

MILLIMAN REPORT

# Market capitalisation of CFO Forum companies: An analysis of IFRS 17 results at year-end 2024

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## Introduction

In this white paper we analyse market capitalisation of companies that are members of the CFO Forum with information in the annual reports.

### WHAT IS MARKET CAPITALISATION?

Market capitalisation of a publicly listed company represents the value of that company at a specific point in time. While it may be distorted by mergers and acquisitions (M&A) or shifts in market conditions, generally speaking, under normal conditions the market capitalisation is the value of the company. An important goal of IFRS 17 is to provide relevant stakeholders the ability to assess a company's financial position, financial performance and cash flows through that entity's financial reporting.

The information in the annual reports was prepared based on International Financial Reporting Standards (IFRS) as applicable in the European Union and United Kingdom. This is an accounting basis which is different from the determination of distributable earnings. With M&A, distributable earnings are the leading factor. Components such as cost of capital, effects of local statutory accounting requirements and timing of dividends are not sufficiently captured in IFRS-based information. Also, return objectives of a potential buyer play an important role in its assessment of the value of a portfolio or entity in the open market. Hence, this paper contains merely an analysis of information in the annual reports in relation to market capitalisation and can function as additional indicator besides price-to-earnings (P/E) and other ratios.

## Approach for measuring market capitalisation

The share price of every listed company is the result of supply and demand in the market. That is not different for an insurance company. Yet insurers differ with many other industries given their long duration of assets and liabilities and the timing of cash flows. The size and timing of claims is to a certain extent uncertain. For most industries, timing of cash flows is easier to predict. If all liabilities and assets are valued at market value, the amount of equity is a good starting point. Yet certain items on the balance sheet still affect results and need to be added or subtracted from equity. In summary, our analysis compares market capitalisation with equity at year-end 2024, adjusted for:

1. Contractual service margin (CSM) at year-end 2024
2. Investment result, fee result, other results over 2024
3. Margin on property and casualty (P&C) business based on 2024 volumes and margins
4. New business CSM based on 2024 volumes and profitability

Items 2 to 4 in the list use a multiplier to take into account the ongoing process of writing new business and offering financial services to clients. Some thoughts on each item:

1. **CSM:** This margin, included in the insurance liabilities, is released over time into the profit and loss statement (P&L), used to strengthen the insurance liabilities, or paid to policyholders. For this analysis, we assume the margin flows into the P&L and that the CSM post tax is effectively part of equity.
2. **Investment, fee, other results:** Insurers increasingly are offering more services, leveraging their expertise and operating models in adjacent areas. Many now are offering financial services such as banking (loans, mortgages, deposit accounts) and investment fund management. In addition to the release of CSM in the P&L, future results are impacted by the investment income, fee margins, banking activities and other income and expenses. For some of the companies in scope, the income from other services is already substantial.
3. **Margin on P&C business:** Unlike life and pension insurance, P&C policies are typically short duration and renewed annually. Premiums can usually be adjusted at renewal, and profitability is measured by the combined ratio—the percentage of revenue required to cover claims and attributable expenses, usually net of reinsurance. Companies aim for a percentage below 100%. For this analysis, P&C profitability is reflected through net premiums after reinsurance, the 2024 combined ratio and the multiplier.
4. **New business CSM:** A company's value also depends on its ability to write profitable new life business. Annual reports disclose generated new business and the profitability by calendar year. Consistent with the approach for P&C, the CSM is incorporated using a multiplier.

Some other notes on our approach:

- In an acquisition, intangible assets are typically reassessed, but for this analysis, we assume they remain unchanged.
- This analysis uses a multiplier to account for the long duration of the business, investment results and income from other services. The level of the multiplier depends on the company strategy, expected profitability, product mix and the uncertainty of the future business. Several companies use a three-year time horizon in their strategic plans, so for simplicity we use a multiplier of three. For M&A processes, the multiplier will be based on the buyer's view.
- The ratio of market capitalisation to earnings is a multiple which investment managers use frequently. A higher multiple indicates a higher market capitalisation. Earnings in the ratio exclude the effects of incidental gains and losses.
- All amounts are shown post tax, based on the statutory corporate tax rate in the country of the group headquarters. Company-specific or industry-specific tax agreements are not considered. The following corporate tax rates are applied: Belgium, France, Spain and the UK are 25%; Finland, 20%; Germany, 30%; Italy, 24%; Netherlands, 25,8%; Switzerland, 14,6%. For most countries, a 25% rate is assumed.
- Amounts are in millions of euros. For companies reporting in non-euro currencies, we used the year-end 2024 exchange rate.

