Reporting under IFRS 17 and IFRS 9

Observations from year-end 2024 financial statements published by insurers

May 2025

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Introduction

Observations were taken from IFRS 17 and IFRS 9 disclosures published in annual financial statements as of 31 December 2024 by a panel of 50 international insurance groups.

Background

- Insurers have been applying IFRS 17 **Insurance Contracts** (IFRS 17) since 1 January 2023. Most of them are also applying IFRS 9 **Financial Instruments** (IFRS 9) from the same date for the first time.
- As the dust settles after the first application of IFRS 17, insurance groups have published their second annual financial statements under these IFRS standards and are progressing analysis of new performance metrics for business steering.

Analysis performed

- We selected a panel of 50 insurers that apply IFRS as the accounting framework in their consolidated financial statements. For these insurers, we analyzed the disclosures included in their annual financial statements as of 31 December 2024, looking at IFRS 17 and IFRS 9.
- Based on the information from these disclosures, several IFRS 17 and IFRS 9 financial metrics were produced to compare the insurers' results, and observed any changes in methodology decisions compared to previous reporting period.
- For more information on the impacts of IFRS 17 and IFRS 9 on the first set of annual financial statements at year-end (YE) 2023 and at transition, please refer to our previous publication at the following link.

Insurers by geography

27	09	07	05	02
Based in **Continental Europe**	Based in **UK**	Based in **Americas**	Based in **Asia-Pacific**	Based in **Africa**

Segment

- Life and health: Twelve groups underwrite only life and health (L&H) business, which includes short-term and long-term savings and retirement products.
- Composite: Thirty-one groups are composite and underwrite both property and casualty (P&C) business, and life business (with a number of them having major inward reinsurance segments).
- P&C: Seven groups underwrite only P&C business.

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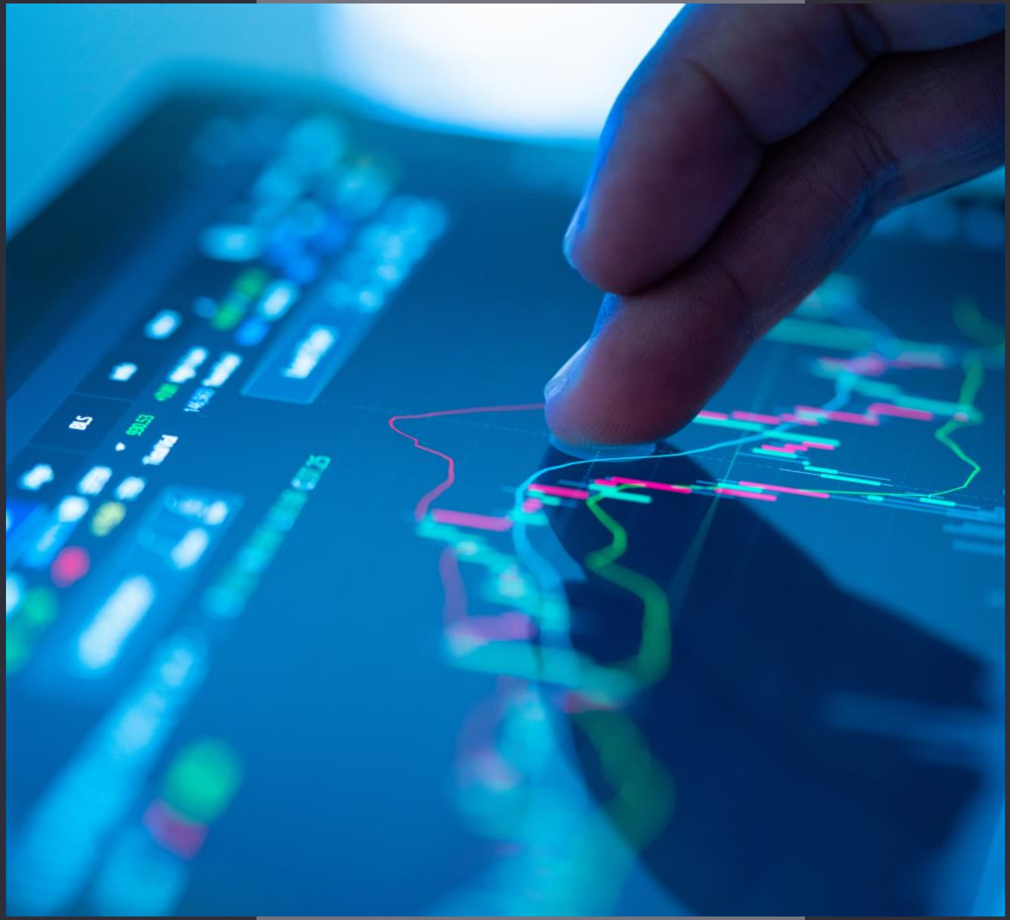
Key highlights



Key highlights: financial metrics on 31 December 2024

Net result (profit or loss) composition

The average composition of the net result before tax is:

+79% **Insurance service result**

+51% **Financial result**

-29% **Other result**

= 100% **Total of net result**

Operating profit change

A large majority of insurers presented an increase in their operating profit for the 2024 year compared to the 2023 year, with the most common range being up to 10% observed for 13 insurers who reported an operating profit metric.

New business CSM weight

Twenty-two insurers reported **a ratio of new business CSM (less new business losses) to the present value of cash inflows from new business** (expected premiums) in the range from 5% to 10%. This is a measure of the profitability of new business.

CSM release ratio

Eighteen insurers reported the proportion of the **CSM released** into profit or loss for 12 months of 2024 in **the range of** 9% to 12%.

Insurance service result analysis

The majority of insurers reported the **experience variance on current services to be positive**, with 13 of them disclosing that the experience variance contributed up to 10% of the insurance service result (ISR).

CSM run-off over more than 10 years

The average proportion of the remaining CSM at the end of 2024 that is **expected to be recognized in profit or loss over more than 10 years is** 43%.

Ratio of Risk Adjustment to PVFCF of the LIC (PAA)

Twenty-one insurers reported a **ratio of Risk Adjustment to present value of future cash flows (PVFCF)** of the Liability for Incurred Claims (LIC) related to the PAA business in the **range from** 3% to 6%.

Correction of errors

Six insurers (12% of the sample) reported **correction of errors** in prior period financial statements related to **IFRS 17 and IFRS 9 balances** which have been corrected retrospectively with the balance restated.

Note: a glossary of terms is available on page 38

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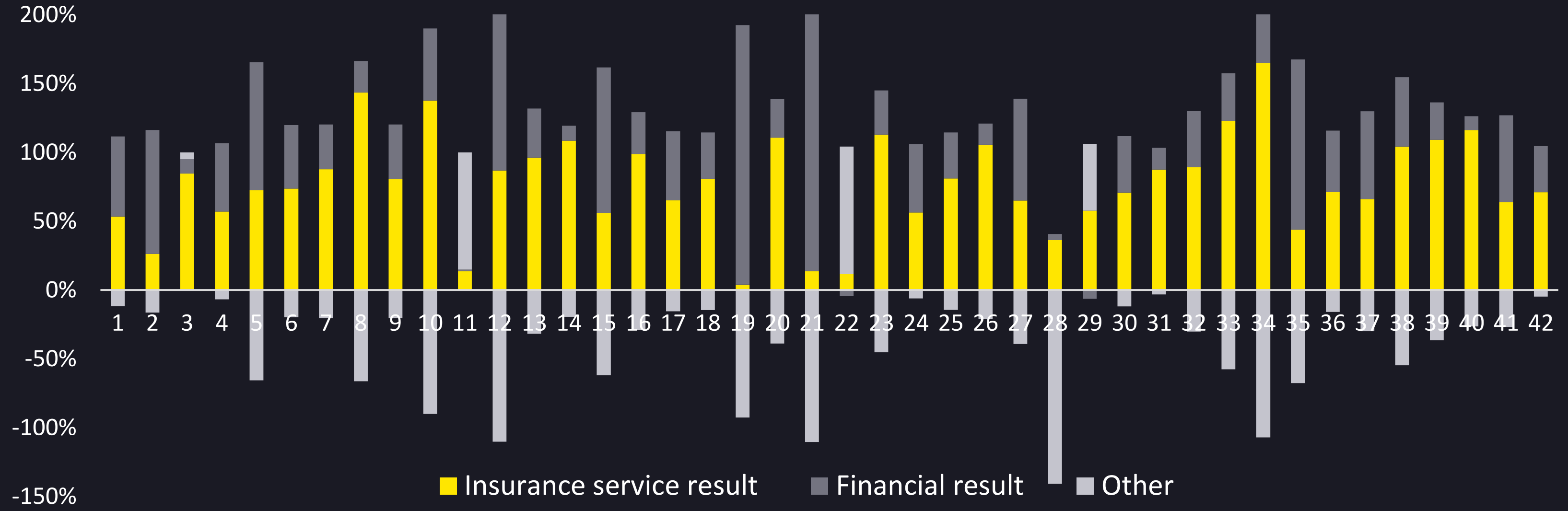
Financial metrics analysis

Net result: analysis of the balance on 31 December 2024

Composition of net result (before tax) on 31 December 2024



No. of insurers presented: 42. Eight insurers have been excluded from the analysis due to low net result amount creating volatile relative figures.

What is the metric about?

IFRS 17 results in insurers disclosing two key profit drivers in the statement of profit or loss: the insurance service result (reflects the underwriting performance) and financial results (reflects the investing performance, including both IFRS 17 insurance finance income and expenses, and investment results from mainly IFRS 9 and IAS 40).

The composition of the net result represents the ratio of "insurance service result," "financial results" and "other" (i.e., income and expenses not included in the other two result categories) calculated as a percentage of the net result before tax.

This metric provides insights into the key drivers of the results of insurers.

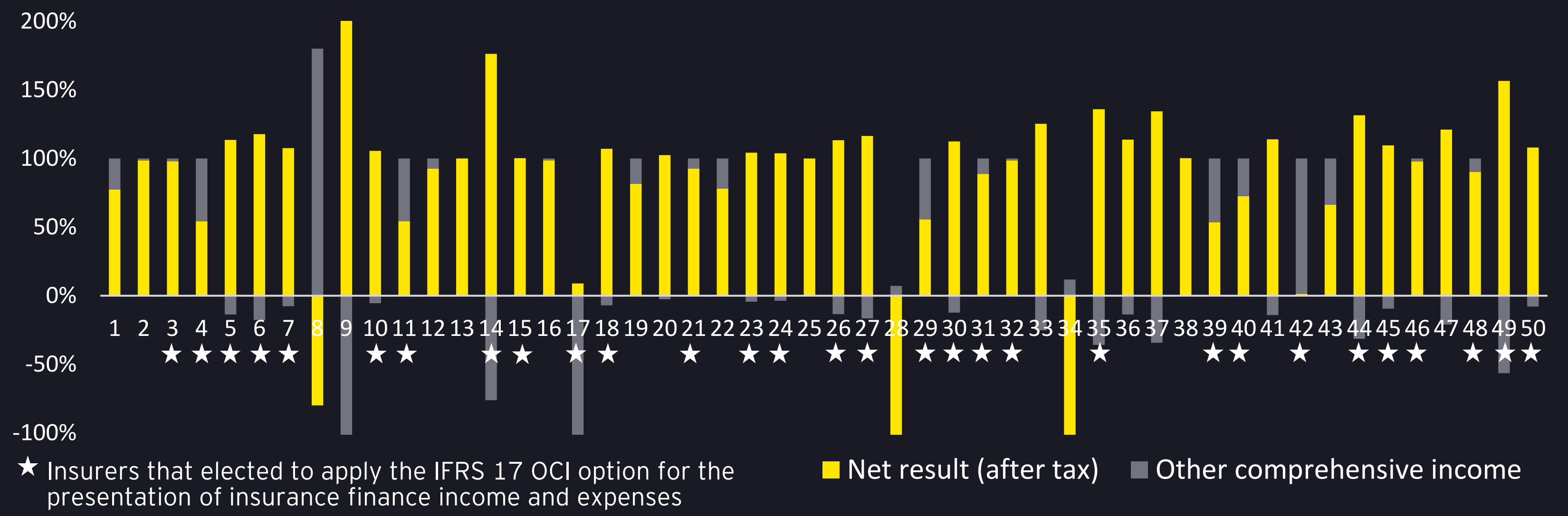
Key takeaways as on 31 December 2024

Net result: Only one insurer reported a net loss before tax, while all the others reported a net profit before tax. The composition of the net results is as follows:

- **Insurance service result:** A large majority of insurers reported the insurance service result as the main driver of net result (see further details on slide 8). No insurers reported a negative contribution from their insurance service result, while the average ratio observed is 79%.
- **Financial result:** Nine insurers reported the financial result as the main driver of the net result, while two insurers reported a negative contribution from their financial result. The average ratio is 51%.
- **Other:** A large majority of insurers reported other income and expenses as having a negative contribution to the net result. This includes, among others, other operating expenses not attributed to the insurance service result, income and expenses from investment management activities and other services provided. The average ratio is -29%.

