

IFRS 17, le grand saut dans l'inconnu ?



Raphaëlle Delarbre
Generali



Baptiste Bréchet
Deloitte

Jeudi 23 juin 2022

Agenda



1. | Les dernières actualités
2. | Les publications récentes
3. | Où en sommes nous ?
4. | Et après 2023 ?
5. | Les actuaires sont-ils prêts ?

1. Les dernières actualités

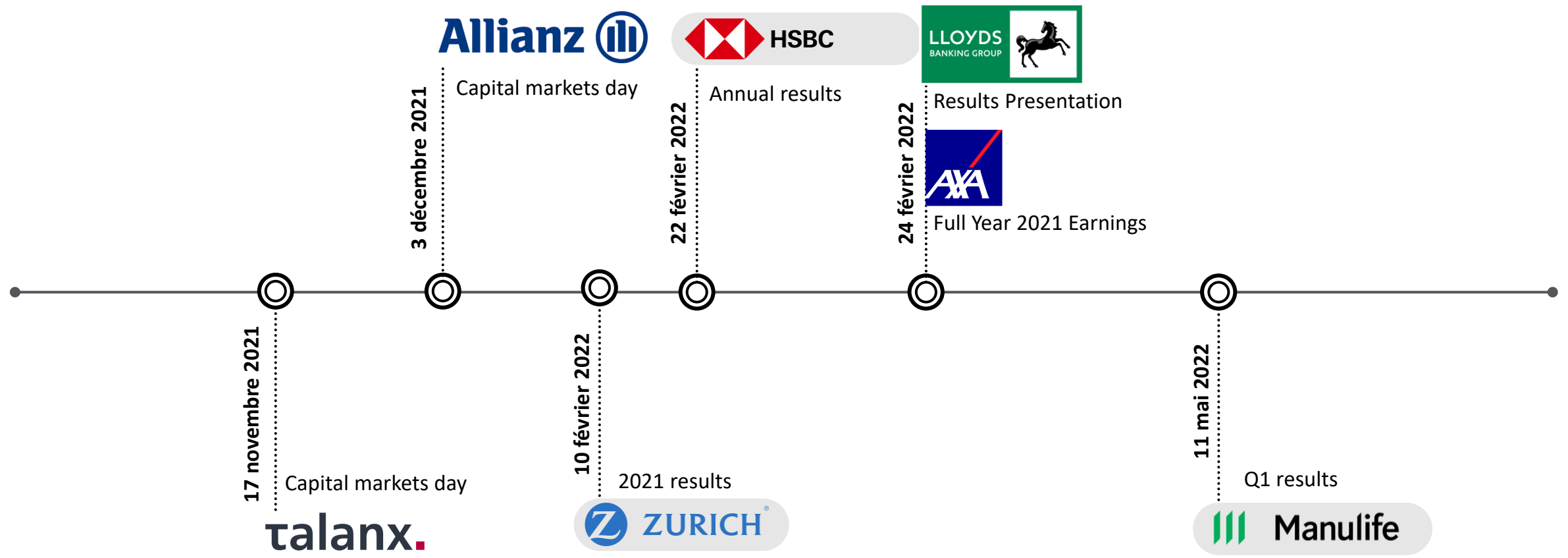


1. Réunion IFRIC du **14 et 15 juin 2022** sur les multi-currency groups of insurance contracts + coverage units de contrats de retraite