## Scope and sources

The companies in this analysis are members of the CFO Forum. Sources include annual reports, investor presentations and risk reports. Market capitalisation is calculated using the year-end share price and the number of shares outstanding. All information is publicly available.

BNP Paribas Cardif, CNP Assurances, Scottish Widows and VidaCaixa are subsidiaries of banking groups and do not have separate share prices. Groupama is a mutual company and is not listed. For these companies, comparisons based on market capitalisation are not possible but are included in the other steps of the analysis.

## Market value of the balance sheet

Figure 1 shows an overview of the amounts on the balance sheet for year-end 2024. Its main purpose is to identify the size of the companies and the relative profitability related to the amounts on the balance sheet for the insurance contracts. UK-based companies have substantial volumes of insurance contracts which are valued and presented as investment contracts.

**FIGURE 1: EQUITY, INSURANCE LIABILITIES, CSM AND RA (AMOUNTS IN € MILLION)**

	SHAREHOLDER EQUITY <sup>1</sup> INCLUDING REVALUATIONS	INSURANCE CONTRACTS <sup>2</sup>	CSM PRE- TAX <sup>3</sup>	RA PRE-TAX <sup>4</sup>	RATIO CSM / INSURANCE CONTRACTS	RATIO RA / INSURANCE CONTRACTS
Ageas	7.752	64.812	3.662	639	5,7%	1,0%
Allianz	60.287	800.369	56.065	6.931	7,0%	0,9%
a.s.r.	8.779	102.633	5.675	2.812	5,5%	2,7%
Aviva	9.418	149.727	11.609	2.417	7,8%	1,6%
AXA	49.943	489.616	35.400	3.301	7,2%	0,7%
BNP Paribas Cardif	4.409	247.011	13.224	1.991	5,4%	0,8%
CNP Assurances <sup>5</sup>	17.520	362.831	16.383	1.448	4,5%	0,4%
Generali	30.389	438.150	31.228	2.898	7,1%	0,7%

1. Shareholder equity excluding non-controlling interests and other equity instruments such as Tier 1 notes

2. Insurance contracts liabilities minus assets

3. Insurance contracts before reinsurance

4. Risk adjustment of insurance contracts (all measurement models)

5. Including CNP Assurances de biens et de personnes and CNP Assurances Protection Sociale

	SHAREHOLDER EQUITY <sup>1</sup> INCLUDING REVALUATIONS	INSURANCE CONTRACTS <sup>2</sup>	CSM PRE- TAX <sup>3</sup>	RA PRE-TAX <sup>4</sup>	RATIO CSM / INSURANCE CONTRACTS	RATIO RA / INSURANCE CONTRACTS
Groupama Group	10.487	69.407	3.811	882	5,5%	1,3%
Hannover Re	11.795	47.413	8.981	4.185	18,9%	8,8%
Legal and General	3.682	115.353	18.728	3.102	16,2%	2,7%
M&G	3.957	170.319	7.822	744	4,6%	0,4%
Mapfre	8.889	39.786	2.515	790	6,3%	2,0%
Munich Re	32.642	215.089	27.859	4.760	13,0%	2,2%
NN	19.831	147.132	7.950	1.329	5,4%	0,9%
Phoenix	1.463	139.645	6.309	1.454	4,5%	1,0%
Sampo Group	7.059	12.286	-	557	0,0%	4,5%
Scor	4.524	20.570	5.311	4.084	25,8%	19,9%
Scottish Widows	104	146.896	5.585	1.075	3,8%	0,7%
Swiss Re	21.072	77.434	19.849	7.923	25,6%	10,2%
Talanx	11.661	137.697	12.586	5.809	9,1%	4,2%
Vida Caixa	3.989	77.286	3.660	898	4,7%	1,2%
Zurich	24.518	221.110	16.268	3.713	7,4%	1,7%

For a good interpretation of the ratios of CSM and risk adjustment (RA) relative to insurance liabilities, it is important to consider the maturity of the portfolio, business type and the amount of CSM established at the transition to IFRS 17. Mature portfolios focussed on accumulation typically show lower ratios: insurance liabilities are already quite high, while the remaining duration of the portfolio is relatively short, leading to a lower CSM. Protection business, by contrast, has relatively low insurance liabilities, resulting in a higher ratio. Reinsurance portfolios also have higher ratios due to the shorter durations of the contracts and the nature of coverage.

A better indicator would be to determine the CSM and RA with the present value (PV) of cash outflow—benefits and attributable expenses—but that information is not available in the annual reports. For contracts recognised during the reporting period, however, the breakdown of cash flows is available.

Figure 2 compares shareholder 'equity + CSM' (net of reinsurance and post tax, shown in column 'c') with market capitalisation. Non-controlling interests and specific equity instruments, which are presented separately, are excluded. Shareholder equity is not adjusted for intangible assets nor for market value corrections for assets measured at amortised cost.