Comprehensive income: analysis of the balance on 31 December 2024

Composition of comprehensive income on 31 December 2024



No. of insurers presented: 50

What is the metric about?

This metric indicates the composition of the comprehensive income of an insurer. It shows what percentage the net result (after tax) and the other comprehensive income (OCI) make up of the total comprehensive income amount.

The main items that insurers include in OCI, depending on the accounting policies applied, relate to net unrealized gains and losses from the financial assets measured at FVOCI and the net insurance finance income or expenses from insurance contracts.

This metric provides insights on how insurers present their volatility across profit or loss and OCI.

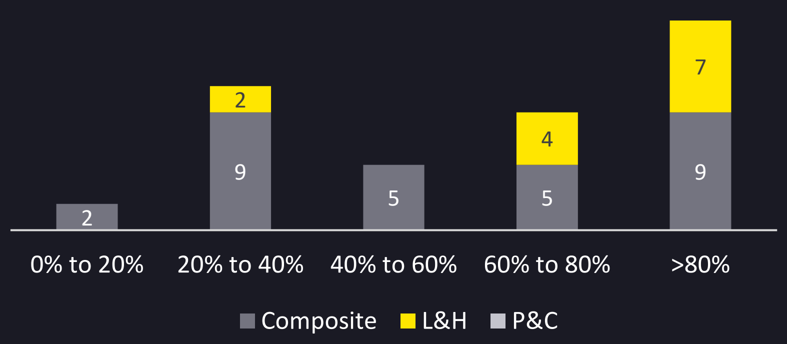
Key takeaways as on 31 December 2024

Comprehensive income: Three insurers reported a negative comprehensive income for the year, while all the others reported a positive comprehensive income. The composition of the comprehensive income is as follows:

- **Net result (after tax):** Almost all insurers reported the net results (after tax) to be the main component of the comprehensive income. The three insurers for which the net results (after tax) negatively contributed to the comprehensive income, did not elect to apply the OCI option under IFRS 17 and IFRS 9 and therefore reported the entire effect from changes in financial market into profit or loss. However, for these three insurers the negative contribution from net result (after tax) was not driven by the financial result, but rather by other effects like the impacts from other operating expenses and the interest costs on borrowings.
- **Other comprehensive income:** For the majority of insurers the amount in OCI negatively contributed to the comprehensive income. In particular, the majority of insurers that elected to apply the OCI option under IFRS 17 showed a negative contribution from OCI.

Insurance service result: analysis of the total for 31 December 2024

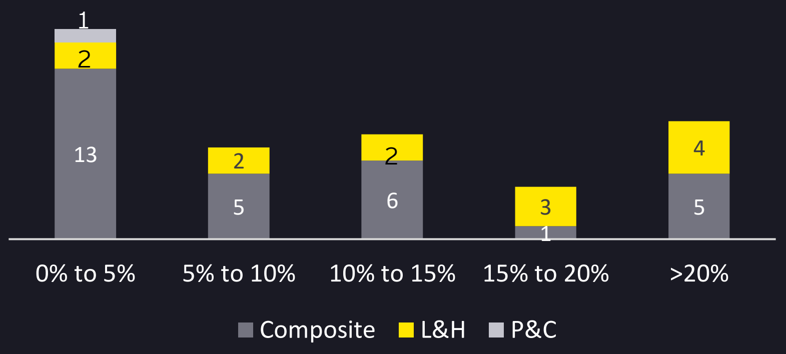
Release of CSM (as % of the insurance service result)



- The release of the CSM is generally the key driver of the insurance service result. For 16 insurers, it contributed more than 80%.

No. of insurers presented: 43

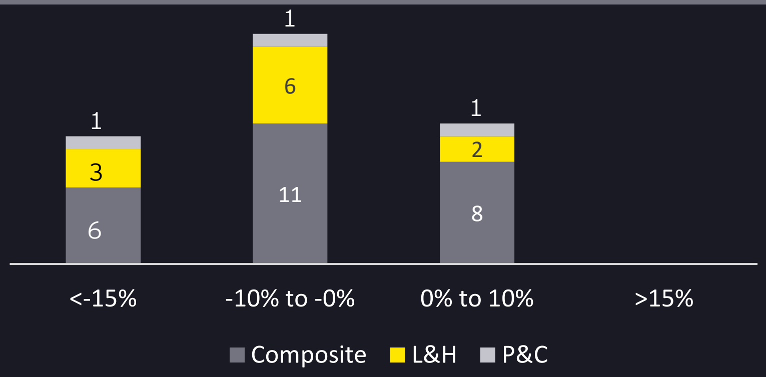
Release of Risk Adjustment (RA) of the LFRC (as % of the insurance service result)



- The contribution from the release of RA to the insurance service result varied across insurers. The most common range is up to 5%. Nine insurers presented a more significant contribution of >20%.

No. of insurers presented: 44

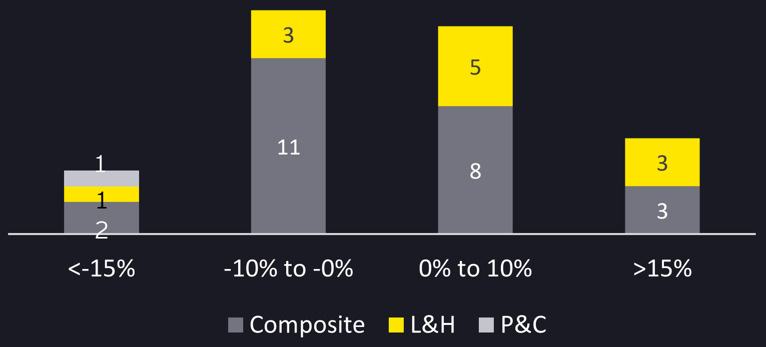
Losses and reversal of onerous contract losses in the period (as % of the insurance service result)



- For the majority of insurers, the effect is negative (<0%), meaning that new losses were higher than the reversal of past losses during the period.

No. of insurers presented: 39

Experience variance on current service (as % of the insurance service result)



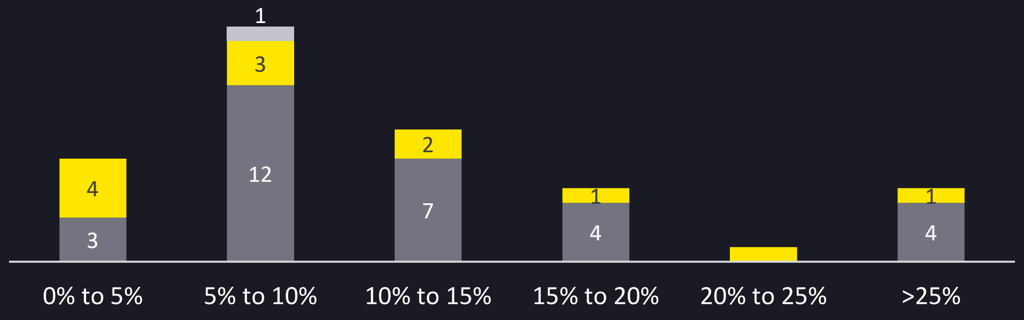
- The majority of composite insurers presented a negative (<0%) experience variance, while the majority of L&H insurers presented a positive (>0%) experience variance.

No. of insurers presented: 37

Note: For P&C insurers, this metric is less relevant given the extensive use of the PAA measurement model.

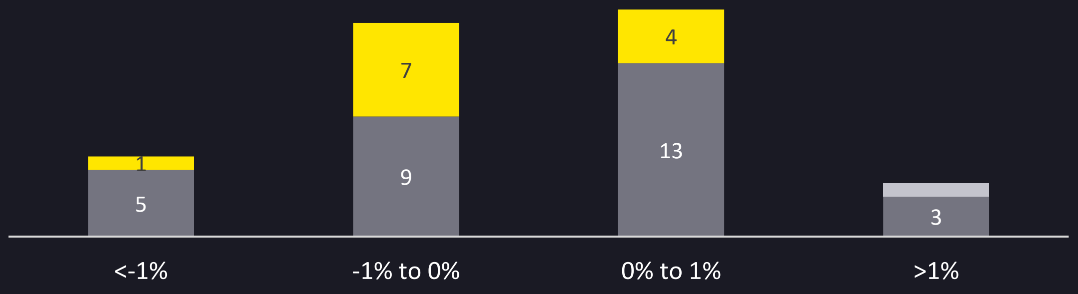
Ratio of CSM to PVFCF: business under the GM and VFA models

Ratio of CSM to PVFCF (insurance liabilities under GM and VFA) on 31 December 2024



No. of insurers presented: 43

Ratio of CSM to PVFCF: 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, percentage point (PP) change)



No. of insurers presented: 43

What is the metric about?

It represents the weight of the CSM relative to the PVFCF of insurance contract liabilities, covering the GM and VFA business. The higher the percentage, the higher the relative value of the CSM, which means there is a higher proportion of remaining future profitability within the carrying amount of the insurance contracts liability. Thus, it is a measure of the profit margin of the total book.

Key takeaways 31 December 2024

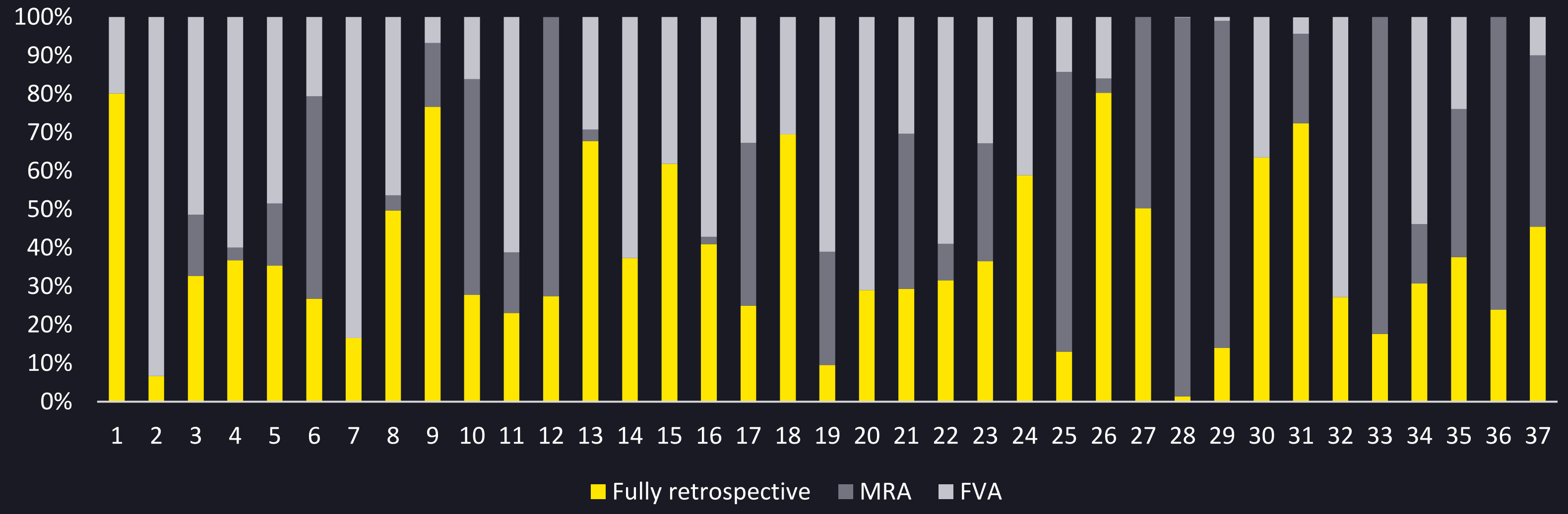
- The most common range observed is from 5% to 10%.
- This ratio is influenced by: (i) the remaining amount of CSM established at transition (e.g., the use of the fair value approach generally resulted in a lower CSM as compared to the use of the fully retrospective and modified retrospective approaches); (ii) the size and profitability of business written after transition; and (iii) the IFRS 17 measurement model applied (e.g., whether PAA or General Model has been applied for P&C business).
- The total range observed varies significantly across insurers, with the full range being from 3% to 64%.

Insights from comparatives 31 December 2023

- The majority of insurers showed a slight decrease in the YE 2024 ratio compared with the YE 2023 ratio, mainly concentrated in the range of 0% to 1%, with the highest change observed for one composite insurer that presented a decrease of -12%.
- One factor contributing to this is the release of profit from the existing business exceeding the addition of future profits from new business.

CSM composition by transition approaches:
ratio of CSM split by MRA, FVA and fully retrospective approaches to CSM end of the period

CSM composition by transition approaches on 31 December 2024



No. of insurers presented: 37

What is the metric about?

