

International portfolio frictions

Daniel Barr, Director General

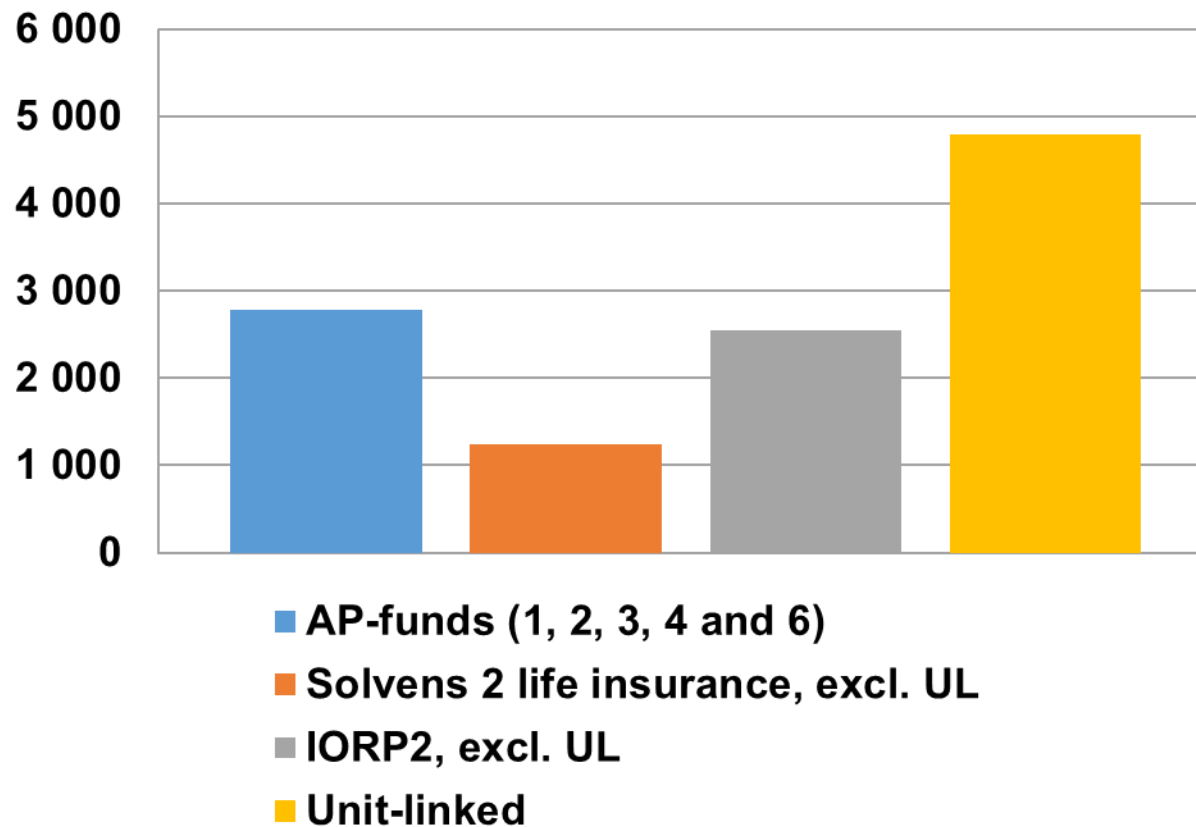


31 August 2023



Swedish insurance and pension companies (ICPF)

Billion SEK, 31 Dec. 2022



Source: Finansinspektionen

Remark. Assets held in Unit-linked includes that part in Solvens 2 and IORP 2 (excl. Pension foundations), AP fund 7 and Swedish Pension Agency.

Main issues

- Multi-sectoral policy approach important for Finansinspektionen's role as the competent authority for both micro- and macro policy for all types of financial institutions.
- Probably many reasons for ICPF companies' allocation decisions. The regulation stipulates that, within the limits of their respective capital levels, they are to take risk as part of the prudent person obligation. It is important to discuss which types of financial institutions are the most suitable to take risk.
- In terms of the domestic projection bias, have you considered 1) if currency or 2) the broad scope of the definition of corporate bonds affects the results?
- In terms of the going native bias, have you considered if the competitive landscape affects portfolio allocation decisions by ICPF companies?
- It would be interesting if you could adapt an even more granular approach, based on differences in how different types of bonds, such as government-, municipal-, covered- and other corporate bonds are treated in the respective sectoral regulation.

