Market updates on the impact of IFRS 17 and IFRS 9

Observations from disclosures published by selected insurance groups

July 2023

EY

Building a better working world

Introduction

Observations were taken from IFRS 17 and IFRS 9 disclosures published in investor presentations, 2022 annual reports, and Q1 2023 interim reports and press releases by a panel of 30 global insurance groups.

Background:

- Insurers are already implementing IFRS 17 Insurance Contracts (IFRS 17) since 1 January 2023 and most of them are also applying IFRS 9 Financial Instruments (IFRS 9) at the same date for the first time.
- During the first half of 2023, several insurance groups published information to the investor community on the 2022 comparatives, as well as Q1 2023 financial information, applying IFRS 17 and IFRS 9.

Analysis performed:

- We selected a panel of 30 listed insurers who have globally adopted IFRS as their accounting framework. For these companies, we analyzed and summarized publicly available information on the impacts of implementing IFRS 17 and IFRS 9 from various sources.
- Our analysis considers, for each insurer, information published up to the date reported in slides 16 to 21. Some insurers provided information on Q1 2023 results as part of interim reports or press releases, while others are planning to release more detailed disclosures as part of their H1 2023 results.
- We intend to update our analysis post the release of H1 2023 interim reports, as more disclosures on IFRS 17 and IFRS 9 become available.

Insurers by geography:

14	07	04	03	02
based in **continental Europe**	based in **UK**	based in **Americas**	based in **Asia-Pacific**	based in **Africa**

Segment:

- **Life and health:** Nine groups underwrite only life and health (L&H) business, which includes short- and long-term savings, and retirement products.
- **Composite:** Eighteen groups are composite and underwrite both property and casualty (P&C) business, and life business (with a number of them also having major reinsurance segments).
- **P&C:** Three groups underwrite only nonlife business, which includes P&C products.

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Highlights from IFRS 17 and 9 disclosures

Key highlights

Shareholder's equity

1 January 2022

For composite and L&H insurers, generally the **IFRS 17 and IFRS 9** equity is **lower** than IFRS 4 and IAS 39 mainly due to **recognition of Contractual service margin (CSM)** and risk adjustment (RA).

1 January 2023

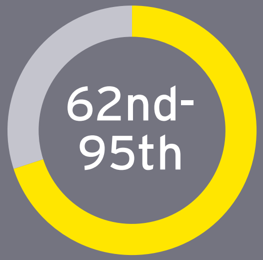
The majority of insurers showed an **higher IFRS 17 and IFRS 9 equity** compared with IFRS 4 and IAS 39 mainly due to the impacts from **rising interest rates** in 2022.

Operating profit – FY 2022

Seven insurers disclosed a **decrease** under IFRS 17 and IFRS 9 compared with IFRS 4 and IAS 39.

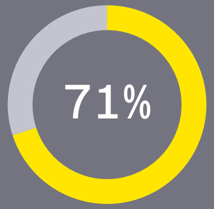
Three insurers disclosed an **increase** under IFRS 17 and IFRS 9 compared with IFRS 4 and IAS 39.

Risk adjustment



The percentile of the confidence level disclosed **varied widely** across insurers.

Discount rate



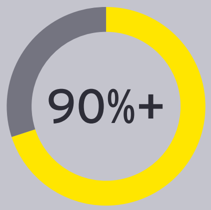
disclosed using the **bottom-up approach** and **20%** mentioned the use of a **combination of methods** (bottom-up for some products and top-down for other products, e.g., **annuity business**).

CSM – Q1 2023

One insurer disclosed a **decrease** in the CSM amount compared with year-end (YE) 2022.

Seven insurers disclosed an **increase** in the CSM amount compared with YE 2022.

PAA



of P&C business is being measured under the **premium allocation approach** (PAA) for the majority of insurers.

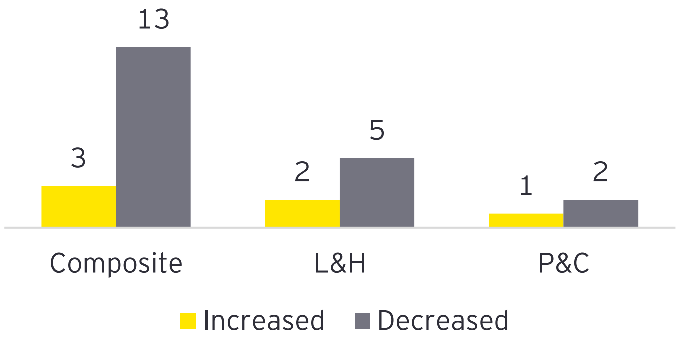
Transition methods

Many insurers reported using the **retrospective approach** to transition (either full or modified) for a **significant part** or most of their business.

The fair value approach is often mentioned as being used for **older or less significant** groups of insurance contracts.

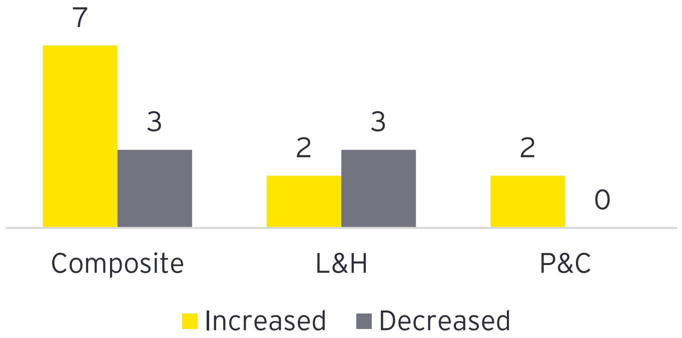
Shareholder's equity

IFRS 17 and IFRS 9 vs. IFRS 4 and IAS 39 – 1 January 2022



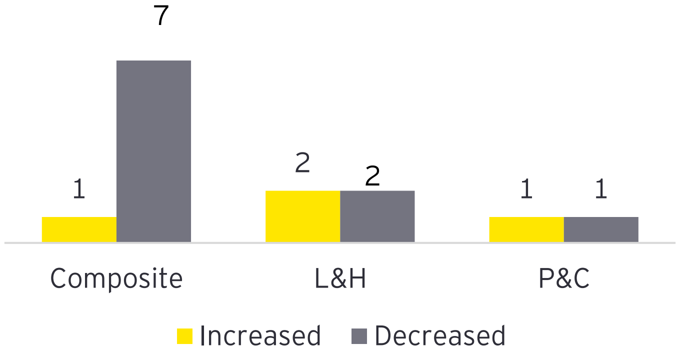
- Approximately 83% of insurers disclosed their impacts on equity at the transition date.
- For the large majority of composite and L&H insurers, there has been a decrease in equity, mainly due to the recognition of RA and CSM. The percentage of decrease varied across these insurers, with the majority reporting a decrease between 5% and 25%, while two insurers mentioned a decrease of up to 50%.
- For P&C insurers, the impact was less pronounced, given the majority of their business is measured under the PAA. The percentage of change varied between -2% and +3%.