Insurers are required to disclose the impacts of transition approaches to establishing the CSM on the current period for all subsequent periods until the contracts are derecognized.

This metric provides insights on the amount of CSM that has been created using the simplified approaches available at transition (MRA or FVA), reflecting the differences in transition approaches applied across insurers.

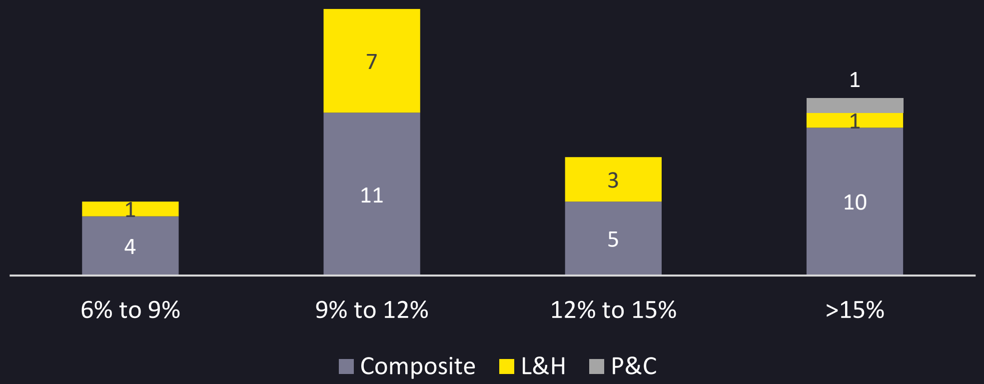
Some insurers included the contracts subject to the EU exemption from applying annual cohorts in a separate column in the disclosure because the groups existing at the date of transition are open to new contracts recognized after transition. These insurers have not been included in the diagram.

Key takeaways as on 31 December 2024

- **Fully retrospective:** In this category, insurers presented the contracts existing at transition for which they applied the full retrospective approach, as well as the new contracts recognized after the transition date. The average percentage of CSM disclosed in this category is 38%, while the highest percentage is 80%, which has been observed for one L&H insurer.
- **Modified retrospective approach (MRA):** The average percentage of CSM disclosed in this category is 27%, while the highest percentage is 99%, which has been observed for one composite insurer.
- **Fair value approach (FVA):** The average percentage of CSM disclosed in this category is 35%, while the highest percentage is 93%, which has been observed for one composite insurer.

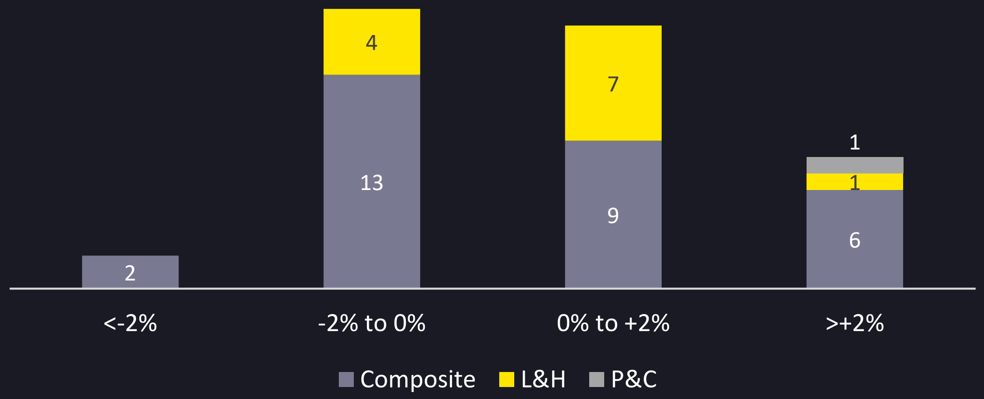
CSM release ratio: ratio of CSM release in the period to total CSM at the end of the period prior to release

CSM release ratio on 31 December 2024



No. of insurers presented: 43

CSM release ratio: 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, PP change)



No. of insurers presented: 43

What is the metric about?

It represents the amount of CSM released to profit and loss as a percentage of the total CSM balance at the end of the period, prior to the amount released into profit or loss during the period. This ratio provides some indication of the run-off period of the CSM; the higher the ratio, the shorter the remaining expected CSM release period (assuming profitability remains comparable).

Further information is available on the subsequent slide, which shows the expected run-off pattern of the CSM for future periods.

Key takeaways 31 December 2024

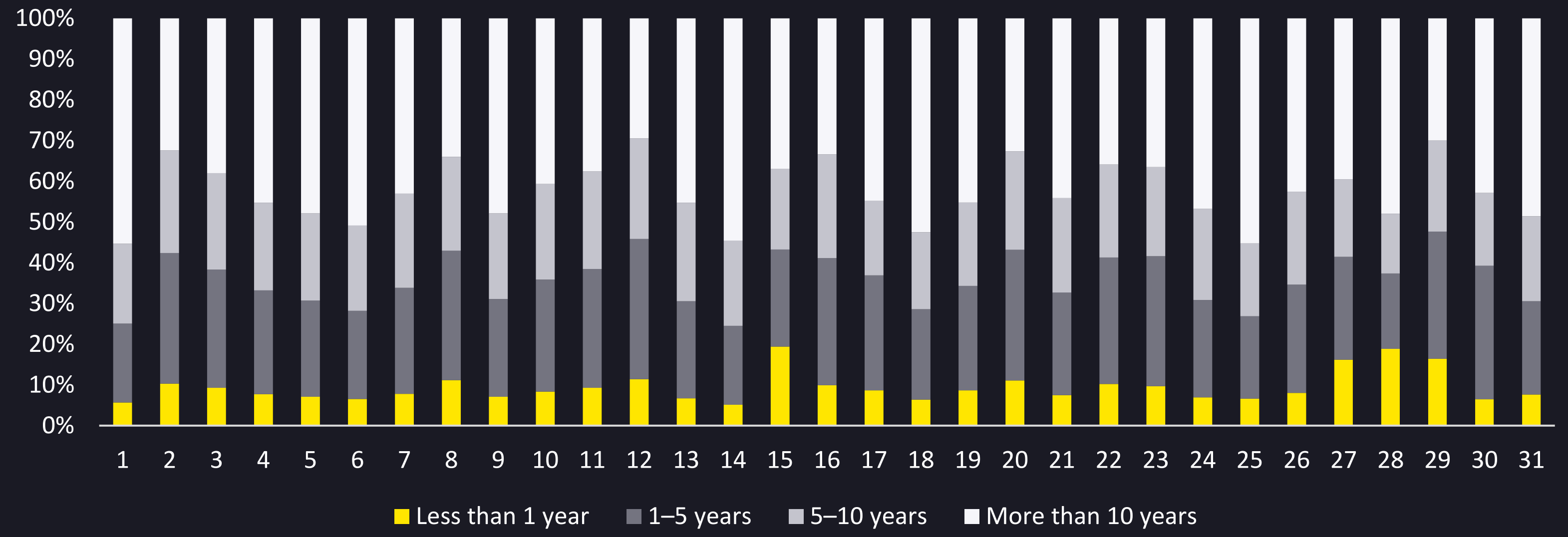
- The amount of CSM for insurance contracts issued released into profit or loss in 2024 varied across insurers, with the majority of composite and L&H insurers presenting a CSM release ratio between 9% and 12%. For these insurers this, as an indication, points to a run-off period of around 10 years for the existing CSM (assuming the current period CSM release is representative of the remaining CSM).
- Twelve insurers disclosed a ratio above 15%, this is mainly driven by composite insurers with a large reinsurance segment and one P&C insurer that measure all their business under the IFRS 17 general model.

Insights from comparatives at 31 December 2023

- The majority of insurers presented an increase in their YE 2024 ratio compared to the YE 2023 ratio, with the most common increase being in the range of 0% to 2%. Eight insurers presented an increase above 2%, with the highest ratio being observed for one P&C insurer.

CSM run-off pattern: CSM recognized in profit or loss during specified time bands (less than a year, between one and five years, between five and 10 years, more than 10 years)

CSM run-off pattern on 31 December 2024



No. of insurers presented: 31

What is the metric about?

This metric provides insights on insurers' CSM run-off pattern for insurance contracts issued, including both life business (which generally has a longer run-off period) and non-life business (which generally has a shorter run-off period).

In order to compare results, we have for the purpose of our analysis, selected specific time bands. We captured the CSM release information to the extent that it was possible to fit the time bands disclosed by the insurers into our specified time bands.

This metric provides insights into an insurer's CSM run-off pattern for (re)insurance contracts issued, including both life business (which generally has a longer run-off period) and non-life business (which generally has a shorter run-off period).

Key takeaways as of 31 December 2024

- **Less than a year:** The average amount of CSM that is expected to be recognized during this time band is 9% (total range between 5% and 19%).
- **Between one and five years:** The average amount of CSM that is expected to be recognized during this time band is 26% (total range between 18% and 34%).
- **Between five and 10 years:** The average amount of CSM that is expected to be recognized during this time band is 22% (total range between 15% and 25%).
- **More than 10 years:** The average amount of CSM that is expected to be recognized during this time band is 43% (total range between 29% and 55%).

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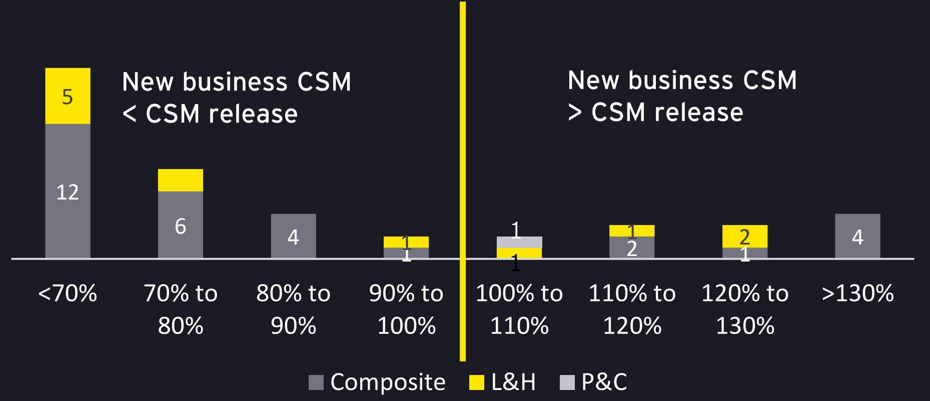
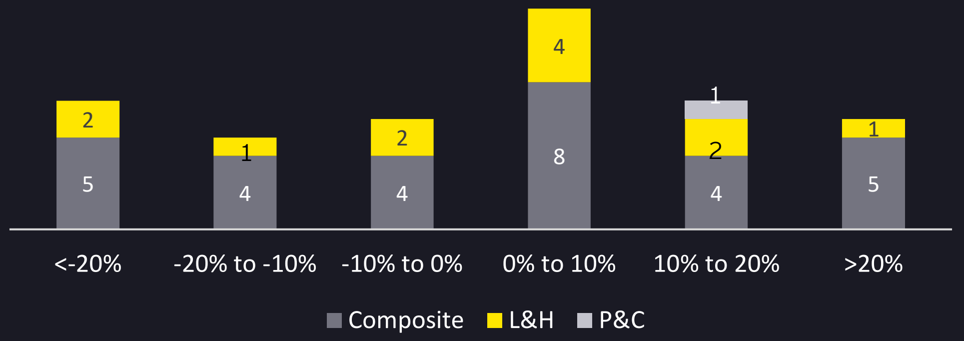
CSM growth ratio: ratio of new business CSM to CSM release

CSM growth ratio on 31 December 2024



No. of insurers presented: 43

CSM growth ratio: 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, PP change)



No. of insurers presented: 43

What is the metric about?

It provides an indication of the growth direction of the unearned CSM of insurers. A ratio above 100% means that the amount of new business CSM recognized in the period is higher than the amount of CSM released into profit or loss during the period. While a ratio below 100% means that the amount of new business CSM recognized in the period is lower than the amount of CSM released into profit or loss.