2. Recommandations de l'ESMA / AMF des **13 et 17 mai 2022**

2. Les publications récentes

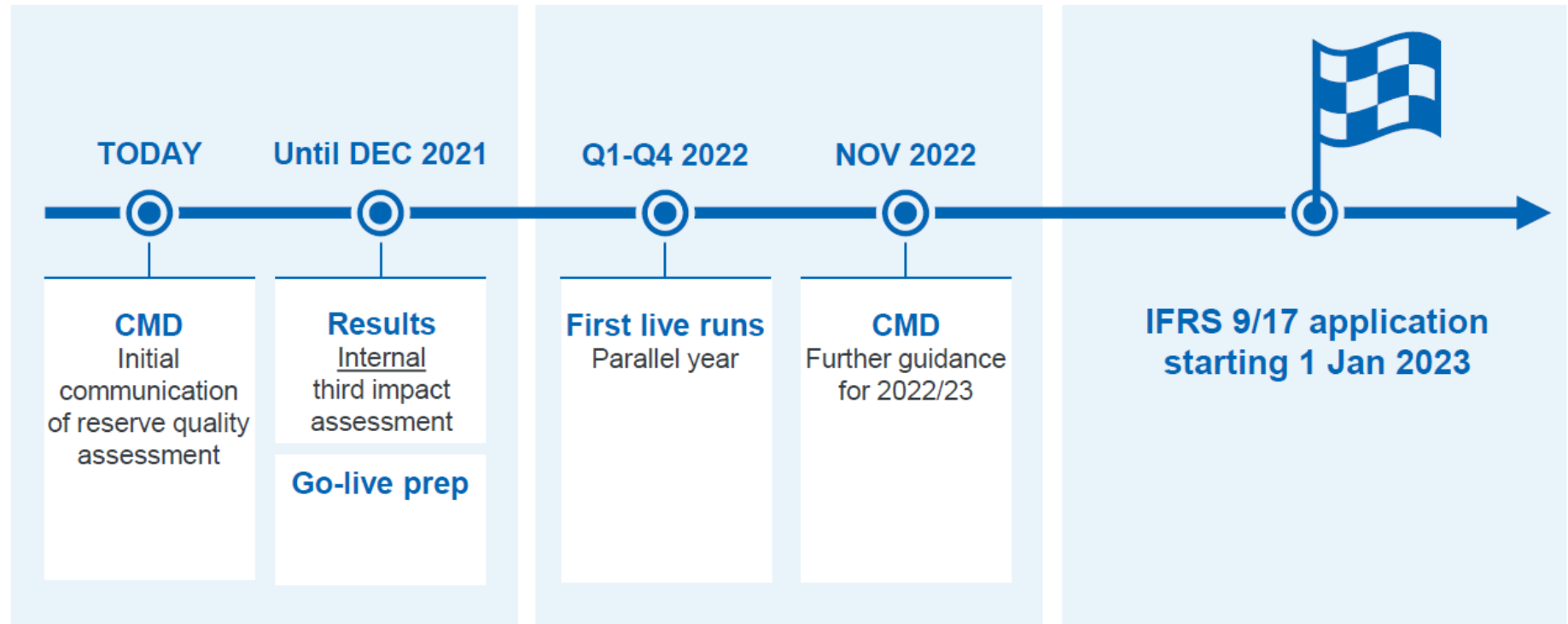


2. Les publications récentes

tal anx.

4 IFRS 9/17 will fundamentally change accounting

Next steps

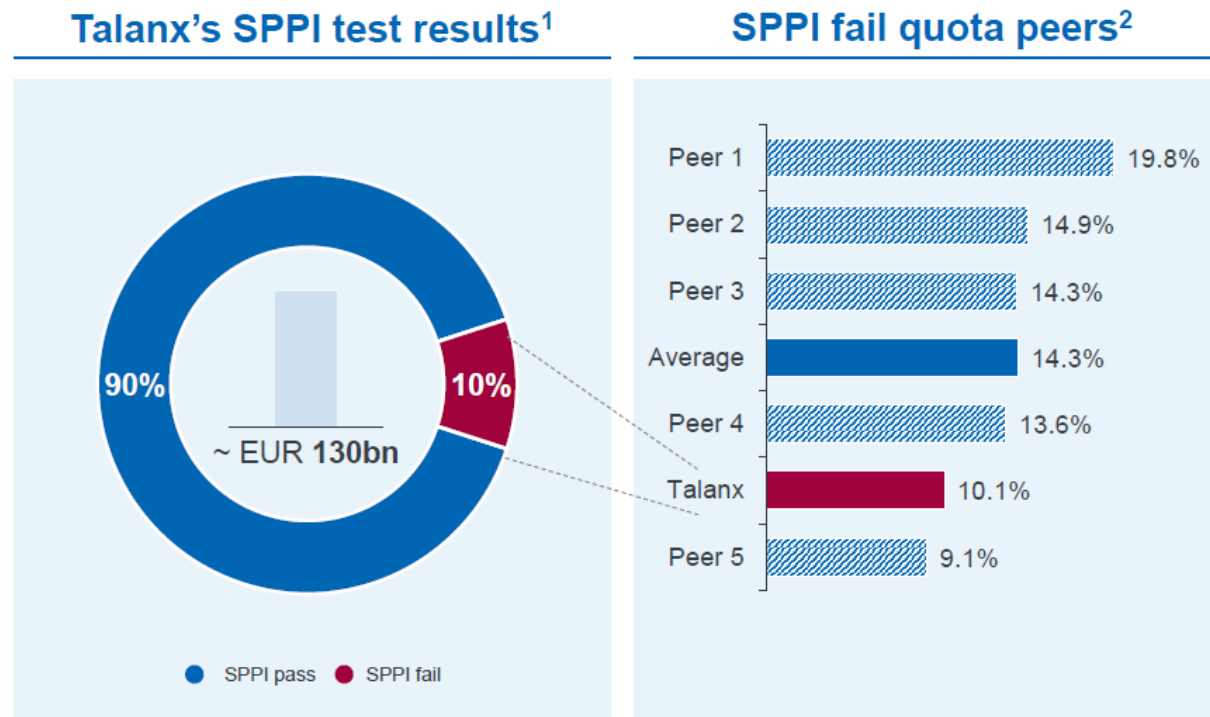


p.31, Capital Markets Day – 17 novembre 2021

2. Les publications récentes

tal anx.