IFRS 17 and IFRS 9 vs. IFRS 4 and IAS 39 – 1 January 2023



- Almost 55% of insurers disclosed their impacts on equity at the date of initial application.
- The majority of insurers showed an increase in IFRS 17 equity compared with IFRS 4. One common reason for the increase was related to the impact of rising interest rates in 2022; this effect caused a significant reduction in investments that contributed to a reduction in IFRS 4 equity. The effect on the IFRS 17 equity was less pronounced due to better offsetting effects from the balance sheet measurement of insurance liabilities (discounted at current rates under IFRS 17).
- The percentage of increase compared with IFRS 4 varied between 1% and 30%, while one insurer disclosed an increase of 65%.

IFRS 17 and IFRS 9 – 1 January 2023 vs. 1 January 2022 (annual equity movement)



- In 2022, most of insurers disclosed a decrease in equity under IFRS 17 and IFRS 9 for the period, with the main driver being the impact of rising interest rates in 2022.
- For the insurers that disclosed a decrease, we observed that a larger decrease was reported under IFRS 4 and IAS 39. Under IFRS 17 and IFRS 9, increases in market interest rates impact both investments and liabilities. This offsetting effect did not always apply under IFRS 4 and IAS 39.
- The reduction in IFRS 4 and IAS 39 equity was up to 53% for some insurers, while the maximum was 37% under IFRS 17 and IFRS 9.

Shareholder's equity and CSM – Q1 2023

IFRS 17 and IFRS 9 shareholder's equity – Q1 2023

11

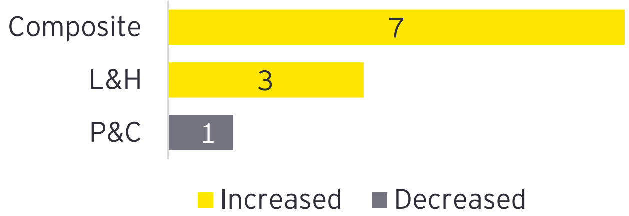
insurers reported the amount of shareholder's equity in Q1 2023 as compared with YE 2022

10 ▲

insurers

1 ▼

insurer



- Approximately 35% of insurers disclosed their movements in shareholder's equity during the first quarter of 2023.
- The large majority of insurers disclosed an increase in the amount of equity. For some of them, this effect was mainly due to the net results of the quarter, which showed a growth in the operating profit driven by a strong insurance service result.
- The percentage increase in equity varied between 1% and 5%. One insurer disclosed an increase of 15%.

Contractual service margin (CSM) – Q1 2023

8

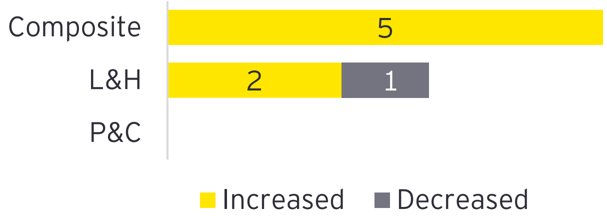
insurers reported the amount of CSM in Q1 2023 as compared with YE 2022

7 ▲

insurers

1 ▼

insurer



- The increase in the CSM during the first quarter of 2023 was mainly driven by new business margins (also in relation to contract renewals) and sales growth, exceeding the amortization of the CSM in the current period.
- The percentage increase of CSM varied between 1% and 8%.

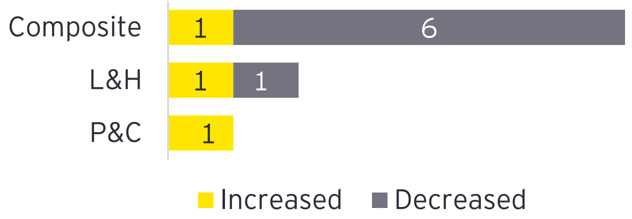
Operating profit

IFRS 17 and IFRS 9 vs. IFRS 4 and IAS 39 – FY 2022

10 insurers reported the impact of IFRS 17 on their operating profit

3 insurers ▲

7 insurer ▼



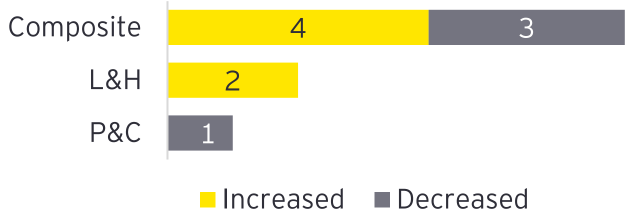
- The majority of insurers showed a decrease in operating profit under IFRS 17 and IFRS 9 for 2022 compared with IFRS 4 and IAS 39 . Examples of drivers mentioned are establishment of loss component for onerous contracts on life new business written in the 2022, discounting effect unwind in investment results and nonrecognition of the release of excess reserves in P&C business on transition.
- Insurers who showed an increase mentioned the following drivers: benefit from discounting claims reserve for P&C business (also including the change in discount rates driven by higher interest rates) and earlier earnings recognition on life business.

IFRS 17 and IFRS 9 Q1 2023 vs. Q1 2022

10 insurers reported the amount of IFRS 17 operating profit during Q1 2023 compared with Q1 2022