Key takeaways on 31 December 2024

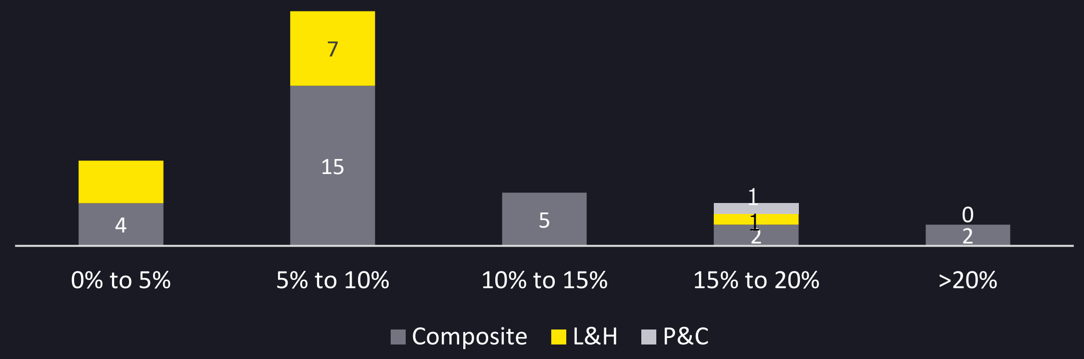
- The large majority of insurers presented an amount of CSM released that is higher than the amount of CSM added for new business during the 12 months of 2024.
- The total range of the ratio has been quite broad, with the average ratio being 85% while the lowest and highest ratio being 14% and 221% respectively.
- The amount of CSM released in profit or loss is derived as the last step in the CSM calculation, which means that it includes other adjustments such as the interest accretion for GM contracts and the entity's share of the underlying items, as well as the "over return" (or "real world" return) in excess of the "risk-free" return assumed for VFA contracts. As such, this metric should not be taken by itself as an indication that an insurer's CSM is declining, as there are other factors that contribute to the CSM's development.

Insights from comparatives on 31 December 2023

- The majority of composite and L&H insurers observed an improvement in the YE 2024 CSM growth ratio, which for some of them was above 20% due to a significant increase in new business CSM during 2024.
- For three insurers, this led to a YE 2024 ratio being higher than 100%, while for the others, it contributed to an improvement to the ratio which remained below 100%.

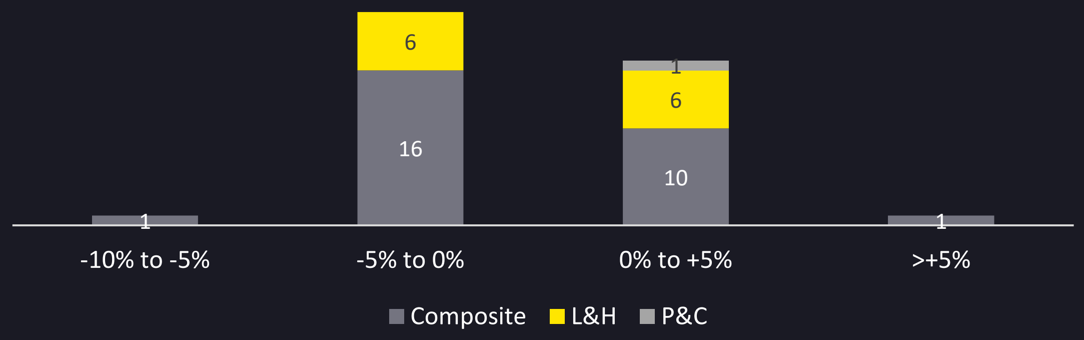
New business CSM weight:
ratio of new business CSM minus new business onerous contracts to new business present value of cash inflows

New business CSM weight on 31 December 2024



No. of insurers presented: 41

New business CSM weight: 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, PP change)



No. of insurers presented: 41

What is the metric about?

It represents the weight of the CSM new business minus the loss component of the new business in the period compared to the amount of present value of cash inflows (expected premiums) recognized for the new business in the period. This metric provides an indication regarding the profitability of new business. The higher the ratio, the higher the amount of new unearned future profit recognized by the insurer.

Key takeaways on 31 December 2024

- The majority of insurers presented a ratio that is in the 5% to 10% range. This percentage highlights the profit they expect to earn from the new business written in the period.
- The lowest percentages has been observed for one composite insurer, which presented a ratio of 1%, mainly driven by losses from new business recognized during the year. The highest percentages has been observed for one composite insurer, which presented a ratio of 37%, mainly driven by high profitability of non-life new business written during the year.
- Insurers recognized losses from onerous new business in the period, which is, on average, around 1% of the new business CSM.

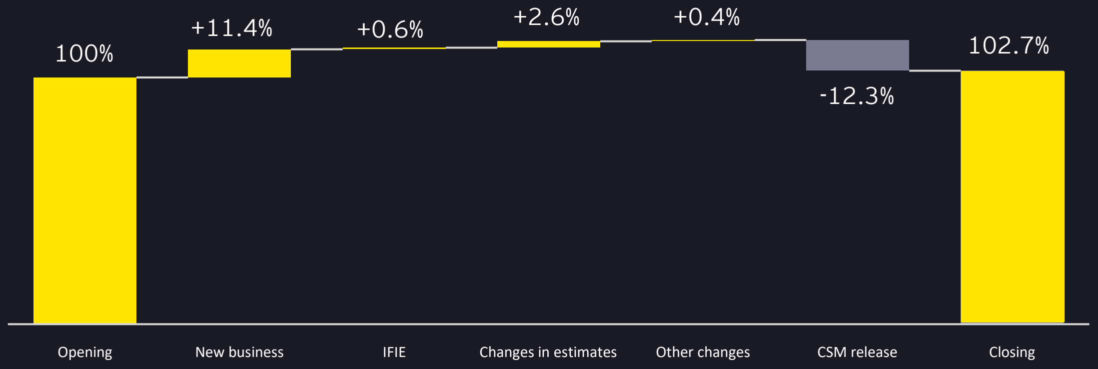
Insights from comparatives on 31 December 2023

- The majority of insurers reported a decrease in the YE 2024 new business CSM weight ratio as compared to that for YE 2023, with the most common range being up to -5%,.

Insurance CSM roll-forward:

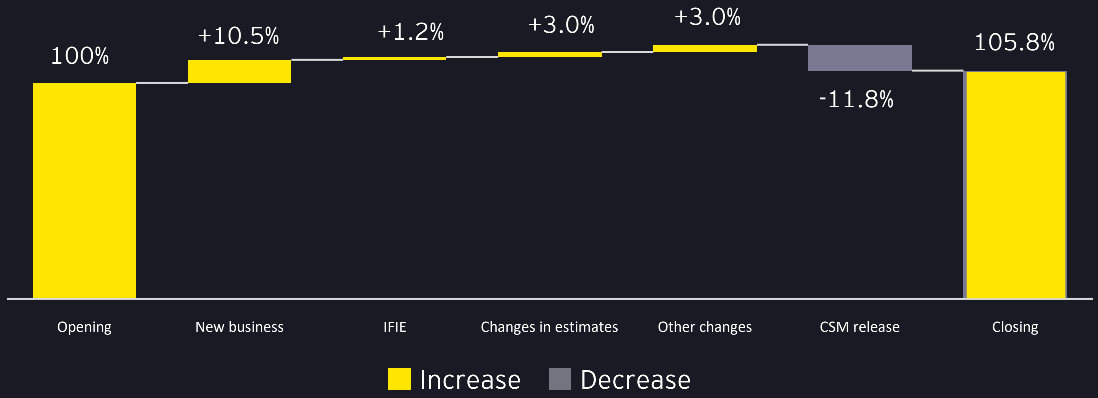
analysis of the CSM movements over the period for GM and VFA business (21 euro-reporting currency insurers)

Insurance CSM roll-forward analysis on 31 December 2024



No. of insurers presented: 21

Insurance CSM roll-forward analysis on 31 December 2023



No. of insurers presented: 21

What is the metric about?

We analyzed the CSM roll-forward figures for insurance contracts issued by all insurers using the euro as their reporting currency and presented an illustrative CSM roll-forward table. This table is based on the combined CSM movements across these 21 insurers, with the CSM at the start of the period set to 100%.

Key takeaways on 31 December 2024

The CSM balance increased by 2.7% in the 12 months of 2024 due to the following:

- **New business/CSM release:** The amount of CSM released into profit or loss has been generally higher that the amount of CSM added for new business.
- **Insurance finance income and expense (IFIE):** Typically includes the accretion of interest at locked-in rate for GM contracts. These items also include changes in the shareholder's share of the underlying items of VFA contracts.
- **Changes in estimates:** This includes the effect of changes in estimates that relate to future services, driven by variances and changes in actuarial assumptions.
- **Other changes:** This includes various elements, for example, foreign currency effects or changes in the composition of the insurance company.

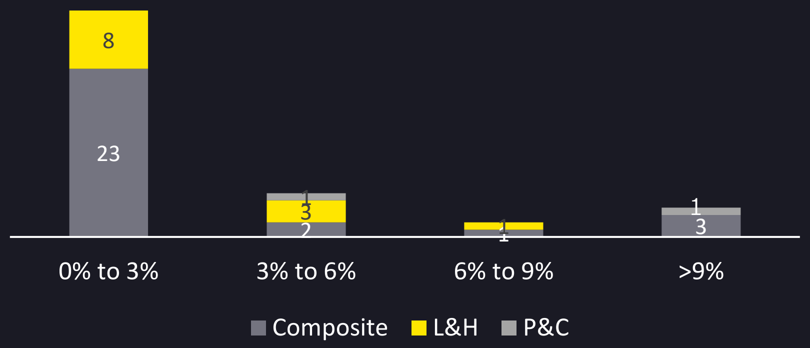
Insights from comparatives 31 December 2023

The CSM balance increased by 5.8% during 2023. The most notable effects for 2023 compared to 2024 are:

- **Stronger positive effect from other changes:** One of the reasons behind this effect is the change in the composition of the insurers' group (e.g., acquisitions), resulting in an significant increase of CSM by some insurers from the acquired business.
- **More favorable impact from changes in estimates:** One reason behind this effect is the changes in longevity assumptions that were disclosed by some insurers during 2023.

RA to PVFCF ratio on Insurance contracts liability

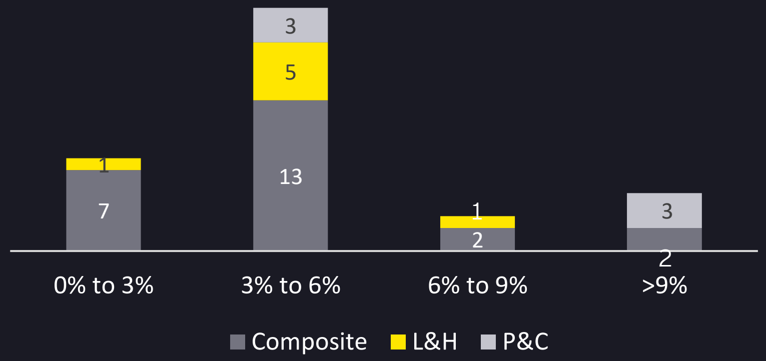
RA ratio to PVFCF on insurance contracts liability for General Model and VFA business on 31 December 2024



No. of insurers presented: 43

- The majority of insurers presented a Risk Adjustment ratio of up to 3% for the insurance contracts liability, mainly related to the LFRC of the life business.

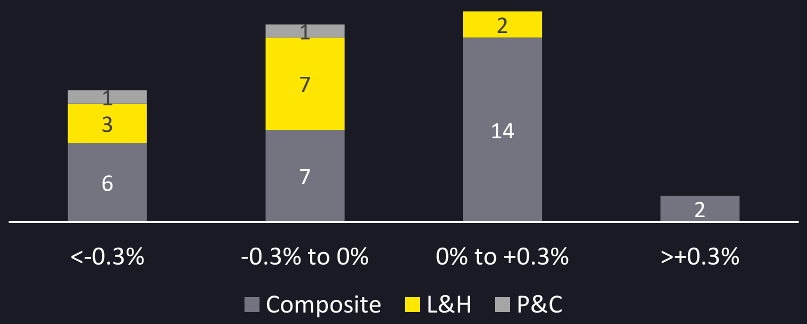
RA ratio to PVFCF on LIC (PAA model) on 31 December 2024



No. of insurers presented: 37

- The RA ratio for the LIC under PAA on the non-life business is generally higher than the RA ratio relating to the life business. The ratio for the majority of insurers ranged from 3% to 6%.

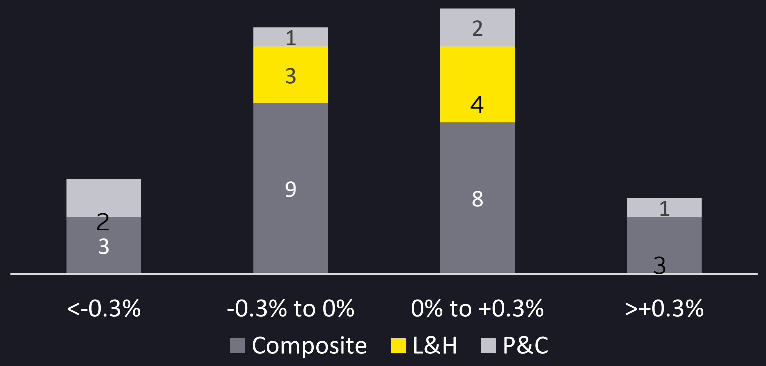
RA ratio to PVFCF on insurance contracts liability LFRC: 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, PP change)



No. of insurers presented: 43

- The RA ratio between YE 2024 and YE 2023 has been relatively stable, with the large majority of increases and decreases being within the range of -0.3% and +0.3%.