4 Talanx well prepared for IFRS 9 – measures to manage P&L volatility underway



P&L volatility low, as:

- ~99% of SPPI pass assets are ECL stage 1³
- SPPI fail quota comparably low
- ~40% SPPI fail assets from life insurance with VFA accounting⁴
- restructuring bond funds portfolio to managed accounts
- FVOCI option for several equity instruments

1 SPPI: Solely Payment of Principal and Interest. Assets which pass the SPPI test can be accounted for at Fair Value through OCI (FVOCI). Talanx's SPPI test results are shown for relevant financial assets as per 31 Dec 2020.
 2 Peers: Allianz, Axa, Generali, Munich Re, Scor. Source: Own calculations based on annual reports 2020 of Talanx Group and peers. 3 ECL: Expected Credit Loss. The ECL has to be calculated for SPPI pass assets. The change between two reporting dates will be accounted for through P&L. P&L volatility from ECL is expected to be low, as most debt instruments have an investment grade rating and low credit risk (stage 1). 4 Life insurance companies which are using the variable fee approach (VFA) according to IFRS 17 can compensate nearly all this P&L volatility.

p.32, Capital Markets Day – 17 novembre 2021

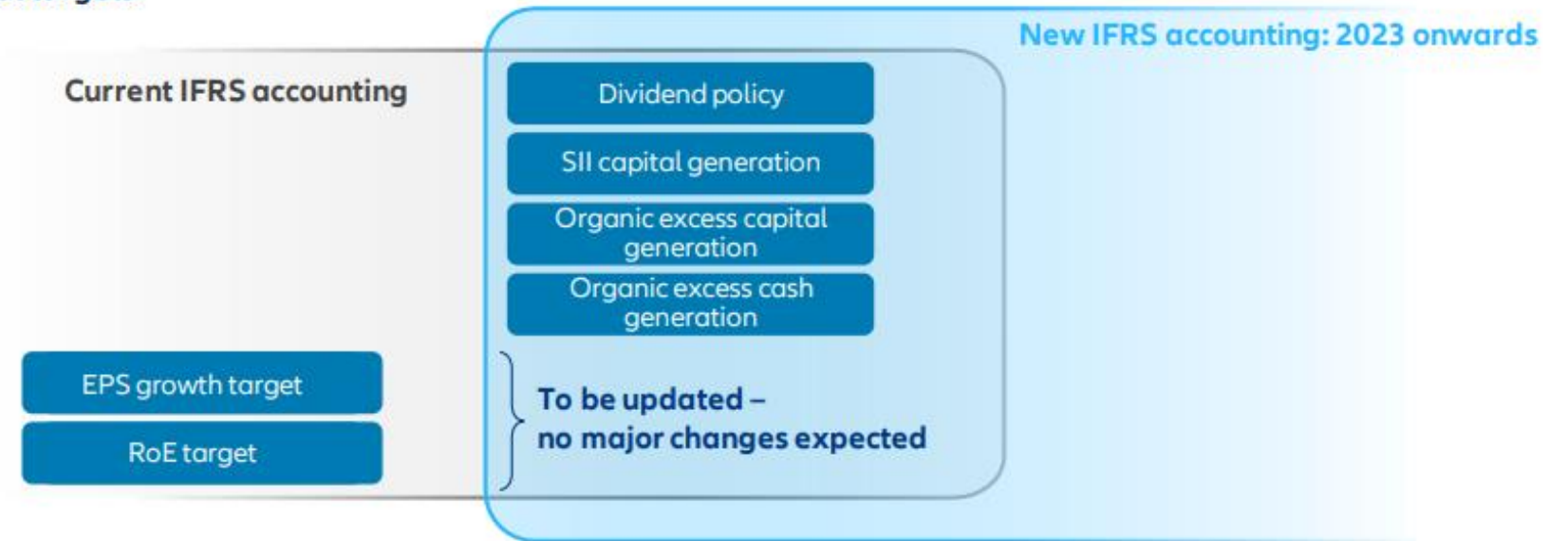
2. Les publications récentes



ALLIANZ CAPITAL MARKETS DAY 2021

IFRS 9/17 – no major changes expected

Key financial targets



p.67, Allianz Capital Markets Day – Décembre 2021

2. Les publications récentes



Alban de Mailly Nesle | Group CFO, AXA So on the PYDs. So I'll start first at XL. I guess your question is both for XL and for the Group, right? So at XL, the PYDs come from, on the net basis, from COVID. But you will also remember that at the beginning of the year that has not changed. We increased the reserves on the long tail lines to reach the attachment point and we released some positive prior year developments on the short tail lines and notably on Cat. So those two offset each other, and it's net COVID.