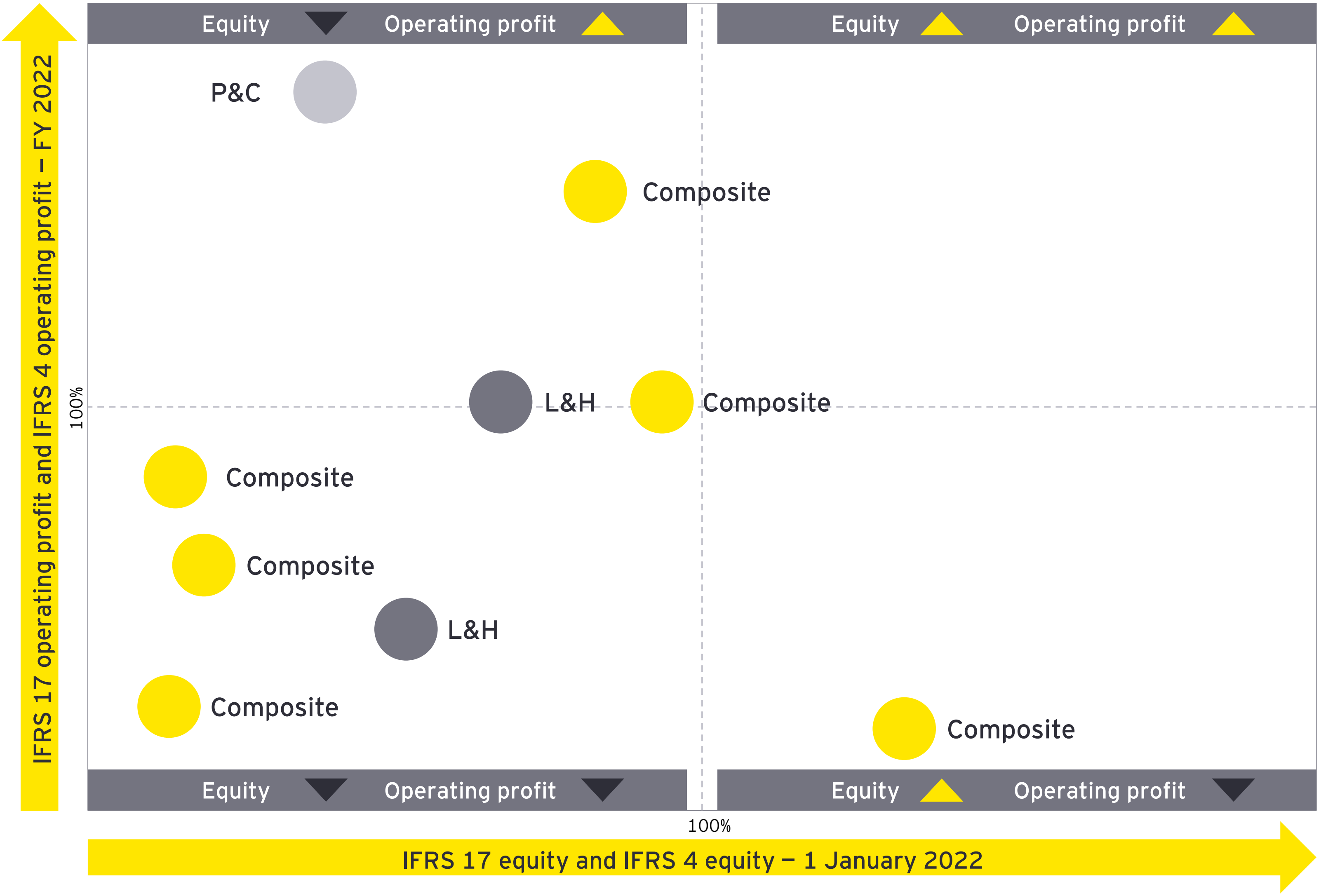
6 insurers ▲

4 insurer ▼



- The majority of insurers reported an increase in operating profit during the first quarter of 2023 as compared with the first quarter of 2022 on an IFRS 17 and IFRS 9 basis.
- Reasons mentioned are the benefit from higher insurance service results (also driven by the discounting effect from the increase in interest rates in 2022), and an improvement of new business margin due to better business mix and higher interest rates.

IFRS 17 equity and operating profit compared with IFRS 4



- Most insurers showed a decrease in IFRS 17 equity at transition, as well as, for those that reported, a decrease in IFRS 17 operating profit during 2022.
- The CSM created at transition, which resulted in a decrease of equity at the transition date, will be recognized in P&L over time after transition according to the provision of insurance services.
- Some insurers mentioned the upfront recognition of losses on onerous new business life contracts written in the year to be one of the reason for the decrease in operating profit.
- The insurers that showed a decrease in IFRS 17 equity at transition, followed by an increase in operating results under IFRS 17 attributed the drivers to the benefit gained from discounting the claims reserves for P&C business and to earlier earnings recognition for life business.

Risk adjustment

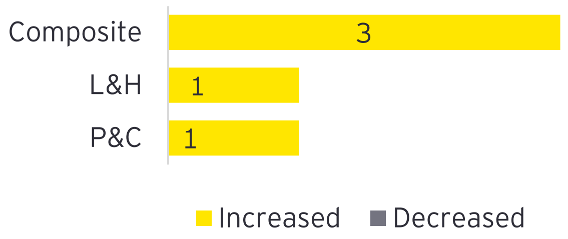
Risk adjustment (RA) – Q1 2023

5

insurers reported the amount of RA in Q1 2023 as compared with YE 2022

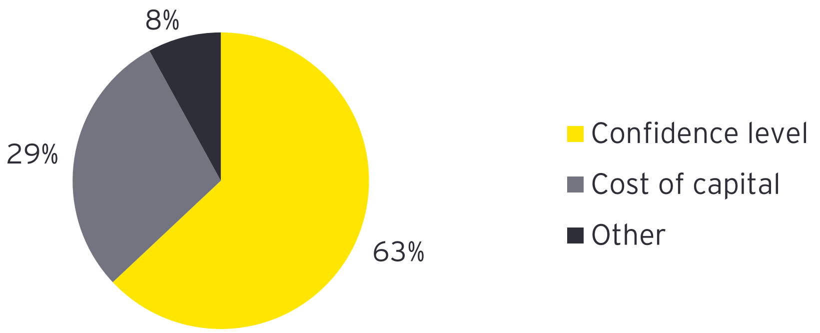
5 insurers

0 insurer

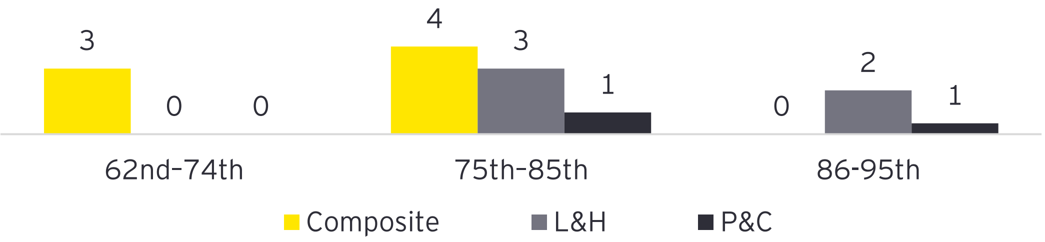


- Very few insurers disclosed the change amount of RA for the first quarter of 2023. In particular, one insurer mentioned that there have been a prudent increase in the risk adjustment for a particular portfolio reflecting the challenging market conditions.
- The percentage increase of RA varied between 1% and 7%.