RA ratio to PVFCF on LIC (PAA model): 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, PP change)



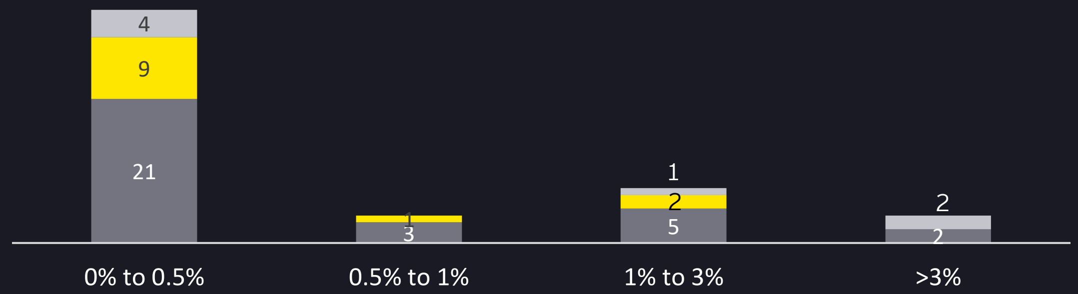
No. of insurers presented: 37

- The RA ratio between YE 2024 and YE 2023 has been relatively stable, with the large majority of increases and decreases being within the range of -0.3% and +0.3%.

Loss component weight:

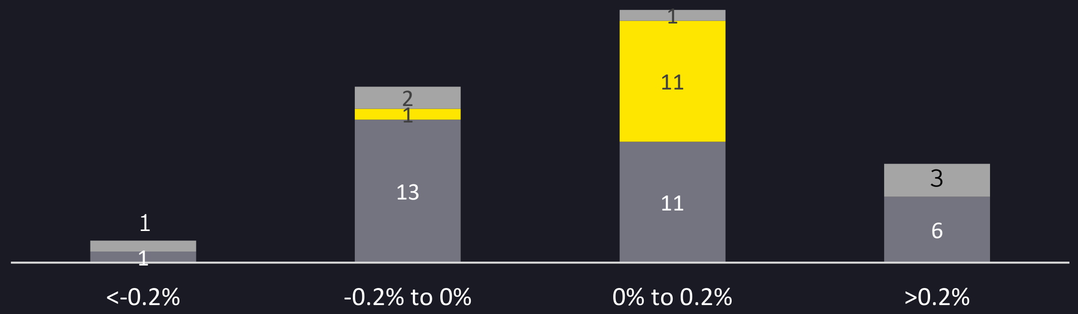
ratio of LFRC loss component to LFRC excluding loss component

Loss component weight on 31 December 2024



No. of insurers presented: 50

Loss component weight: 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, PP change)



No. of insurers presented: 50

What is the metric about?

It represents the ratio of the loss component of the liability for remaining coverage to the amount of the liability for remaining coverage excluding the loss component (profitable component). This metric provides insight into the relative size of onerous business. The higher the ratio, the higher the amount of losses from onerous contracts recognized.

Key takeaways on 31 December 2024

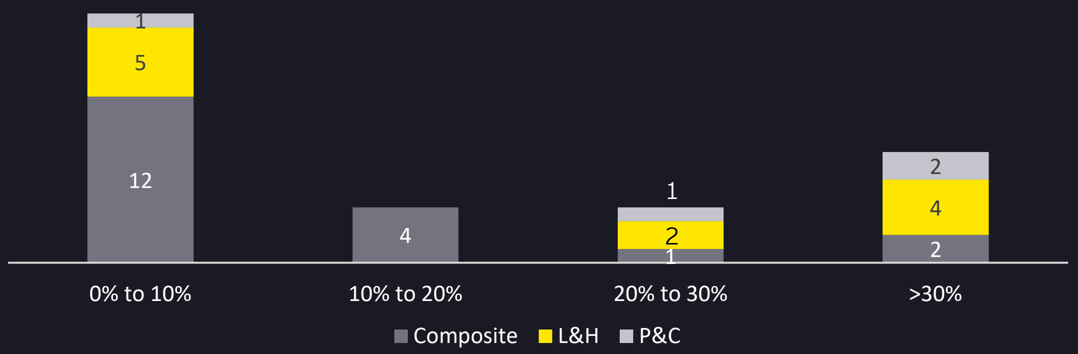
- The large majority of insurers presented a loss component weight ratio below 3%, with the most common range being from 0% to 0.5%.
- Four insurers presented a loss component weight above 3%. The highest ratio has been observed for one P&C insurer that presented a ratio of 51%, mainly related to claims acquired in their settlement period.

Insights from comparatives on 31 December 2023

- The majority of insurers observed a slight increase in the YE 2024 loss component weight ratio as compared with the YE 2023 weight ratio, with the most common range being from 0% to 0.2%. The highest increase has been observed for one P&C insurer that reported a 4% increase.

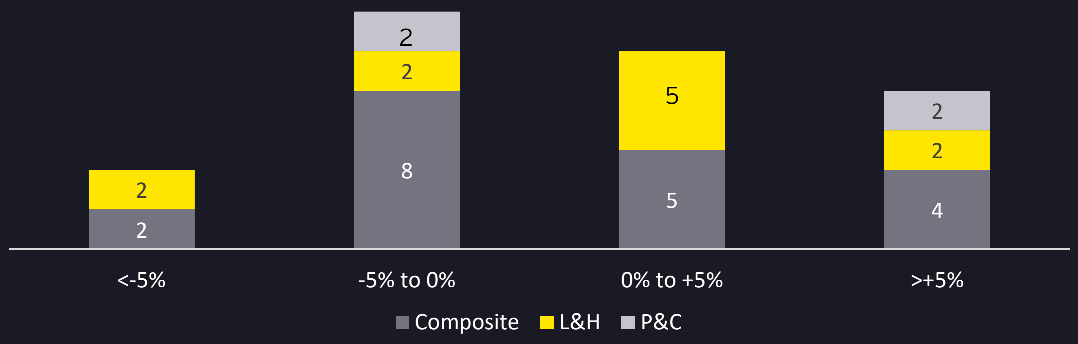
Loss recovery component weight:
ratio of reinsurance held loss recovery component to underlying loss component

Loss recovery component weight on 31 December 2024



No. of insurers presented: 34

Loss recovery component weight: 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, PP change)



No. of insurers presented: 34

What is the metric about?

It represents the ratio of the loss recovery component of the asset for remaining coverage to the loss component of the liability for remaining coverage. This metric provides insight into the expected recoverability from reinsurance contracts held for the losses on the underlying insurance contracts issued. The higher the ratio, the higher the portion of underlying losses that is recoverable from ceded reinsurance.

Key takeaways on 31 December 2024

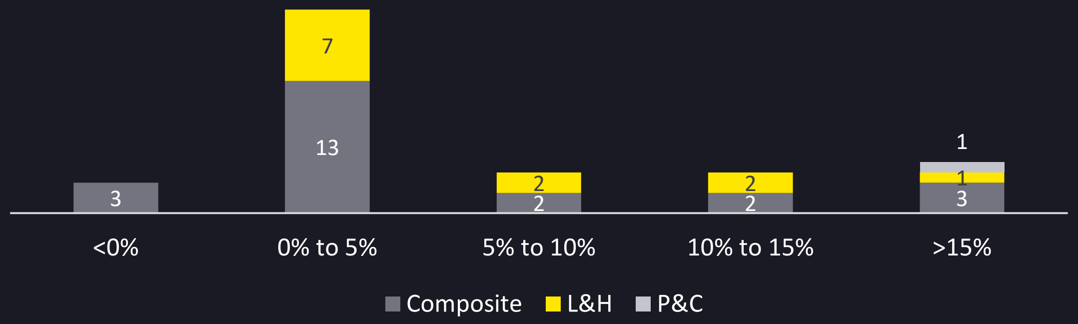
- The loss recovery component weight ratio varied across insurers, as it depends on the coverage provided by the reinsurance contracts held.
- The majority of insurers presented a loss recovery component weight ratio between 0% and 10%.
- Eight insurers presented a loss recovery component weight ratio above 30%, with the highest observable ratio being 85%, observed for one L&H insurer in relation to reinsurance held measured under the general model.

Insights from comparatives 31 December 2023

- A small majority of insurers observed an increase in the YE 2024 loss recovery component weight ratio as compared with the YE 2023 weight ratio. Reasons for this could include an increase in new underlying contracts written with a loss, or weather specific events (e.g., catastrophe) occurred during a period.

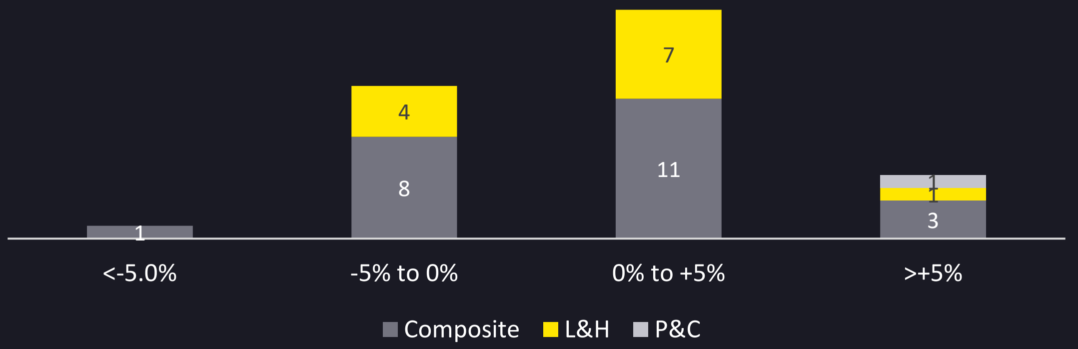
Reinsurance CSM weight:
ratio of reinsurance CSM to the CSM of insurance contracts issued

Reinsurance CSM weight on 31 December 2024



No. of insurers presented: 36

Reinsurance CSM weight: 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, PP change)



No. of insurers presented: 36

What is the metric about?

It provides insights into the weight of remaining future profitability that has been ceded to reinsurers.

A ratio above 0% means that the CSM for reinsurance contracts held represents an expected net cost (i.e., expected premiums ceded are higher than expected recoveries). A ratio below 0% means that the CSM for reinsurance contracts held represents an expected net gain (i.e., expected premiums ceded are lower than expected recoveries).

Key takeaways on 31 December 2024

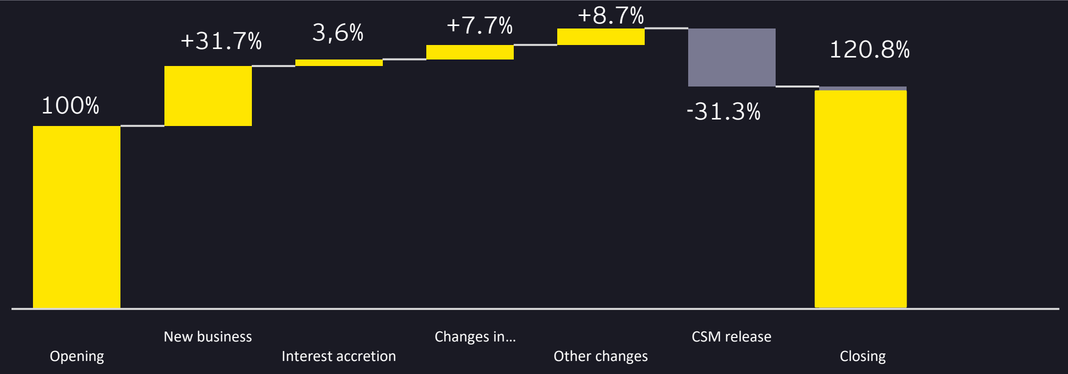
- Almost all insurers presented an expected net cost from their reinsurance contracts held, resulting in a ratio for the reinsurance CSM weight above 0%. The main range observed is from 0% to 5%, while the highest ratio has been observed for one P&C insurer that reported 49%.
- Only three composite insurers presented a ratio for the reinsurance CSM weight below 0% and showed an expected net gain on their reinsurance contracts held. In particular, the lowest ratio presented is -10%.
- Where reinsurance contracts held are measured under the PAA, no expected net cost or gain through the CSM is reported.

Insights from comparatives on 31 December 2023

- The majority of insurers observed an increase in the YE 2024 reinsurance CSM weight as compared with YE 2023, with the most common range being between 0% to 5%.
- One L&H insurer improved its ratio by 4% and switched from a CSM net cost at YE 2023 to a CSM net gain at YE 2024.

