insurance Technical Reserves (ITRs) is the largest financial instrument on the liability side of the balance sheet (Table 2), representing 90 per cent of IC liabilities. The majority of ITRs represent the amount an IC sets aside to cover future estimated claims. ITRs grew 6 per cent in 2017, to stand at €266.8 billion. 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 on the liabilities side of the balance sheet (Chart 2), with the remainder made up of non-life ITRs. 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.

Table 2. Movements in IC Liabilities

Liabilities	Stock (€ m)	Y-on-Y change (€ m)	% change
Loans	4,024	(415)	-9.35
Debt Securities Issued	867	(220)	-20.24
Insurance Technical Reserves (ITRs)	266,796	15,880	6.33
- Life ITRs - Unit Linked	204,386	15,694	8.32
- Life ITRs - Non Unit-Linked	36,660	(544)	-1.46
- Non-Life ITRs	25,750	730	2.92
Equity	23,338	(784)	-3.25
Financial Derivatives	2,670	1,266	90.17

Chart 2. Breakdown of Life and Non-Life ITRs, Q4 2017



*Unit-Linked (UL)

Further information

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

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