At Group level if aside the XL one, it's the excess reserves that's been used for the bonis, that's Euro 1.4 billion. So it's identified as excess reserves on all lines and not a particular line that was used. On the Euro 800 million that we used from that excess reserves to increase our best estimate reserves. You know those best estimate reserves will be the basis of the IFRS 17 reserves. And we've always been on the prudent side when we set our reserves and we want IFRS 17 reserves to be also on the prudent side, and that prudence will emerge under IFRS 17, as it has emerged in the current framework in the past.

2. Les publications récentes



Property & Casualty | Focus on P&C reserves

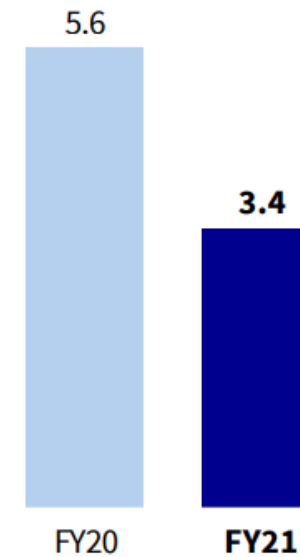
Reserving ratio

(Net technical reserve / Net earned premiums)



IFRS reserves in excess of undiscounted SII BEL

(in Euro billion)



o/w €-1.4bn of PYD release
o/w €-0.8bn of increased prudence in BEL

b.24 (Appendices), Full Year 2021 Earnings – 24 février 2022

2. Les publications récentes

Manulife

IFRS 17 update – *Key implications* on financial results and KPIs

1. A **CSM will be established on in-force business** at transition, which will **represent unearned profits. The CSM will be treated as available capital under LICAT¹**. The transition impact of the standards is expected to lead to a decrease in equity of approximately 20%
2. Our **growing and profitable insurance sales** will drive CSM growth, which will be an important contributor to **future core earnings growth**. Given the importance of the CSM, **we will establish “new business CSM” and “CSM balance growth” targets**
3. Upon transition, **core earnings are expected to decline by approximately 10%**, driven mainly by the recognition of new business gains in the CSM and the timing of earnings from investment-related activities
4. We expect IFRS 17 to improve the stability of both core earnings and net income
5. Our capital position will remain strong under IFRS 17 and we expect our LICAT ratio to be more stable
6. Some of our **medium-term financial and operating targets will be increased** upon transition, and we are **confirming the remaining targets**
 - Core ROE target will increase to 15%+
 - We do not anticipate material changes in remittances. As a result, there is no expected impact to the dividend or its trajectory upon transition, and the dividend payout ratio target range will increase to 35% – 45%

IFRS 17 does not impact the fundamental economics of our business, financial strength, claims paying ability, or dividend capacity of the company. Thus, there is no change to our business strategy.

p.23 à compléter

2. Les publications récentes

Manulife

Confirming medium-term financial and operating targets under IFRS 17

| | IFRS 4 | IFRS 17 |
|---|--|----------------------|
| Financial Targets¹ (medium-term) | Core EPS growth | 10-12% |
| | Core ROE (REVISED) | 13%+ 15%+ |
| | Leverage ratio (<i>adjusted for CSM</i>) | 25% |
| | Dividend payout ratio (REVISED) | 30-40% 35-45% |
| | CSM balance growth (NEW) | n/a 8-10% |
| Financial Targets¹ (2022+) | New business CSM growth (NEW) | n/a 15% |
| | Expense efficiency ratio | <50% |
| Supplemental Goals¹ (2025) | Core earnings from highest potential businesses | 75% |
| | Core earnings from Asia region (Insurance + WAM) | 50% |
| | Core earnings from LTC and VA | <15% |