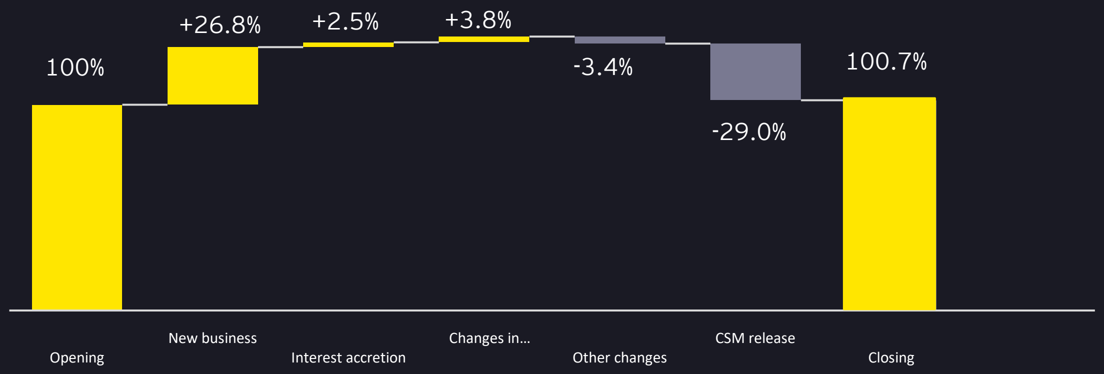
Reinsurance CSM roll-forward:
analysis of the CSM movements over the period (16 euro-reporting currency insurers)

Reinsurance CSM roll-forward analysis on 31 December 2024



No. of insurers presented: 16

Reinsurance CSM weight: 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, PP change)



No. of insurers presented: 16

What is the metric about?

We analyzed the CSM roll-forward figures for reinsurance contracts held by all insurers using the euro as their reporting currency and presented an illustrative CSM roll-forward table, based on the combined CSM movements across these insurers, with the CSM at the start of the period set to 100%.

Key takeaways on 31 December 2024

The net cost in CSM balance increased by 20.8% due to the following movements:

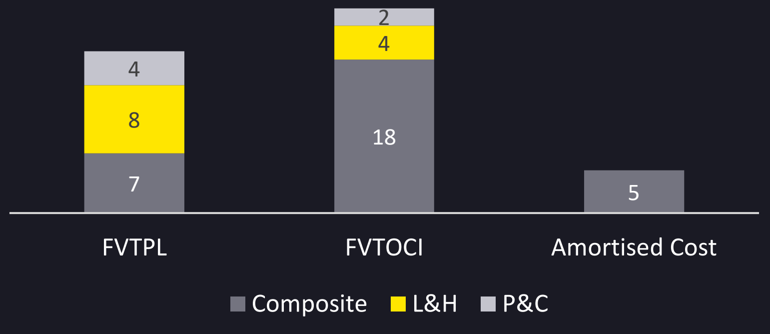
- **New business/CSM release:** The amount of CSM added for new business has been slightly higher than the amount of CSM released into profit or loss. The CSM release into profit or loss is higher compared to that related to issued contracts, reflecting a generally much shorter coverage period for reinsurance compared to the coverage period of issued contracts (see slide 16).
- **IFIE:** This reflects the accretion of interest at the locked-in rate.
- **Changes in estimates:** This includes the effect of changes in estimates that relate to future services, including the effect of losses and reversals of losses on underlying onerous contracts.
- **Other changes:** This includes various elements, for example, foreign currency effects or changes in the composition of the insurance company.

Insights from comparatives on 31 December 2023

- The CSM balance increased by 0.7% during 2023. The most notable effects for 2023 compared to 2024 are:
  - **Negative contribution from other changes:** During 2024, this effect was positive in part caused by effects from foreign currency exchange.
  - **Less positive contribution from changes in estimates:** During 2024, this effect was more pronounced due to updated estimates of claims recovery recognized by a composite insurer.

IFRS 9: Debt and equity classification

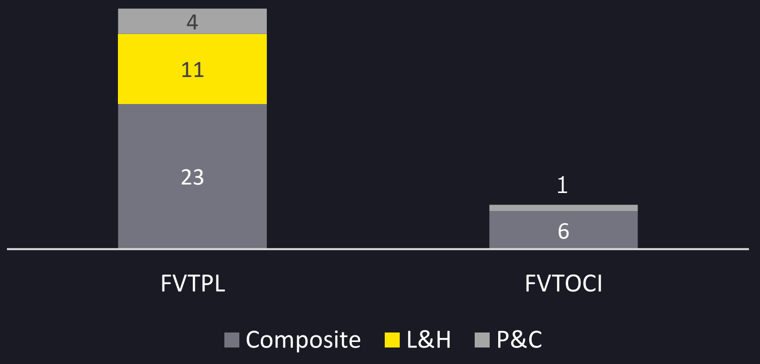
Main IFRS 9 classification: Debt instruments on 31 December 2024



No. of insurers presented: 48

- Twenty-four insurers measure the majority of their debt securities at FVOCI, while 19 use FVTPL. Five composite insurers (all of them bancassurers) apply amortized cost as the main category.

Main IFRS 9 classification: Equity instruments on 31 December 2024



No. of insurers presented: 45

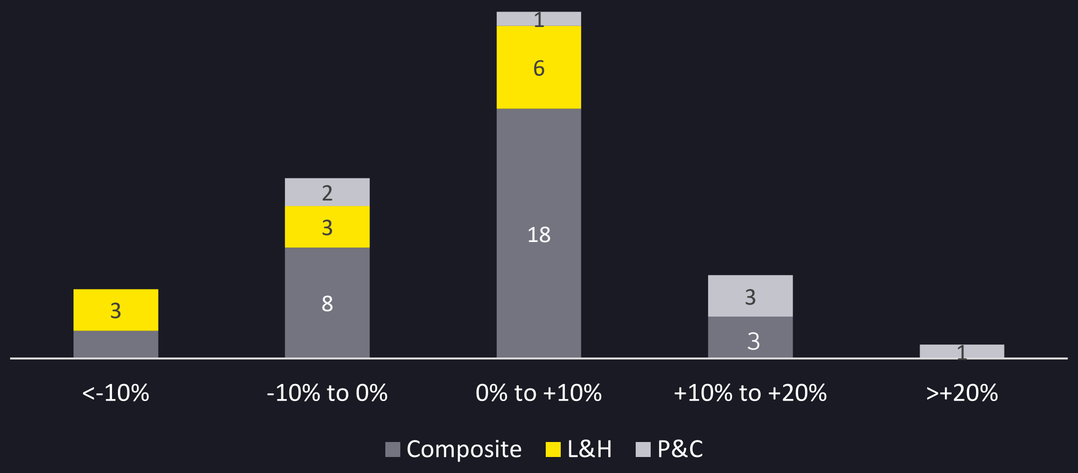
- Thirty-eight insurers measure the majority of their equity securities at FVTPL, while seven account for equity instruments at FVOCI (non-recyclable).

03

Reported key performance indicators

Shareholders' equity change

IFRS 17 and IFRS 9 shareholders' equity change: 31 December 2024 vs 31 December 2023



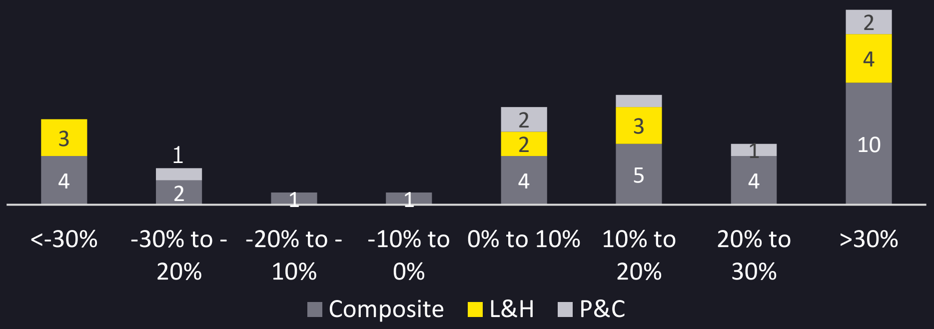
No. of insurers presented: 50

The majority of insurers observed an increase in equity during 2024.

- During the 12 months of 2024, the large majority of insurers showed an increase in the equity balance, with the increases that have been mainly up to 10%.
- The highest increase has been observed for one P&C insurer that disclosed +38%, while the highest decrease has been observed for one L&H insurer that disclosed -40%.
- Overall the movement in the equity balance during 2024 depended on the combination of following main factors:
  - The positive net result, which has been observed for almost all insurers during the 12 months of 2024, mainly due to the positive contribution from the performance of the insurance business (refer to the composition of the net result on page 7). This effect contributed to an increase in the amount of equity.
  - The capital transactions with shareholders (e.g., dividend payouts and share buyback programs during 2024). Those effects contributed to a decrease in the amount of equity.

Net profit before tax and operating profit change

Net profit (or loss) before tax: 31 December 2024 vs. 31 December 2023

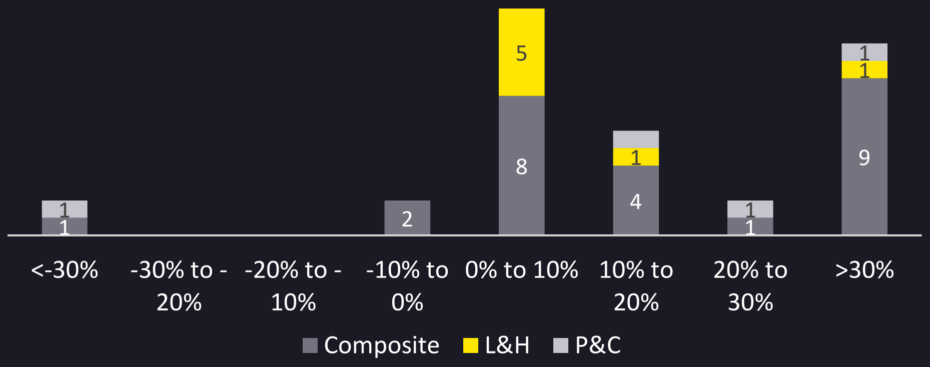


No. of insurers presented: 50

The large majority of insurers reported an increase in their net results during 2024, driven by an increase in both insurance and financial results.

- The amount of net result increased for the large majority of insurers during the 12 months of 2024 compared to the same period of 2023.
- The positive development in the net result is mainly attributable to the following:
  - Increase in the insurance result: One of the drivers that contributed to this effect is the increase in the CSM release ratio in the 12 months of 2024. On average, the insurance service result increased by 21%.
  - Increase in the financial results: Common drivers that contributed to this effect are the high interest rate environment and favorable developments of share prices observed during 2024, which contributed to higher returns on investments.

Operating profit: 31 December 2024 vs. 31 December 2023



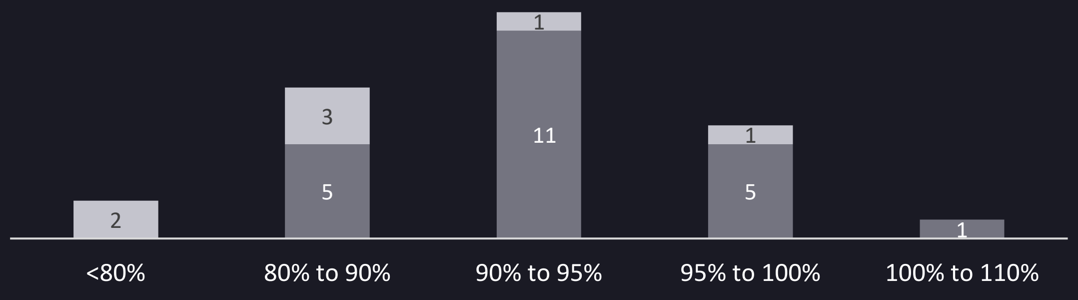
No. of insurers presented: 36

The large majority of insurers presented an increase in their operating profit during 2024 compared to 2023.

- The development in operating profit follows a similar pattern to the development in net results, which has been analyzed above.
- Insurers typically recalibrated their definition of operating profit based on IFRS 17 and IFRS 9. The impact differs across insurers based on a company's definition of operating profit but is also affected by some of the accounting choices made under the new standards.
- Companies typically design their operating profit measure to exclude elements like market volatility (e.g., interest rates and equity changes) and other non-recurring items (e.g., restructuring and corporate transactions) from their net profit.
- On 1 January 2027, IFRS 18, the IASB's new standard on presentation and disclosure in financial statements, will become effective. Insurers will need to carefully assess the implications of this new standard for their existing alternative performance measures.

