

# Insurance, pensions and standardised guarantee schemes in the UK flow of funds accounts matrices

Explanatory notes for the compilation of insurance, pensions and standardised guarantee schemes statistics in UK flow of funds accounts matrices: 2019, as part of the Economic Statistics Transformation Programme.

Contact:  
David Sweet  
flowoffundsdevelopment@ons.  
gov.uk  
+44 (0)1633 455860

Release date:  
7 November 2019

Next release:  
To be announced

## Table of contents

1. [AF.6 – Insurance, pension and standardised guarantee schemes](#)

# 1 . AF.6 – Insurance, pension and standardised guarantee schemes

## Introduction

This note explains the sources and methods used in the compilation of the experimental from-whom-to-whom insurance, pension and standardised guarantee schemes statistics. Table 1 shows the estimates for balance sheet assets by sector, together with the counterparty sector that holds the liability, for 2018. These data are consistent with the [UK Economic Accounts 2019 Q2 \(UKEA\)](#), on a [Blue Book 2019](#) basis. The second part of this note describes the data sources for these estimates, as well as highlighting areas for review.

We will continue the programme of development and quality assurance of these newly released experimental from-whom-to-whom statistics and any improvements identified in the wider datasets will be integrated within the national accounts at the earliest opportunity.

We welcome feedback on the data sources and methods outlined in these notes. Any feedback on the statistics and accompanying explanatory notes can be sent to [flowoffundsdevelopment@ons.gov.uk](mailto:flowoffundsdevelopment@ons.gov.uk).

Table 1: Counterpart matrix showing insurance, pensions and standardised guarantee schemes in the UK flow of funds accounts: 2018

	£bn	Liabilities:												Total
		S11001	S1100P	S12K	S12P	S124	S12Q	S1311	S1313	S14	S15	S2	S1N	
	Assets:	PC	PNFC	MFI	OFI	NMMF2	ICPF	CG	LG	HH	NPISH	RoW	Unknown	
S11001	PC	-	-	-	-	-	0.0	-	-	-	-	-	-	0.0
S1100P	PNFC	-	-	-	-	-	3.7	-	-	-	-	-	-	3.7
S12K	MFI	-	-	-	-	-	0.1	0.0	-	-	-	-	-	0.1
S12P	OFI	-	-	-	-	-	0.1	-	-	-	-	-	-	0.1
S124	NMMF <sup>1</sup>	-	-	-	-	-	0.0	-	-	-	-	-	-	0.0
S12Q	ICPF	-	692.5	33.0	27.8	0.6	6.6	-10.0	18.9	-	50.7	0.0	-	819.5
S1311	CG	-	-	-	-	-	-	-	-	-	-	-	-	-
S1313	LG	-	-	-	-	-	0.6	-	-	-	-	-	-	0.6
S14	HH	-	-	-	-	-	3,719.2	-	-	-	0.0	-	-	3,719.2
S15	NPISH	-	-	-	-	-	0.5	0.0	-	-	-	-	-	0.5
S2	RoW	-	-	-	-	-	15.4	-	-	-	-	-	-	15.4
S1N	Unknown	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	692.5	33.0	27.8	0.6	3,746.2	-9.9	18.9	-	50.7	0.0	-	

Source: Flow of funds, Office for National Statistics, 2019

#### Notes

1. Non-money market funds (NMMF) are presented as a subset of other financial institutions (OFI). [Back to table](#)
2. Consistent with UK Economic Accounts 2019 Q2 (Apr to June). [Back to table](#)
3. PC is public corporations, PNFC is private non-financial corporations, MFI is monetary financial institutions, OFI is other financial institutions except MFIs and ICPFs, NMMF is non-money market funds, ICPF is insurance corporations and pension funds, CG is central government, LG is local government, HH is households, NPISH is non-profit institutions serving households, RoW is rest of the world, and – no value possible for this relationship. [Back to table](#)

## Data sources by institutional sector

Estimates for insurance, pension and standardised guarantee schemes relate to:

- non-life insurance technical reserves
- life insurance and annuity entitlements
- pension entitlements
- claims of pension funds on pension managers
- entitlements to non-pension benefits

Data are predominantly sourced from the ONS surveys of insurance corporations and pension funds (ICPFs) with the split of assets or liabilities by sector estimated using an assumed proportional split, outlined in more detail in this section.

## **Non-life insurance technical reserves**

These estimates relate to financial claims that non-life insurance policyholders have against non-life insurance corporations in respect of unearned premiums and claims incurred. The ICPF sector is the only one that holds a liability for this instrument; the assets are split across all institutional sectors other than the central government. The estimate for total liabilities is sourced from the ONS Annual Survey of Insurance Companies.

Estimates for assets by sector are based on a set of assumptions about the proportional split; these assumptions are periodically reviewed.

## **Life insurance and annuity entitlements**

These estimates relate to financial claims that life insurance policyholders and beneficiaries of annuities have against corporations providing life insurance. The insurance corporations and pension funds (ICPF) sector is the only sector that holds a liability for this instrument with all assets counterpart to individuals, either resident in the UK and therefore within the households sector, or non-resident and therefore within the rest of the world sector.

The estimate for total liabilities is sourced from the ONS survey of long-term insurance corporations. The split of assets between households and the rest of the world (RoW) are estimated based on an assumption on the proportional split; this assumption is periodically reviewed.

## **Pension entitlements**

These estimates comprise financial claims that current employees and former employees hold against their employer, a pension fund scheme that sits between the employer and the employee or an insurer. These claims are calculated as the total pension entitlements less the market value of the fund, sourced from the ONS pension fund survey. Households are the only sector that can be on the asset side for this instrument, but these can be either resident or non-resident and so estimates are provided for both the households sector and the rest of the world.

It is currently assumed that all claims will be held by individuals resident in the UK and the estimate for RoW has therefore been zero over time. It is currently assumed that all liabilities will be within pension funds and therefore within the ICPF sector.

## **Claims of pension funds on pension managers**

These estimates relate to claims arising when the pension manager is a unit different from the administrator and the amount accruing to the pension fund falls below the increase in entitlements. The insurance corporations and pension funds (ICPF) sector is the only sector that holds an asset for this instrument, with liabilities split across all institutional sectors other than public corporations and households. The total asset is sourced from the ONS survey of pension funds, with the split of liabilities across sectors estimated based on ONS surveys and assumptions about the proportional split.

## **Entitlements to non-pension benefits**

These estimates relate to instances when net contributions exceed the benefits due and therefore increase the liability of an insurance scheme towards the beneficiaries. The liabilities are split across insurance corporations and pension funds (ICPF) and non-profit institutions serving households (NPISH) sectors, with all assets due to individuals, either resident and therefore within the households sector, or non-resident and therefore within the rest of the world (RoW) sector. This item is likely to occur only rarely and as such it has historically been assumed that this item will be zero.

## **Provisions for calls under standardised guarantee schemes**

Standardised guarantees are guarantees that are issued in large numbers, usually for fairly small amounts, along identical lines. Such arrangements involve three parties: the borrower, the lender and the guarantor. Either the borrower or the lender may contract with the guarantor to repay the lender if the borrower defaults. Standardised guarantees cover guarantees on various financial instruments like deposits, debt securities, student loans and export credit guarantees. They are usually provided by a financial corporation, including but not confined to insurance corporations, but also by general government.