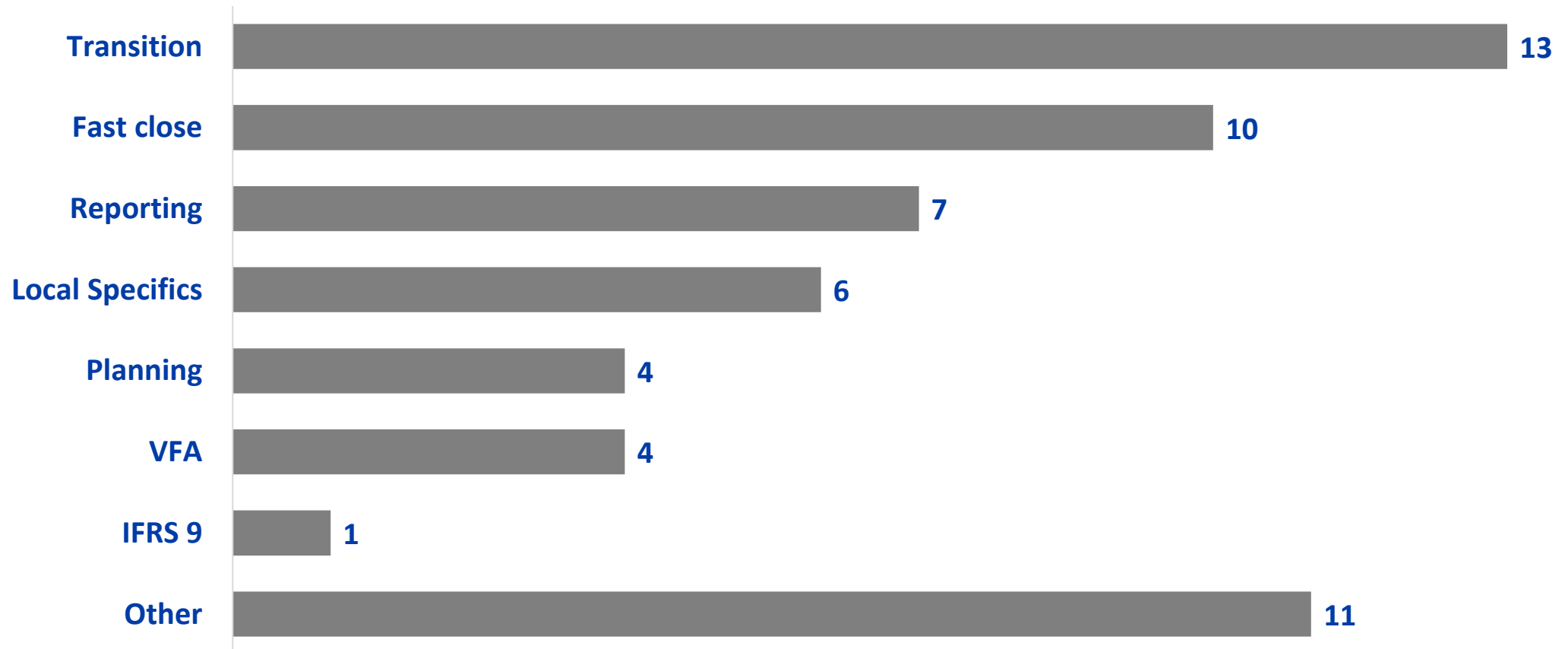
- Core ROE target will increase to 15%+ driven by the expected changes to core earnings and equity
- No expected changes to dividend per share and growth trajectory, as a result dividend payout ratio target range will be increased to 35%-45%
- New CSM KPIs highlight the importance of CSM growth and are indicative of future earnings generation capability

p.23 à compléter

3. Où en sommes-nous ?

Challenges until go Live

étude Deloitte fin 2021 auprès de 21 grands acteurs internationaux



3. Où en sommes-nous ?



Où en est Generali France ?