Risk adjustment methodology



- For the insurers which disclosed this information, the majority of them mentioned the use of a confidence level technique for the calculation of the risk adjustment.
- Other techniques mentioned are the value at risk and the margin approach.
- The percentile range disclosed varied between 62nd and 95th.



Premium allocation approach and transition methods

Premium allocation approach (PAA)

- For most entities, the use of the PAA for the majority of their P&C business has reduced the impact of the transition to IFRS 17.

16

Composite insurers have adopted the PAA measurement approach. Six insurers mentioned that 90% or more of their P&C business is being measured under PAA.

6

Life and health insurers have adopted the PAA approach, for their short-duration contracts (with one year or less coverage period), including group benefits and health insurance contracts.

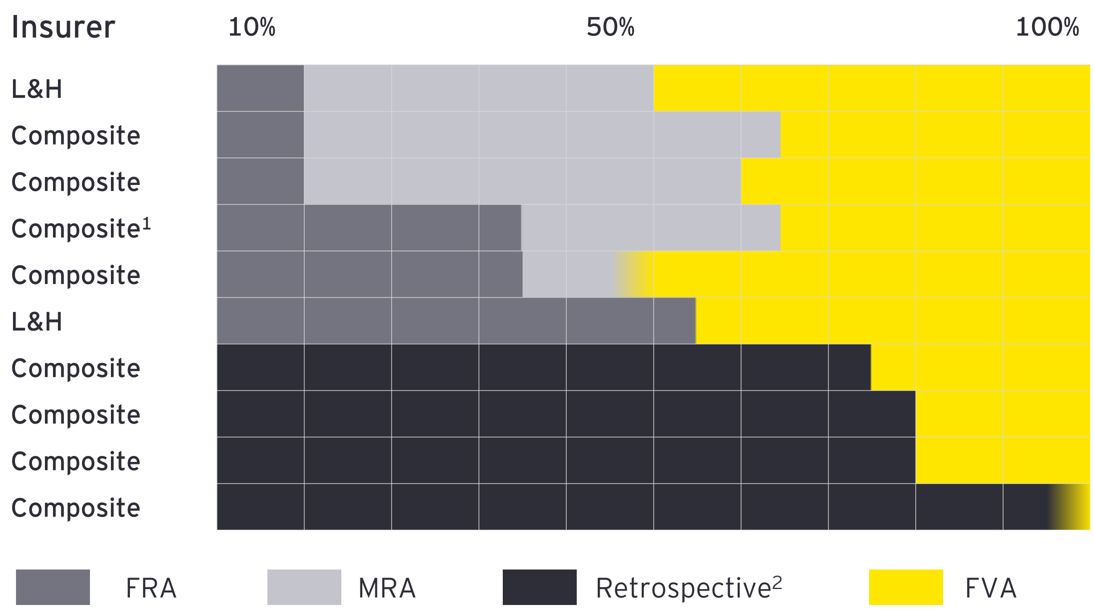
All

P&C insurers have adopted the PAA measurement approach for the majority of their business.

Transition methods

- Many insurers reported using the retrospective approach to transition (either full or modified) for a significant part or most of their business. The fair value approach is often mentioned as being used for older or less significant groups of insurance contracts.

Ten insurers disclosed their business at transition across approaches:



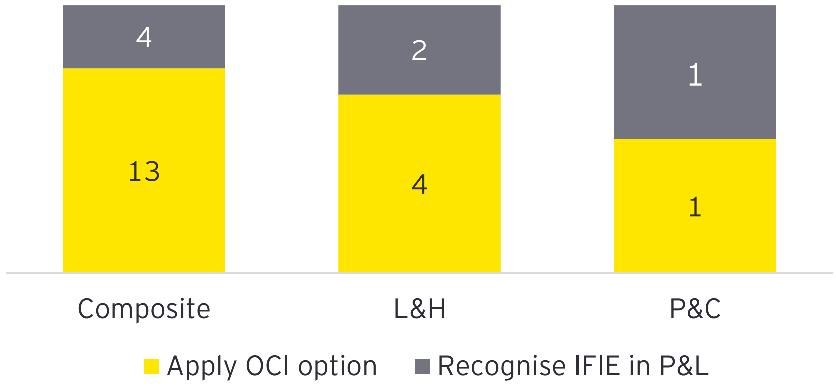
[1] For life business, while for P&C business, 100% FRA
[2] Includes both FRA and MRA (no distinction provided)

Insurance finance income and expense policy election, and discount rate approach

Insurance finance income and expense policy election

- A large majority of insurers who disclosed their approach elected to apply the other comprehensive income (OCI) option for the presentation of insurance finance income and expense.
- Some of them mentioned that the OCI option will be applied only to certain business (e.g., non-VFA contracts).

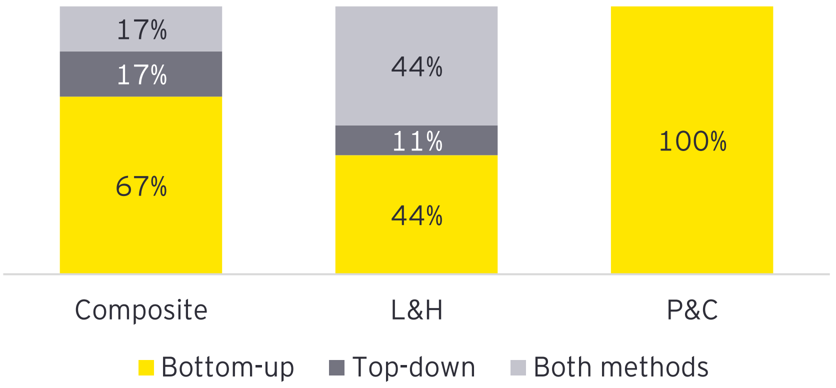
18 insurers **elected to apply the** OCI option, while **seven insurers** disclosed to recognize all insurance finance income and expenses (IFIE) in the **profit and loss.**



Discount rate approach

71% disclosed the use of the **bottom-up approach,** with some of them providing further information on the determination of the illiquidity premium (e.g., derived from own assets).