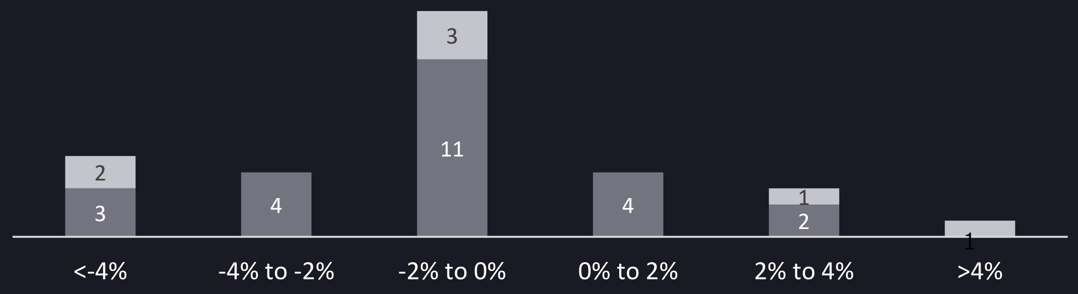
Combined ratio

Combined ratio on 31 December 2024



No. of insurers presented: 31

Combined ratio change: 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, PP change)



No. of insurers presented: 31

How insurers are calculating the combined ratio?

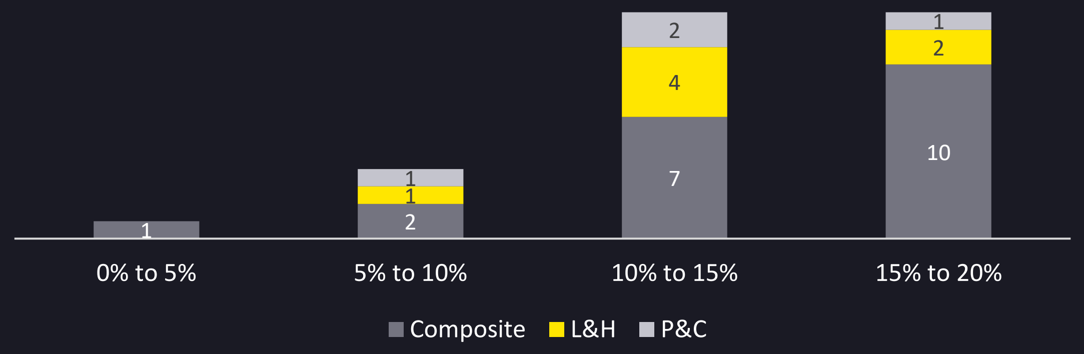
- The combined ratio reflects the ratio of incurred claims and expenses relative to insurance revenue and continues to be widely reported as a KPI for P&C business under IFRS 17.
- Insurers typically updated their combined ratio based on IFRS 17 compared with IFRS 4, for example, by including the effect of discounting, changing the level of expenses included in claims cost, and recognizing the increase in claims costs resulting from losses on onerous contracts.
- Differences are still observed between insurers in how they calculate the combined ratio, for example, whether it is net or gross of reinsurance ceded, the type of expenses included and the treatment of the unwinding of interest.
- Only a few insurers are providing their combined ratio on both a discounted and undiscounted basis.

What did companies report?

- As of 31 December 2024, the most common range of combined ratio is between 90% and 95%, which has been reported by 12 insurers.
- A large majority of insurers showed an improvement (i.e., a decrease) in their combined ratio as of 31 December 2024 compared with the same period in 2023. In particular, one composite insurer disclosed an improvement (i.e., a decrease) of 37% which was mainly driven by quite large cumulative price increases for 2024 and a relatively favorable year for severe weather events.
- On the other hand, one P&C insurer presented an increase in its combined ratio of 7% during 2024, which was mainly driven by the effect of adverse weather events on the claims ratio.

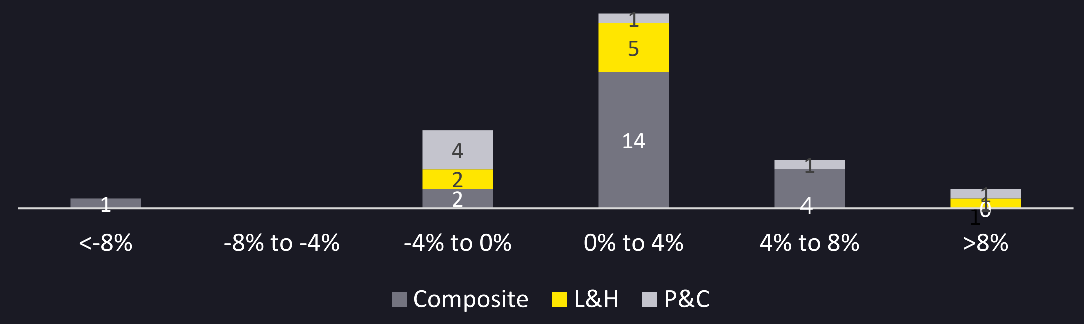
Return on Equity

ROE on 31 December 2024



No. of insurers presented: 36

ROE change: 31 December 2024 vs. 31 December 2023 (YE 2023 comparison, PP change)



No. of insurers presented: 36

The large majority of insurers presented an increase in their return on equity (ROE) during 2024.

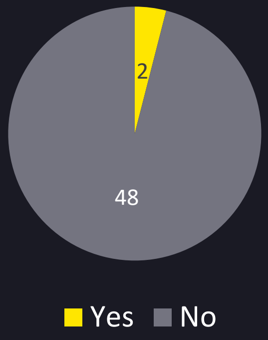
- A large majority of the insurers showed an increase in their ROE during the 12 months of 2024 compared to the same period in 2023.
- One common reason for this increase is the overall improvement in net results observed during 2024 (see slide 25). There may also be other company-specific reasons driving changes in the reported ROE, like share-buybacks and dividend payouts.
- The highest ROE has been observed for one P&C insurer, which reported 56%, while the lowest ROE has been observed for a composite insurer, which reported 0,1%.
- Variations exist in how insurers determine their ROE, for example, using IFRS profits vs. adjusted (underlying or operating) earnings for the numerator and the exclusion of unrealized amounts in OCI for the denominator. Another adjustment made by some insurers is the inclusion of the CSM in the denominator.

04

Changes in methodology and discount rate analysis

Changes to IFRS 17 and IFRS 9 accounting policy and estimates

Accounting policy change on 31 December 2024



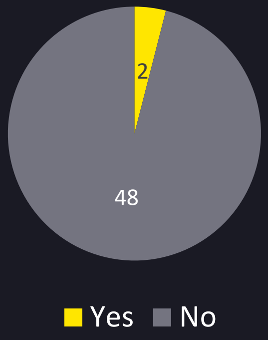
What the observation is about: IFRS 17 contains a number of accounting policy elections, the exercise of which may be relevant to understanding the financial statements of an entity. Changes in accounting policy elections are accounted for under IAS 8 **Accounting Policies, Changes in Accounting Estimates and Errors.**

Key observations:

- Two insurers disclosed the following accounting policy changes:
  - One composite insurer disclosed its decision to change from IAS 39 to IFRS 9 hedge accounting rules on financial instruments during the year.
  - Another composite insurer changed the treatment of the discounting effect relating to the risk adjustment, which is now allocated between insurance service expenses and insurance finance income or expenses.

No. of insurers presented: 50

Significant changes in estimate on 31 December 2024



What the observation is about: IFRS 17 contains specific disclosure requirements around the significant judgements and changes in judgements made by an entity in applying the standard. It requires entities to disclose any changes in methods and processes for estimating inputs used to measure contracts, the reason for each change, and the type of contracts affected. Changes in estimates are applied prospectively and are recognized in the period in which the change occurs and in future periods.

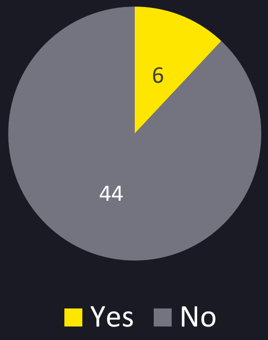
Key observations:

- Two insurers disclosed the following changes in estimate:
  - One composite insurer disclosed that from 1 January 2024, the risk adjustment for nonfinancial risk is calculated with the cost of capital (COC) method in combination with the value at risk approach (previously it was calculated with the COC technique only).
  - One composite insurer disclosed changes on the methodology and input relating to the measurements of the fulfillment cash flows of groups of insurance contracts in the scope of IFRS 17.

No. of insurers presented: 50

Correction of errors made in the YE 2024 financial statements

Correction of errors on 31 December 2024



What the observation is about: Corrections of errors are accounted for under IAS 8. Errors in prior period financial statements must be corrected retrospectively, which means that the financial statements for the prior period are restated as if the error has never occurred.

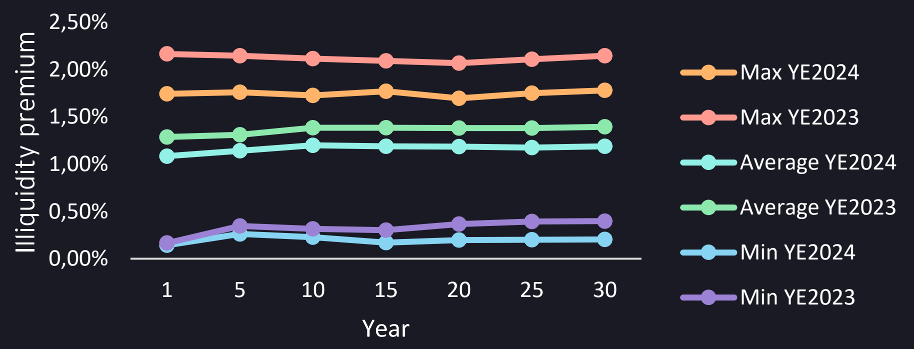
No. of insurers presented: 50

Key observations:

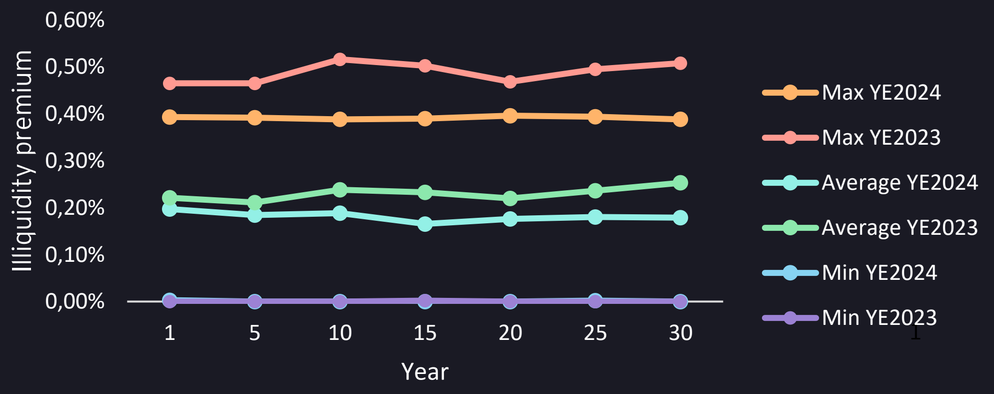
- Six insurers disclosed the following correction of errors in relation to IFRS 17 and IFRS 9 balances:
  - One P&C insurer disclosed a presentational error related to reinsurance contract held balances, where certain amounts had been incorrectly classified between the asset for incurred claims and the asset for remaining coverage.
  - One L&H insurer disclosed an error regarding the presentation of the CSM, where previously presented contracts under the FVA and "other contracts" were restated to contracts under the MRA.
  - One composite insurer disclosed a correction regarding the classification of investments.
  - One L&H insurer disclosed the identification of an error in the calculation of inputs to the IFRS 17 liability calculation as well as to the IFRS 9 liability calculation.
  - One composite insurer disclosed an updated transitional adjustment relating to discounting on initial application of IFRS 17.
  - One composite insurer disclosed an error related to the application of the IFRS 17 requirements for business combinations relating to amounts forming part of the liability for incurred claims of the acquired business.

Discount rate analysis: illiquidity premiums – GBP

GM illiquidity premium (GBP): YE 2024 vs. YE 2023



VFA illiquidity premium (GBP): YE 2024 vs. YE 2023



Methodology of our analysis

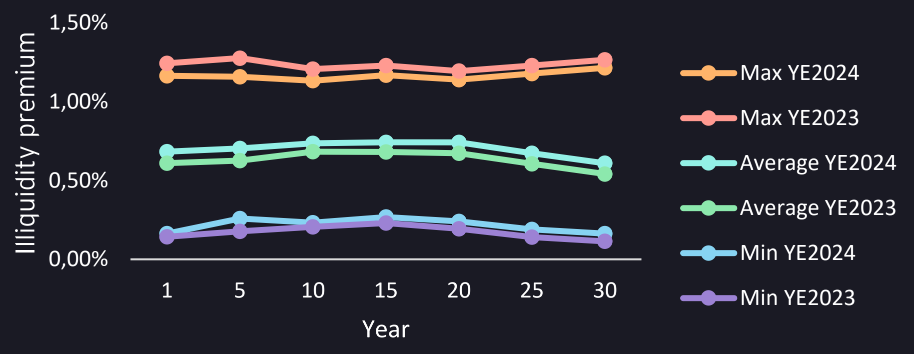
- The Illiquidity premium (ILP) is a key driver of the IFRS 17 discount rate and an element that often requires the most judgement in establishing the total discount rate.
- For the companies in our panel, we derived the indicative ILP for illustrative purposes by subtracting the "risk-free" rate based on rates provided by EIOPA for Solvency II from the disclosed IFRS 17 discount rates. As such, the actual range of ILPs applied by the companies in their financial statements may differ.
- We looked at the curves including an ILP. Some companies also apply a curve without an ILP (i.e., a risk-free rate) to some types of business.
- The analysis was done for GBP and EUR (next slide) currencies for GM and VFA products, but with no further distinction by product types. Where necessary, interpolation was applied in our analysis.