Compréhension de la norme



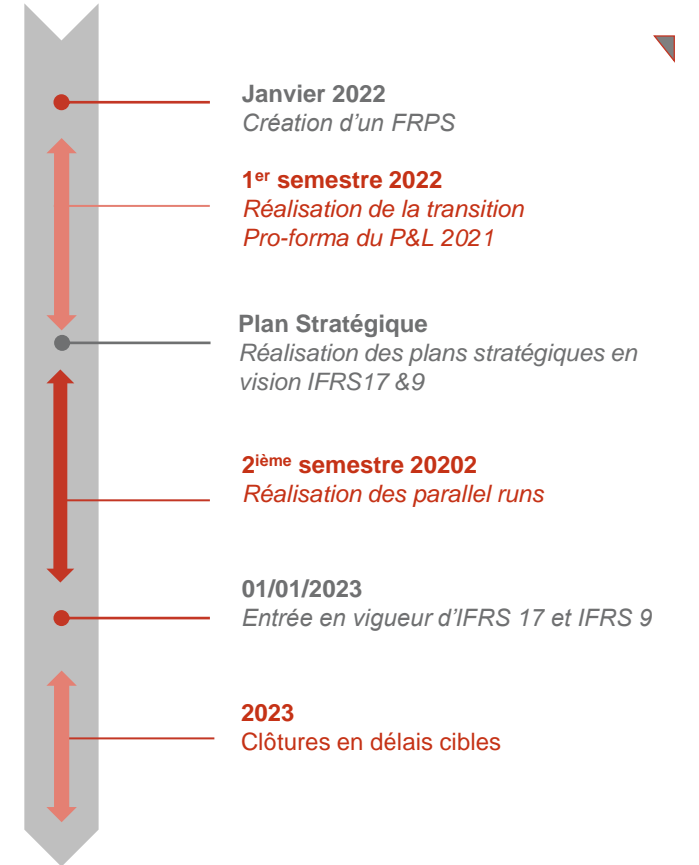
Outils



Processus cibles



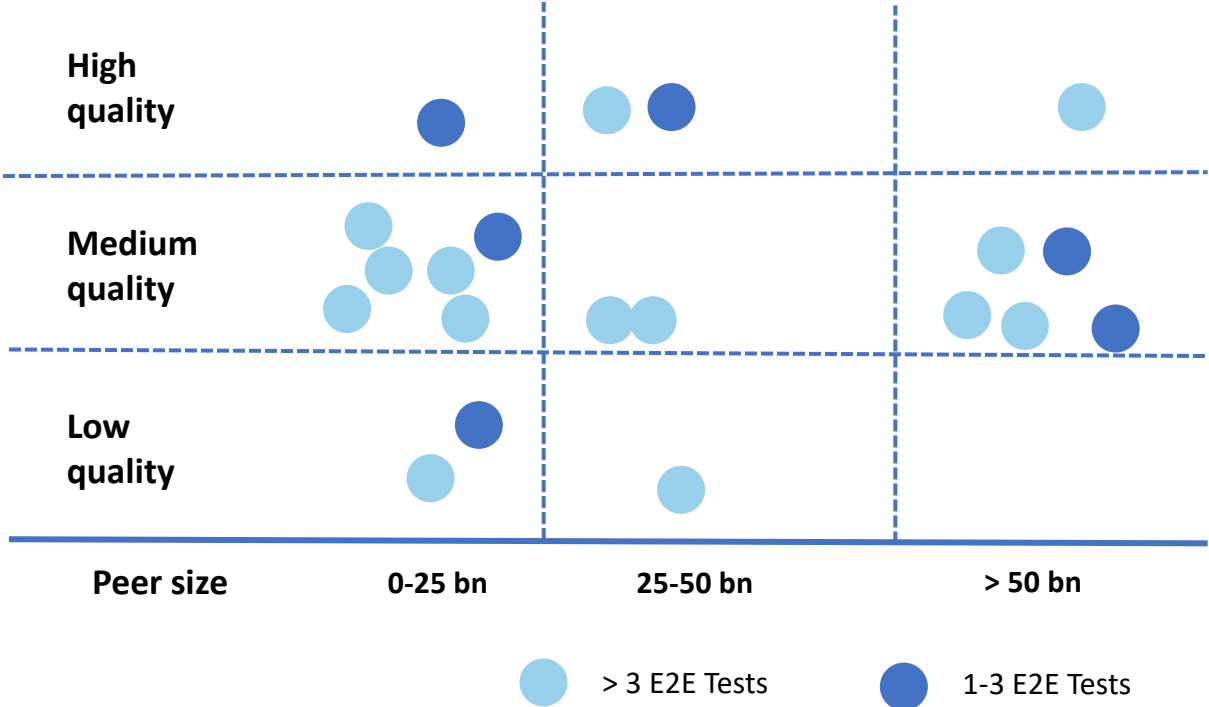
Diffusion dans l'entreprise



3. Où en sommes-nous ?

Testing & Quality of results

étude Deloitte fin 2021 auprès de 21 grands acteurs internationaux



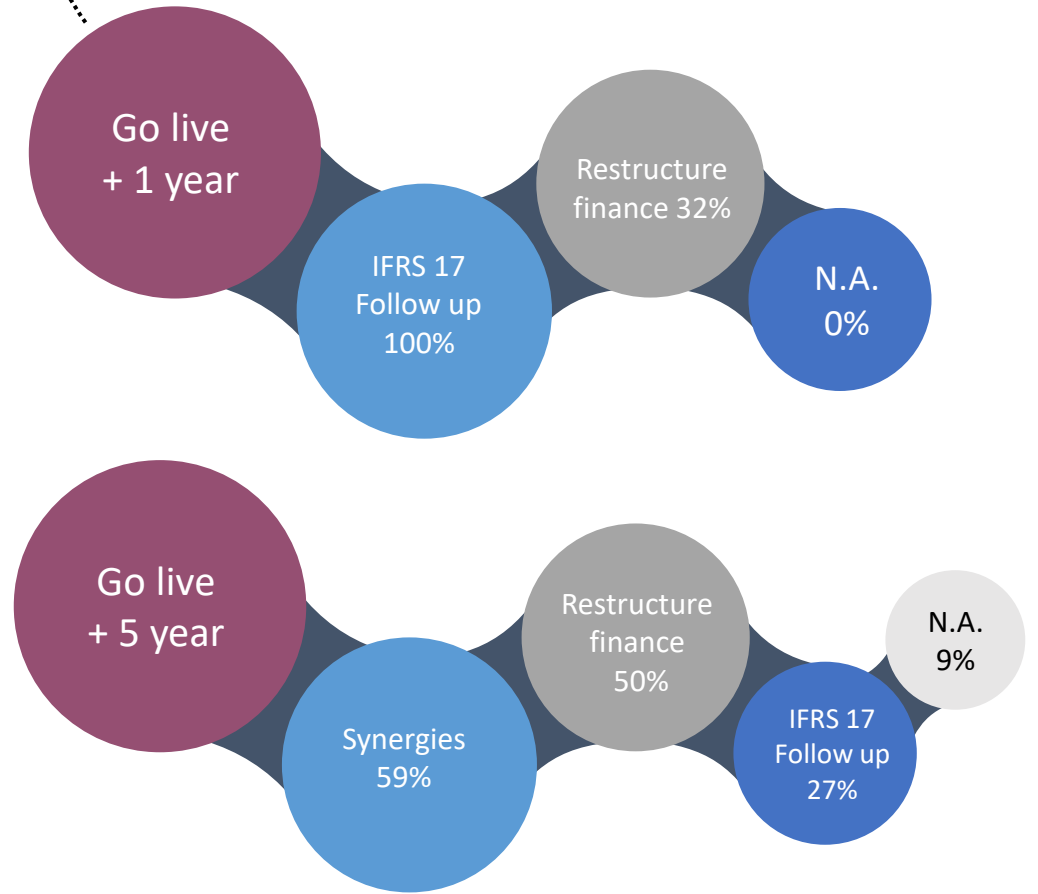
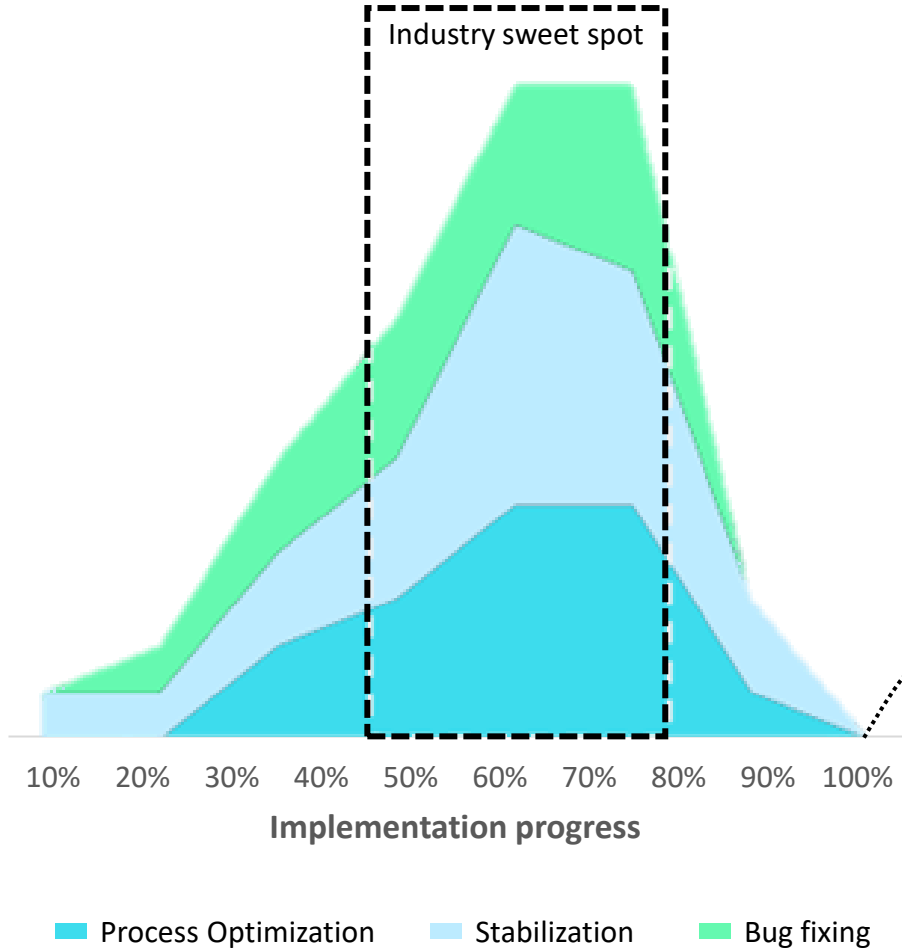
3. Où en sommes-nous ?



Des méthodes toujours en discussion...

| Sujet | Statut |
|----------------------------------|---------------------------|
| Courbe des taux | Le début de la fin... |
| Réserve de capitalisation | ✓ Impact CSM |
| Bow wave | ✓ Diversité de pratique |
| Actions en FV OCI NR | ✓ Diversité de pratique ? |
| OCI passif transition | ✓ Pratique harmonisée |
| KPIs | En discussion |
| Pilotage | Sans volant |

4. Et après 2023 ?



Go live

4. Et après 2023 ?

Aprendre à évoluer dans un contexte d'inflation...