9% disclosed the use of the **top-down approach.**



20% disclosed the use of **both methods,** while some of them mentioned to use the **bottom-up approach** apart for the **annuity business,** where they use the **top-down approach.**

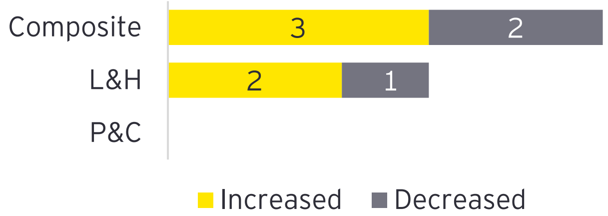
Return on equity (RoE)

IFRS 17 vs. IFRS 4 – FY 2022

8 insurers reported the impact of IFRS 17 on their RoE

5 ▲ insurers

3 ▼ insurer



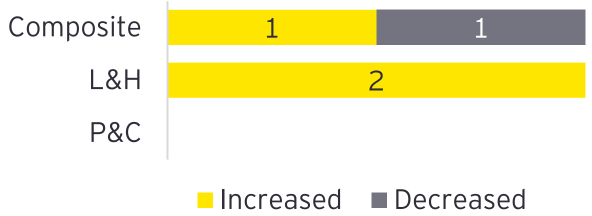
- The increase or decrease reported by insurers is driven by the changes to core earnings and shareholder's equity introduced by IFRS 17, as well as by the way insurers design the KPI (e.g., operating profit with or without market volatility, equity with or without the CSM).
- The percentage change in RoE varied between -3% and +7%.

IFRS 17 Q1 2023 vs. FY 2022

4 insurers reported the change on the RoE during the first quarter of 2023

3 ▲ insurers

1 ▼ insurer



- The insurers that reported an increase in the RoE mentioned that the main driver was the increase in the operating profit observed during the quarter (being higher than any increase observed in their equity amount).
- The percentage increase in RoE varied between 1% and 3%.

Impacts on KPIs: IFRS 17 and 9 bring some changes

Combined ratio

- Majority of insurers are disclosing an improved combined ratio (lower ratio compared with IFRS 4), mainly driven by the effect of discounting the liability of incurred claims.
- Few insurers reported a slightly deterioration in the combined ratio (higher ratio compared with IFRS 4). Some drivers disclosed are the inclusion of all expenses in the numerator and the use of "insurance revenue" in the denominator.

Contractual service margin

- This is expected to play a significant role and has become a new KPI.
- Many insurers noted that the new business metrics will now include the IFRS 17 new business CSM.
- Some insurers are showing separately the impacts on CSM driven by "organic" (e.g., new business and release in P&L) and "nonorganic" (e.g., markets and currency impacts and changes in assumptions) movements.

New business (NB)

- This metric now includes the CSM of the new business.
- There are some differences in the design of this KPI, as certain players are presenting a gross CSM, whereas others are presenting it net of taxes and of projected nonattributable costs.
- Differences in the design would impact the comparability of the metric across the market.

RoE

- The increase or decrease in the RoE compared with IFRS 4 largely depends from the impacts on profit recognition and equity introduced by IFRS 17, as well as the way insurers design the KPI.
- A number of insurers plan to exclude from equity the total of OCI, while others are including the amount of CSM.

Leverage ratio

- The majority of insurers that disclosed this information are presenting a decrease in the IFRS 17 leverage ratio compared with IFRS 4, mainly driven by the inclusion of a comprehensive equity (i.e., shareholder's equity and CSM) to the denominator.
- Few insurers have reported that they expect their leverage ratio to remain unchanged post introduction to IFRS 17.

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Selected insurers' benchmarking

Timeline of publication

	a.s.r.	Admiral Group PLC	Aegon	Ageas	AIA
Date of latest information included [1]	22 February 2023	8 March 2023	09 March 2023	31 March 2023	15 June 2023
First publication of FY 2022 comparatives (primary statements)	H1 2023 results (August 2023)	H1 2023 results (August 2023)	Before H1 2023 results disclosure	June 2023	15 June 2023
Expected date of publication of HY 2023 interim reports	30 August 2023	Not disclosed	17 August 2023	30 August 2023	August 2023

[1] Our analysis considers, for each insurer, its information published up to the date of latest information mentioned in this table. This information includes various forms of publicly available information, such as investors presentations, 2022 annual financial statements, Q1 2023 trading updates and Q1 2023 IAS 34 interim financial statements.

Timeline of publication

	Allianz	Aviva	AXA	CNP Assurances	Generali
Date of latest information included [1]	12 May 2023	9 March 2023	15 May 2023	11 April 2023	25 May 2023
First publication of FY 2022 comparatives (primary statements)	12 May 2023 (Q1 2023)	Q2 2023 results	Q2 2023 publication (15 May 2023)	Q2 2023 (April 2023)	Q1 2023 results
Expected date of publication of HY 2023 interim reports	10 August 2023 (Q2 2023 results)	16 August 2023	3 August 2023	2 August 2023	9 August 2023

[1] Our analysis considers, for each insurer, its information published up to the date of latest information mentioned in this table. This information includes various forms of publicly available information, such as investors presentations, 2022 annual financial statements, Q1 2023 trading updates and Q1 2023 IAS 34 interim financial statements

Timeline of publication

	Great-West Lifeco	HISCOX	Intact	Legal & General	M&G
Date of latest information included [1]	9 May 2023	8 June 2023	10 May 2023	15 March 2023	9 March 2023
First publication of FY 2022 comparatives (primary statements)	Q1 2023 results	8 June 2023	Q1 2023 (10 May 2023)	HY 2023 results (August 2023)	H1 2023 results
Expected date of publication of HY 2023 interim reports	9 August 2023 (Q2 2023 results)	Not disclosed	3 August 2023 (Q1 2023 results)	15 August 2023	20 September 2023

[1] Our analysis considers, for each insurer, its information published up to the date of latest information mentioned in this table. This information includes various forms of publicly available information, such as investors presentations, 2022 annual financial statements, Q1 2023 trading updates and Q1 2023 IAS 34 interim financial statements

Timeline of publication

	Manulife	Mapfre	Munich Re	NN Group	Old Mutual
Date of latest information included [1]	10 May 2023	28 April 2023	17 May 2023	9 March 2023	14 March 2023
First publication of FY 2022 comparatives (primary statements)	11 May 2023	FY 2023 results	Q1 2023 results (May 2023)	Prior to H1 2023 results	H1 2023 results (August 2023)
Expected date of publication of HY 2023 interim reports	9 August 2023 (Q2 2023 results)	28 July 2023 (Q2 2023 results)	10 August 2023	29 August 2023	Not disclosed

[1] Our analysis considers, for each insurer, its information published up to the date of latest information mentioned in this table. This information includes various forms of publicly available information, such as investors presentations, 2022 annual financial statements, Q1 2023 trading updates and Q1 2023 IAS 34 interim financial statements.