Key takeaways

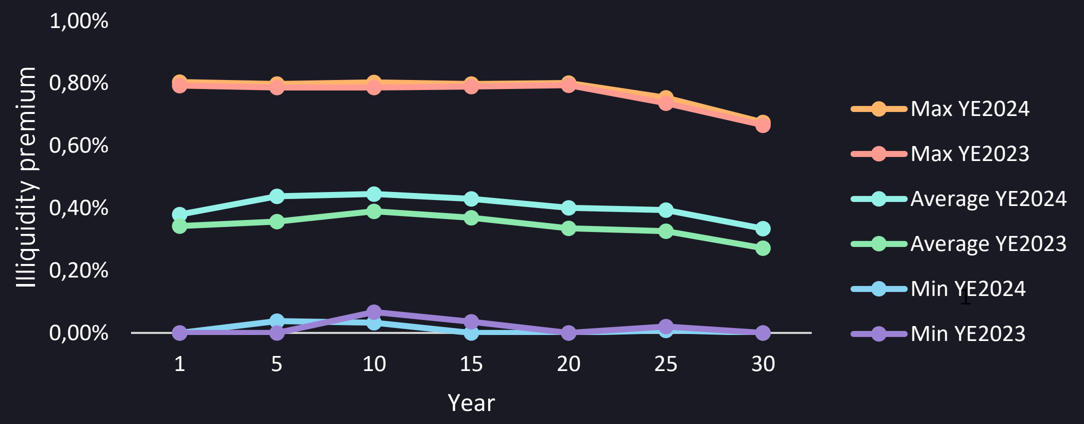
- At YE 2024, a range of ILPs is observed due to the variety of products within each measurement model and potentially different methodologies for determining the ILP:
  - ILPs are fairly stable across durations, implying a flat ILP assumption for most entities.
  - GM ILP is typically larger than the VFA ILP, likely due to annuity business within GM and low ILPs within VFA products (e.g., with-profits and unit-linked, which are more liquid).
- Data is limited for duration beyond Year 30 for HY 2024, hence the graphs stop at Year 30.
- As compared to YE 2023:
  - The average GM ILP has decreased in YE 2024. This is consistent with a general reduction in credit spreads of debt instruments (such as corporate bonds) across GBP markets over the year 2024. In addition, the range for GM ILP has decreased significantly, narrowing from 0.3%-2.2% to 0.1%-1.8%.
  - The VFA ILPs have also reduced on average but to a smaller extent as compared to GM ILPs. This aligns with our expectation that VFA liabilities are primarily matched against assets with higher liquidity (less illiquid), thus less sensitive to movements in the credit spreads than GM liabilities which are matched against higher proportions of illiquid assets. In addition, there is a larger drop in maximum VFA ILP (with an average decrease of around 0.1% for all durations).

Discount rate analysis: illiquidity premiums – EUR

GM illiquidity premium (EUR): YE 2024 vs. YE 2023



VFA illiquidity premium (EUR): YE 2024 vs. YE 2023



Methodology of our analysis

- Consistent with the approach to GBP discount rates (see previous slide).

Key takeaways

- At YE 2024, the GM ILP is also typically larger than the VFA ILP for EUR. However, the differences are smaller compared to GBP, as the average EUR GM ILP is lower but the average EUR VFA ILP is higher than for GBP.
- The overall range of EUR VFA ILP is noticeably wider than for GBP. This is likely driven by differences in product features, like more diverse profit-sharing mechanisms in Continental Europe and different investment policies that underly the reference portfolios used for deriving the ILP.
- The ILP trends are fairly similar, with the ILPs fairly stable across durations, implying a flat ILP assumption for most companies.
- Data is limited for durations beyond Year 30 for HY 2024; hence, the graphs stop at Year 30.
- As compared to YE 2023:
  - The average GM ILP has slightly increased in YE 2024. The range for GM ILP has remained relatively stable, shifting only slightly from circa 0.1%-1.3% to c.0.2%-1.2%.
  - The average VFA ILPs have also increased to a similar extent of that for GM ILPs. Like the GM ILPs, the minimum and maximum VFA ILP has remained largely unchanged.
  - While there has been a general reduction in credit spreads of debt instruments (such as corporate bonds) across EUR markets over the year 2024, we see a slight increase in the ILP.

05

Appendix

Selected IFRS 17 and IFRS 9 financial metrics and KPIs

IFRS 17 or 9	Metric	Definition	Page ref.
IFRS 17 and IFRS 9	Net result analysis	$\frac{\text{Insurance service result}}{\text{Net result}}$ $\frac{\text{Financial result}}{\text{Net result}}$ $\frac{\text{Other result}}{\text{Net result}}$	7
IFRS 17 and IFRS 9	Comprehensive income analysis	$\frac{\text{Net result (after taxes)}}{\text{Total comprehensive income}}$ $\frac{\text{OCI}}{\text{Total comprehensiive income}}$	8
IFRS 17	Insurance service result analysis	$\frac{\text{Release of CSM}}{\text{ISR}}$ $\frac{\text{Release of LFRC RA}}{\text{ISR}}$ $\frac{\text{Losses and reversal of losses}}{\text{ISR}}$ $\frac{\text{Experience variance on current services}}{\text{ISR}}$	9
IFRS 17	CSM ratio to PVFCF	$\frac{\text{CSM}}{\text{PVFCF on Insurance contracts liability (GM and VFA contracts)}}$	10
IFRS 17	CSM composition by transition approaches	$\frac{\text{CSM (Other, MRA, FVA)}}{\text{CSM end of the period}}$	11
IFRS 17	CSM release ratio on LFRC	$\frac{\text{CSM release}}{\text{CSM end of period prior to release}}$	12
IFRS 17	CSM run-off pattern	CSM recognition in P&L in selected time buckets (Less than 1y, 1y-5y, 5y-10y, over 10y)	13
IFRS 17	CSM growth ratio	$\frac{\text{New business CSM}}{\text{CSM release}}$	14
IFRS 17	New business CSM weight	$\frac{\text{New business CSM} - \text{New business onerous contracts}}{\text{New business PVFCF inflows}}$	15
IFRS 17	Insurance CSM roll-forward	Analysis of the CSM movements over the period	16

Selected IFRS 17 and IFRS 9 financial metrics and KPIs (contd.)

IFRS 17 or 9	Metric	Definition	Page ref.
IFRS 17	RA ratio to PVFCF on insurance liabilities	$\frac{\text{RA on insurance contracts liability (GM and VFA business)}}{\text{PVFCF on insurance contracts liability (GM and VFA business)}}$	17
IFRS 17	RA ratio to PVFCF on LIC	$\frac{\text{RA on LIC (PAA business)}}{\text{PVFCF on LIC (PAA business)}}$	17
IFRS 17	Loss component weight	$\frac{\text{LFRC loss component}}{\text{LFRC excluding loss component}}$	18
IFRS 17	Loss recovery component weight	$\frac{\text{Loss recovery component AFRC}}{\text{Loss component LFRC}}$	19
IFRS 17	Reinsurance held CSM weight	$\frac{\text{Reinsurance held CSM}}{\text{Insurance issued CSM}}$	20
IFRS 17	Reinsurance held CSM roll-forward analysis	Analysis of the CSM movements over the period	21
IFRS 9	Debt and equity insutruments analysis	Analysis of the main measurement model adopted for debt instruments (FVTPL, FVOCI, AC) and equity instruments (FVTPL, FVOCI)	22
IFRS 17 and IFRS 9	Shareholder's equity change	Shareholder's equity change (during 2024)	24
IFRS 17 and IFRS 9	Net profit before tax	Overview of the net profit before tax change (YE 2024 vs. YE 2023)	25
IFRS 17 and IFRS 9	Operating profit	Overview of the operating profit change (YE 2024 vs. YE 2023) based on the insurer's definition of operating profit	25
IFRS 17	Combined ratio	Overview of the combined ratio change (YE 2024 vs. YE 2023) based on the insurer's definition of combined ratio	26
IFRS 17 and IFRS 9	Return on equity	Overview of the return on equity change (YE 2024 vs. YE 2023) based on the insurer's definition of return on equity	27

Selected IFRS 17 and IFRS 9 comparative methodologies and accounting policies

IFRS 17 or 9	Methodology decision	Rationale	Page ref.
IFRS 17 and IFRS 9	Accounting policy changes	Overview of accounting policy changes in YE 2024 financial statements	29
IFRS 17 and IFRS 9	Significant estimates changes	Overview of significant estimates changes in YE 2024 financial statements	29
IFRS 17 and IFRS 9	Correction of errors	Overview of correction of errors in YE 2024 financial statements	30
IFRS 17	Illiquidity premiums (GBP)	Overview of the determination of the illiquidity premium for GM and VFA contracts for GBP currency	31
IFRS 17	Illiquidity premiums (EUR)	Overview of the determination of the illiquidity premium for GM and VFA contracts for EUR currency	32

List of insurers

Insurer	Segment	Geography
a.s.r.	Composite	Continental Europe
Achmea	Composite	Continental Europe
Admiral Group	P&C	UK
Aegon	Composite	Continental Europe
Ageas	Composite	Continental Europe
AIA	L&H	Asia-Pacific
Allianz	Composite	Continental Europe
Athora Limited	L&H	Americas
Aviva	Composite	UK
AXA	Composite	Continental Europe
Baloise	Composite	Continental Europe
Beazley	P&C	Continental Europe
BNP Paribas	Composite	Continental Europe
CNP Assurances	L&H	Continental Europe
Crédit Agricole Assurances	Composite	Continental Europe
Direct Line Group	P&C	UK

Insurer	Segment	Geography
FWD	Composite	Asia-Pacific
Generali	Composite	Continental Europe
Great-West Lifeco	L&H	Americas
Groupama	Composite	Continental Europe
Helvetia	Composite	Continental Europe
Hiscox	P&C	UK
HSBC	Composite	UK
Intact	P&C	Americas
Intesa Sanpaolo	Composite	Continental Europe
KBC Group	Composite	Continental Europe
Lancashire	P&C	Americas
Legal and General	L&H	UK
Lloyds Banking Group	Composite	UK
M&G	L&H	UK
Manulife	L&H	Americas
Mapfre	Composite	Continental Europe
Munich Re	Composite	Continental Europe

Insurer	Segment	Geography
NN Group	Composite	Continental Europe
Old Mutual	L&H	Africa
Phoenix	L&H	UK
Ping An	Composite	Asia-Pacific
Prudential Plc	L&H	Asia-Pacific
QBE	Composite	Asia-Pacific
Sampo	Composite	Continental Europe
Sanlam	Composite	Africa
SCOR	Composite	Continental Europe
Sun Life	L&H	Americas
Swiss Life	L&H	Continental Europe
Swiss Re	Composite	Continental Europe
Talanx	Composite	Continental Europe
Tryg	P&C	Continental Europe
Unipol	Composite	Continental Europe
W&W	Composite	Continental Europe
Zurich	Composite	Continental Europe

Glossary

Abb.	Full expression
AC	Amortized cost
AFRC	Asset for remaining coverage
BEL	Best estimate liabilities
CSM	Contractual service margin
CU	Currency
ECL	Expected credit loss
EU	European Union
EUR	Euro
FVA	Fair value approach
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
FY	Fiscal year
GM	General model
IFRS	International financial reporting standard
ICL	Insurance contracts liabilities
IFIE	Insurance finance income and expenses

Abb.	Full expression
ILP	Illiquidity premium
LFRC	Liability for remaining coverage
L&H	Life and health
LIC	Liability for incurred claims
LLP	Last liquid point
MRA	Modified retrospective approach
NB	New business
OCI	Other comprehensive income
PAA	Premium allocation approach
P&C	Property and casualty
PL	Profit and loss
PP	Percentage Point
RA	Risk adjustment for non-financial risk
UFR	Ultimate forward rate
VaR	Value at risk
VFA	Variable fee approach

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