... bien différent des contextes observés sur les exercices préparatoires



Aprendre à gérer les changements dans le monde de l'assurance sans marge de prudence...

... la réforme des retraites par exemple



Publier et expliquer nos comptes...

... en format les investisseurs et en 2022, en publiant deux visions du même business



Découvrir les dernières subtilités de la norme

... les acquisitions d'entreprise par exemple

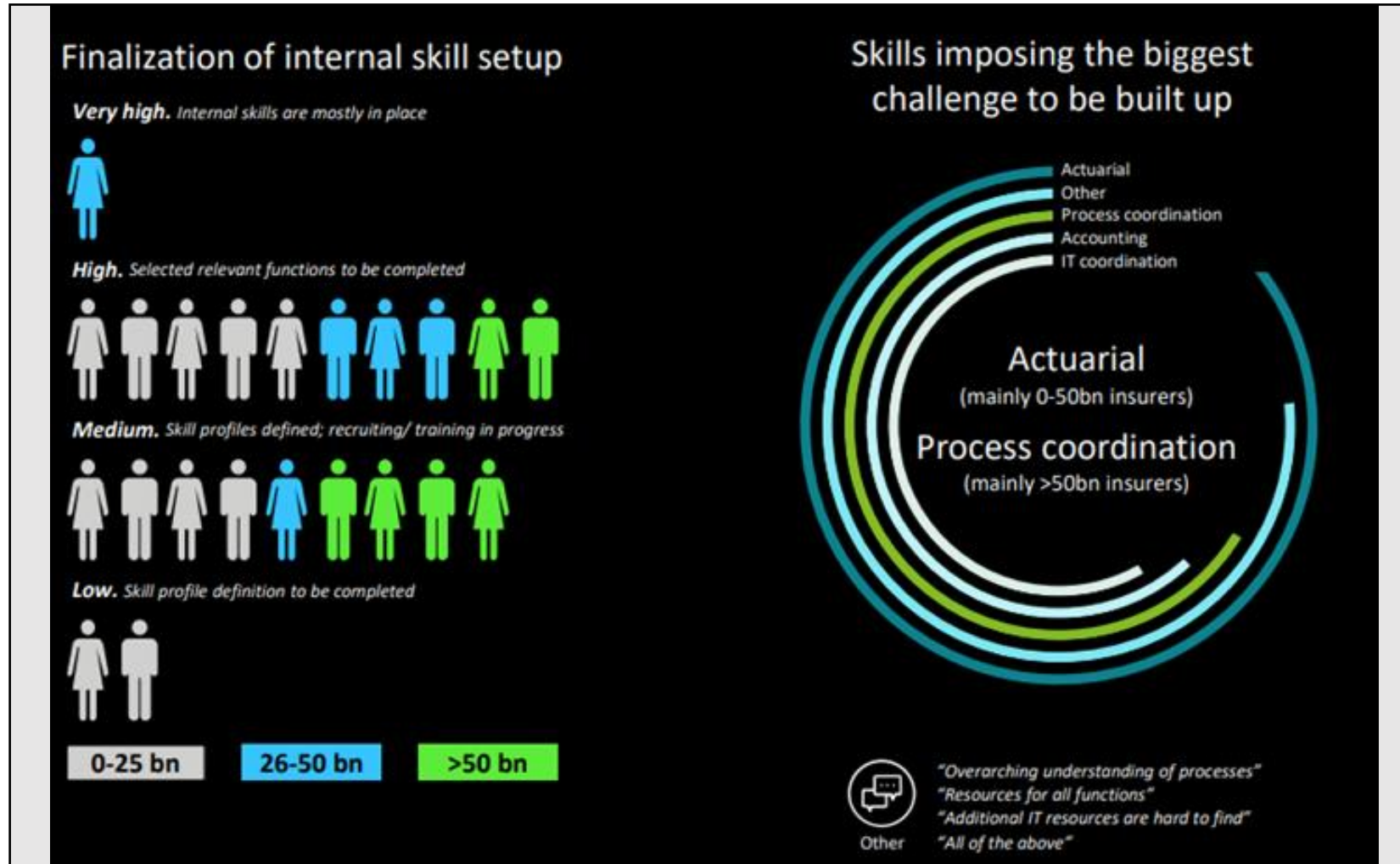


Se comparer...

... via la découverte des publications des autres acteurs



5. Les actuaires sont-ils prêts ?



5. Les actuaires sont-ils prêts ?



L'actuaire IFRS 17, un être capable de

- ✓ Comprendre les normes sociales et SII et en faire un savant mélange
- ✓ Comprendre la modélisation ALM et les enjeux de communications des résultats
- ✓ Savoir expliquer la TVOG à un courtier



Merci !

Des questions 