Timeline of publication

	Phoenix	Ping An	Prudential Plc	QBE	Sampo Group
Date of latest information included [1]	13 March 2023	26 April 2023	15 March 2023	30 May 2023	10 May 2023
First publication of FY 2022 comparatives (primary statements)	Not disclosed	Before interim report 2023	H1 2023 results	30 May 2023	Press release (at the end of March 2023)
Expected date of publication of HY 2023 interim reports	18 September 2023	Not disclosed	30 August 2023	10 August 2023	9 August 2023

[1] Our analysis considers, for each insurer, its information published up to the date of latest information mentioned in this table. This information includes various forms of publicly available information, such as investors presentations, 2022 annual financial statements, Q1 2023 trading updates and Q1 2023 IAS 34 interim financial statements

Timeline of publication

	Sanlam	SCOR	Sun Life	Talanx	Zurich
Date of latest information included [1]	9 March 2023	12 May 2023	11 May 2023	15 May 2023	17 May 2023
First publication of FY 2022 comparatives (primary statements)	FY 2023 results	H1 2023 results (27 July 2023)	Q1 2023 results	Q1 2023 results	17 May 2023
Expected date of publication of HY 2023 interim reports	7 September 2023	27 July 2023 (Q2 2023 results)	9 August 2023 (Q2 2023 results)	14 August 2023	10 August 2023

[1] Our analysis considers, for each insurer, its information published up to the date of latest information mentioned in this table. This information includes various forms of publicly available information, such as investors presentations, 2022 annual financial statements, Q1 2023 trading updates and Q1 2023 IAS 34 interim financial statements

Core messages during annual and interim result and investor presentations

a.s.r

- No changes to underlying business fundamentals or cashflows
- No impact on existing share buy-back commitment and progressive dividend policy
- Higher volatility expected in net result, mostly driven by operating result
- Change in timing of earnings recognition anticipated mostly impacting life products
- The business line's income and pensions being the main areas where finalization of the implementation is work in progress
- The IFRS 17 model validation in the life segment also still work in progress

Admiral Group PLC

- No change in ultimate profitability of business written
- No impact on group strategy, cash flow, solvency, dividend policy and cash generation
- No effect on investment and interest income on assets
- Equity to reduce
- Will maintain conservative reserving policy
- Enhanced disclosures in respect of claims reserves
- Will report under IFRS 17 for the first time at Admiral's 2023 interim results, in August 2023

Aegon

- No change to corporate and business strategy, capital management approach, financial targets, and outlook
- Shareholders' equity to reduce largely due to liability remeasurement and setting up a CSM, which will be released in the future and translate into higher earnings
- Limited change of operating result for UK and international under IFRS 17 vs. IFRS 4
- IFRS 17 to increase information value by providing more insight into the economics of the business
- IFRS 17 providing a more differentiated view on claims experience and IFRS 9 and 17 educational event changes

Ageas

- No change to dividend strategy, economic leverage, capital and cash generation, and solvency position
- Limited impact on net-operating result and nonlife liabilities
- Limited transition impact on shareholders' equity for consolidated entities, while more stable equity development is expected over time
- All subsidiaries of Ageas that materially finalized their opening balance sheet and perform parallel runs for annual reporting period 2022
- No significant impact on the measurement and classification of financial liabilities

AIA

- No impact on the economics of the business, including VONB and EV, cash generation, solvency, and capital
- Unchanged strategic priorities, capital management framework and dividend policy
- OPAT and shareholders' allocated equity retained as key reporting metrics
- Net profit expected to be significantly higher initially (US$3.3b in FY 2022) and less volatile going forward
- SHE likely to be reduced by 7% on transition (1.1.22) while it is 17% higher at the end of 2022
- Leverage ratio to reduce by 11.1 pps

Core messages during annual and interim result and investor presentations

Allianz

- Limited economic impact (SII, cash flows and dividend)
- Strong fundamentals (operating profit slightly higher, net income similar level, equity less volatile and adjusted for OCI slightly lower, and RoE slightly higher)
- Expected IFRS 9 and IFRS 17 operating profit of £14.2b +/- £1b in 2023
- Significant increase in the share of assets measured at fair value on the balance sheet in the P&C business
- Significantly higher volatility of the net income

Aviva

- No impact on cash remittances, capital generation, financial targets and dividend guidance
- Reduction of £3b in shareholders' equity, although adjusted shareholders' equity (including CSM) higher by circa £2b and broadly equal to Solvency II net assets
- Operating profit to reduce by circa 15% per annum
- Almost 60% of operating profit unaffected by IFRS 17
- No impact on Solvency II
- No impact of group financial targets announced
- Significant impact on group's annuity and protection business, where the deferral of profit in the CSM is the most material

AXA

- Group's underlying earnings power to remain unaffected post-transition
- No impact on the group's cash and capital management, its Solvency II ratio, or its strategy
- Shareholders' equity (excluding OCI) expected to remain stable at transition
- Limited reporting impacts reflecting our profile focused on technical lines
- No change to capital management and strategy
- "Driving Progress 2023" key financial targets reaffirmed

CNP Assurances

- Company's underlying qualities unchanged
- Two new items on the liabilities side of the balance sheet: CSM for around €17b and RA for around €1.5b
- Earnings to be more volatile due to the market effects
- Financial reporting to be tailored due to adjustments to the formulas for calculating key indicators
- Solvency, liquidity, ratings, ability to generate recurring profits and strategy being unchanged
- IFRS 17 attributable net profit amounts to €1.2b vs. €1.9b under IFRS 4, a gap of €768m in 2022

Generali

- No impact on cash and capital generation, net holding cash flow, dividends, and solvency
- SHE expected to be broadly stable at transition
- Improved visibility and predictability of profits anticipated from life business
- P&C to be more volatile but its business mix to reduce the sources of volatility
- Group operating result expected to be broadly stable
- In life segment, main indicators to be NBV and operating result

Core messages during annual and interim result and investor presentations

Great-West Lifeco

- No impact on business strategy
- SHE expected to decrease by approximately 12%, driven by the establishment of the new CSM
- Low-single digit percentage decrease in base earnings expected
- Base EPS growth and dividend pay-out ratio to remain unchanged, base RoE objective expected to increase by 2%
- Positive impact to LICAT expected[1]
- Will report under the new standards for the first time for the quarter ended March 31, 2023
- Low-single digit percentage decrease in proforma base earnings is expected
- Positive approximately 10 points LICAT impact expected on transition

