Figure 3.12. Sensitivity of Life Insurers' Risky Assets to Firm-Level Factors
(Percent of total assets)

1. Sensitivity to Capital
With low interest rates, the propensity of lower-capitalized firms to hold riskier assets is strengthened.

2. Sensitivity to Share of Annuities
With low interest rates, the propensity of firms with higher guaranteed interest rates on life insurance offerings have larger risky asset portfolios.

3. Sensitivity to Size
With low interest rates, the propensity of smaller firms to hold riskier assets is strengthened.

Source: IMF staff calculations.
Note: Figures show the economic impact of firm factors on the share of higher-risk assets, with differentiation between high- and low-interest-rate environments, where significant.
1 For the Netherlands, large insurers (in the high-interest-rate period) are less well capitalized and have more risky assets. They also have less annuities.