HISCOX

- No change in strategy and reserving philosophy, and no impact on regulatory capital, cash and dividends
- Reduced volatility expected in group earnings
- Shareholders' equity to likely see a marginal increase on transition, primarily due to discounting
- Greater transparency due to more granular disclosures
- Adoption of IFRS 9 not expected to result in any material changes to measurement of the group's investments, which continue to be at FVTPL

Intact

- Overall impact is limited given short-term nature of contracts
- No change in Investment strategy, capital management framework or dividend policy
- Limited impact on NOIPS, EPS, Operating RoE, BVPS, and debt-to-capital ratio[2]
- Presentation changes with respect to discount unwinding to result in a lower consolidated combined ratio offset by lower investment results
- Overall reserving philosophy being unchanged but methodology refinements intended to align measurement across insurers
- Significant increase expected in underwriting income

Legal & General

- No impact on strategy, capital and cash generation, solvency, creditworthiness and dividend-paying capacity
- IFRS 17 to change the timing of recognition of insurance earnings, not the quantum
- Financial reporting of annuity and life insurance businesses (i.e., LGRI and retail), shareholders' equity (at transition) and composition of profit (on adoption) to be impacted
- More stable and predictable earnings from insurance products

M&G

- No change in strategy, solvency, capital management framework or dividend policy
- SHE expected to increase on transition
- Leverage ratio expected to fall, no change expected to leverage measured on a SII basis
- Volatility related to assumption changes (e.g., longevity) removed from annuities-adjusted operating profit result
- Profit signature of "with-profits" business (including PruFund) no longer back-end loaded

[1] Life Insurance Capital Adequacy Test
[2] Net operating income per share

Core messages during annual and interim result and investor presentations

Manulife

- No impact on the fundamental economics of business
- Expected to improve the stability of Manulife's core earnings, net income, book value and capital (LICAT ratio)
- Elected the fair value through other comprehensive income (FVOCI) accounting choice, thus much of the interest rate impacts are recorded in OCI
- Expected credit losses (ECL) to remain relatively stable in most market conditions
- Core earnings expected to decline by approximately 5% to 10%, driven by the recognition of new business gains in the CSM and the timing of earnings from investment-related activities

Mapfre

- Solvency, dividends and cash generation not likely to be impacted
- Group earning power expected to remain unchanged post-transition, as around 70% of premiums are subject to simplified approach (PAA)
- SHE expected to remain broadly stable
- Limited changes expected in P&C
- Improved disclosure and visibility on future profit recognition expected in the life and burial business

Munich Re

- No impact on business strategy, dividend and share buy-back policy, reserving strategy, capital strength
- More transparency in revenues and future profit margins from long-tail business
- Increase in total investments due to stronger reflection of fair values
- Overall earnings level to likely increase
- No impact on profitability and financial strength
- Insurance revenue under IFRS 17 to be considerably lower than gross premiums written

NN Group

- No impact on strategy or targets (focus on SII and operating cash generation unchanged, no impact on dividend or capital return)
- Equity more stable and closer to SII; impact on reported equity dependent on interest rates
- Leverage ratio based on equity including revaluations and
- CSM expected to be slightly better than the current leverage ratio
- Operating result expected to be marginally higher than the current operating result

Old Mutual

- No impact on underlying fundamentals of insurance business
- No impact on cash and capital generation, solvency position, ability to pay dividends, and ability to invest in new growth regimes
- The reporting requirements introduced by IFRS 17 to result in a shift of liabilities for segmental reporting purposes, with no overall impact on OMLACSA or the group
- Expected reduction in transition equity to be offset by CSM and risk adjustment, which are released into profit over time
- The most material impact observed for the mass and foundation cluster risk portfolio, where liabilities increase on transition

Core messages during annual and interim result and investor presentations

Phoenix

- No impact on strategy, financial framework KPIs and dividend-paying capacity
- IFRS 17 to not change the underlying economics of Phoenix's business, as IFRS is not their primary reporting framework
- Broadly neutral impact on shareholder equity
- The presentation of the consolidated income statement to change more significantly with IFRS 17
- The total profit recognized over the lifetime of contracts within the scope of IFRS 17 to not change from the total profit recognized under IFRS 4 and to continue to be recognized in profit and loss

Ping An

- No change in business strategy, product strategy, solvency position and measurement of the company's EV and NBV
- No material change in management of asset-liability matching
- Limited impact expected on P&C's financial metrics, including revenue and profit
- Significant decrease expected in revenue from long-term life insurance contracts, whereas premium income as a business scale indicator not to be impacted
- CSM to be more volatile than residual margin
- Timing of profit or loss recognition to change, but ultimate profitability of insurance contracts not to be impacted

Prudential Plc

- No change in capital and cash generation, EEV valuation, capital management, dividend policy and business strategy
- No impact on total level of profit generated over life of policy (just timing of profit recognition changed)
- No material impact expected from IFRS 9, as vast majority of assets already held at fair value
- IFRS 17 profit growth that depends on level of CSM added from new business
- Increase in group shareholders' equity at 1.1.2022 estimated

QBE

- AASB 17 accounting principles, such as claims discounting and the approach to reserving, already consistent with AASB 1023
- No change to underlying business fundamentals or strategy, capital, gearing or dividend policy
- No material change to group profitability, or shape of profit recognition
- Consistent use of key metrics, such as combined operating ratio and RoE, to be followed

Sampo

- No effect on the business mix, balance sheet targets, solvency, capital management and financial targets
- No material change in net profit
- Limited positive effect expected on P&C KPIs, with combined ratio expected to decrease marginally due to the broadening of discounting
- Improvement in leverage, driven by earnings and the implementation of IFRS 17, as well as the maturity of If P&C's hybrid bond
- No impact on solvency II calculations

Core messages during annual and interim result and investor presentations

Sanlam

- No impact on investment management operations, investment contracts, retail credit and other noninsurance business
- No impact expected on financial strength of the group
- Earnings recognition in the income statement that may accelerate marginally, but impact on free cash flow generation expected to be limited
- Not expected to have a significant impact on the net policyholder liabilities presented in the balance sheet
- Marginal positive impact expected for life insurance earnings, while limited impact expected on general insurance net earnings

SCOR

- L&H earnings uplift driven by earlier recognition of CSM release; P&C earnings to remain unchanged
- The presentation of SCOR's P&L not to be fundamentally affected by the transition and key metrics maintained
- High interest rate variations in 2022 lead to a positive impact on the CSM and a negative impact on equity
- IFRS 17 that captures the full economic value of SCOR's portfolio
- SCOR's combined ratio under IFRS 17 providing a more economic representation of the underwriting experience largely due to the discounted view of the claims

Sun Life

- No impact on business strategies
- Increase in underlying RoE expected by 2% (18% from 16%)
- Reduction in SHE by 15% to 20%, expected largely due to establishing the CSM (reduction of 18.1% at FY 2022)
- Mid-single-digit reduction to underlying net income anticipated in 2022 comparative year
- Positive underlying net income growth expected from 2022 to 2023
- Changes to magnitude or direction of the reported net income sensitivities

Talanx

- P&C equity expected to be more stable due to consistent discounting of assets and liabilities
- L&H business expected to see a significant initial drop in equity due to rise in liabilities and loss recognition results
- More earnings volatility expected due to stricter fair value approach adopted for investments
- Insurance revenues to be lower than gross written premiums
- KPIs like combined ratio to also change
- Expecting initial application of IFRS 17 to positively impact group net income by roughly €100m in 2023

Zurich

- No major impact given the nature of business (75% unaffected or subject to PAA)
- Shareholders' equity impact driven by CSM and discounting of long-term liabilities
- Limited changes to P&C, and improved disclosures for life
- No significant changes to business operating profit
- No impact on cash remittances and SST
- No change to dividend policy
- Lower shareholders' equity under IFRS 17 driving uplift in BOPAT RoE in FY 2022, partially offset by lower reported BOP and higher tax rate of 23.5% under IFRS 17

3 Appendix

List of insurers

Insurer	Segment	Geography
a.s.r.	Composite	Continental Europe
Admiral Group	P&C	UK
Aegon	Composite	Continental Europe
Ageas	Composite	Continental Europe
AIA	Life	Asia-Pacific
Allianz	Composite	Continental Europe
Aviva	Composite	UK
AXA	Composite	Continental Europe
CNP Assurances	Life	Continental Europe
Generali	Composite	Continental Europe
Great-West Lifeco	Life	Americas
Hiscox	P&C	UK
Intact	P&C	Americas
Legal & General	Composite	UK
M&G	Life	UK

Insurer	Segment	Geography
Manulife	Life	Americas
Mapfre	Composite	Continental Europe
Munich Re	Composite	Continental Europe
NN Group	Composite	Continental Europe
Old Mutual	Life	Africa
Phoenix	Life	UK
Ping An	Composite	Asia-Pacific
Prudential Plc	Life	UK
QBE	Composite	Asia-Pacific
Sampo	Composite	Continental Europe
Sanlam	Composite	Africa
SCOR	Composite	Continental Europe
Sun Life	Life	Americas
Talanx	Composite	Continental Europe
Zurich	Composite	Continental Europe

Thank you

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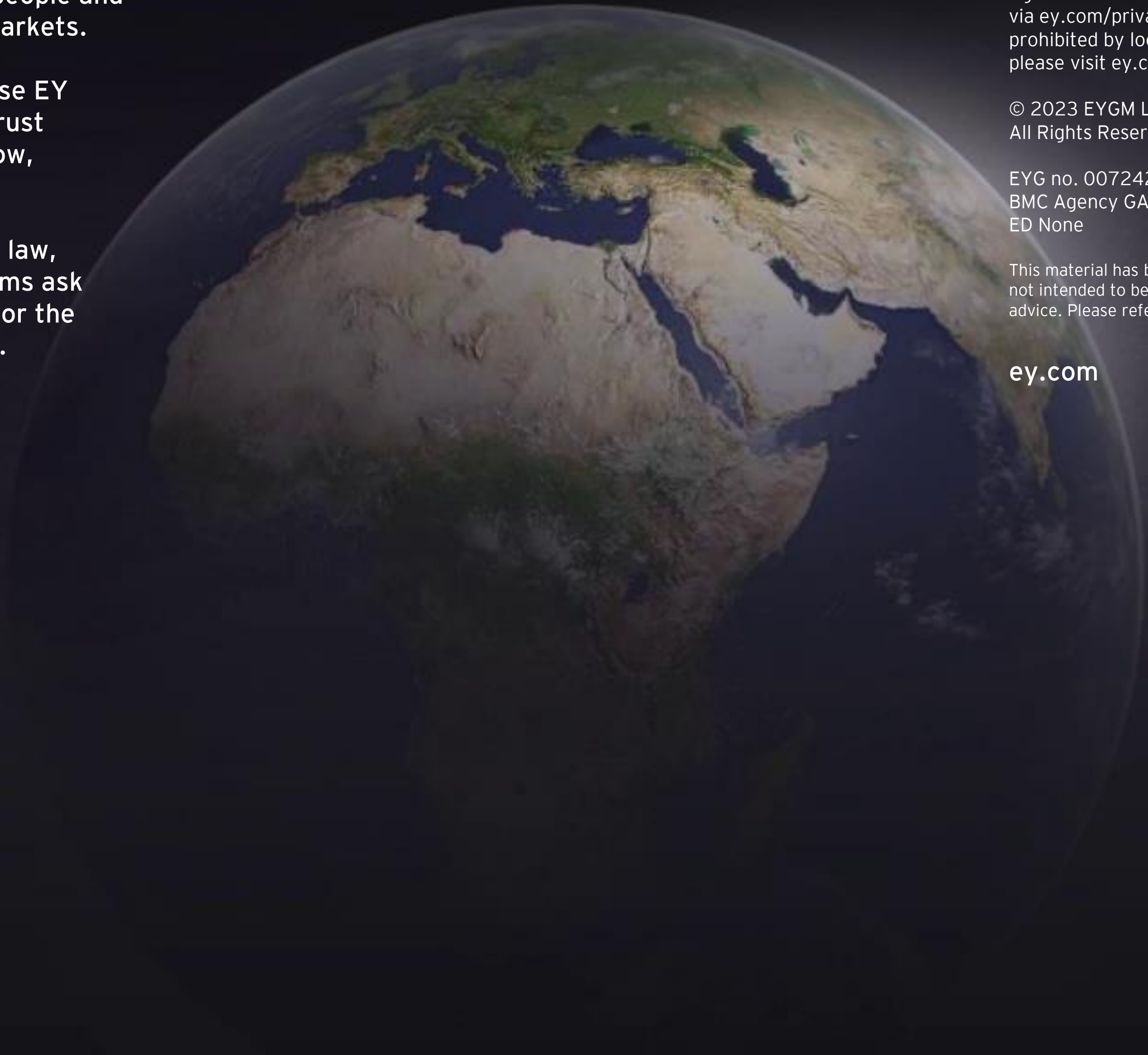

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