For most companies, the ratio of market capitalisation to equity plus CSM is below 100%. Differences between equity plus CSM and 'eligible own funds' (Figure 2, column 'c') arise from several adjustments: removal of foreseeable dividends, treatment of subordinated debt, valuation effects on assets and liabilities (such as amortised cost versus fair value, risk margin versus risk adjustment, allocation of investment and non-attributable expense allocation in the best estimate, contract boundary differences, and the use of different discount rates).

FIGURE 2: EQUITY + CSM AND MARKET CAPITALISATION (AMOUNTS IN € MILLION)

	SHAREHOLDER EQUITY <sup>6</sup> INCLUDING REVALUATIONS	CSM (NET OF REINSURANCE) POST TAX	EQUITY + CSM	ELIGIBLE OWN FUNDS (SOLVENCY OR SST) WITH TRANSITIONAL MEASURE	MARKET CAPITALISATION	MARKET CAPITALISATION / (EQUITY + CSM)
	A	B	C	D	E	E / B
Ageas	7.752	2.747	10.499	7.400	8.541	81%
Allianz	60.287	37.921	98.208	93.212	114.200	116%
a.s.r.	8.779	4.142	12.921	12.321	9.659	75%
Aviva	9.418	7.030	16.448	20.892	15.018	91%
AXA	49.943	25.390	75.333	55.565	72.930	97%
BNP Paribas Cardif	4.409	9.657	14.066	15.426	-	-
CNP Assurances	17.520	11.993	29.513	38.314	-	-
Generali	30.389	23.552	53.941	49.066	41.489	77%
Groupama Group	10.487	2.816	13.303	14.410	-	-
Hannover Re	11.795	5.714	17.509	21.032	29.112	166%
Legal and General	3.682	12.023	15.705	19.147	16.159	103%
M&G	3.957	5.457	9.414	14.054	5.585	59%
Mapfre	8.889	1.876	10.765	10.077	7.499	70%
Munich Re	32.642	19.289	51.931	54.254	64.152	124%
NN	19.831	5.365	25.196	17.026	11.525	46%
Phoenix	1.463	2.946	4.409	12.500	6.145	139%
Sampo Group	7.059	-	7.059	5.368	21.196	300%
Scor	4.524	4.091	8.615	9.469	4.234	49%
Scottish Widows	104	3.767	3.871	6.268	-	-
Swiss Re	21.072	16.357	37.430	38.700	36.838	98%
Talanx	11.661	7.959	19.620	28.177	21.186	108%
Vida Caixa	3.989	2.745	6.734	4.488	-	-
Zurich	24.518	10.730	35.248	35.067	74.677	212%

6. Shareholder equity excluding non-controlling interests

## Other sources of income

In this section, net income is compared with market capitalisation. The sources of income are analysed in more detail. Figure 3 provides an overview of the main streams of income of the companies in scope. The insurance result includes insurance revenue, insurance expenses and reinsurance result. Insurance revenue itself reflects the release of the CSM, RA and expected cash flows.

The investment results are needed to absorb the insurance finance income and expense. Other results combine miscellaneous income sources and non-attributable expenses. These expenses are excluded from the best estimate but are recognised annually in the P&L.

**FIGURE 3: SOURCES OF INCOME 2024 (AMOUNTS IN € MILLION)**

	INSURANCE RESULT	INVESTMENT RESULT AND FINANCE RESULT FROM INSURANCE AND REINSURANCE	FEE RESULT	OTHER INCOME AND EXPENSES	NON- ATTRIBUTABLE EXPENSES INCLUDED IN OTHER RESULTS	NET INCOME (POST TAX AND DISCONTINUED BUSINESS)	MARKET CAPITALISATION / NET INCOME
Ageas	1.143	1.464	-	-1.032	-1.623	1.309	6,5
Allianz	12.287	4.574	8.559	-11.404	-10.582	10.540	10,8
a.s.r.	772	843	518	-686	-821	1.065	9,1
Aviva	2.193	350	1.700	-2.715	-2.653	850	17,7
AXA	8.046	3.952	246	-2.267	-2.562	8.074	9,0
BNP Paribas Cardif	1.822	481	-	-1.232	-831	850	-
CNP Assurances	2.892	1.067	-	-956	-835	1.956	-
Generali	5.976	1.823	1.566	-3.326	-1.403	4.198	9,9
Groupama Group	1.452	514	-	-644	-937	961	-
Hannover Re	3.018	678	-	-481	-714	2.397	12,1
Legal and General	1.597	692	1.042	-2.677	-3.470	235	68,7
M&G	1.322	302	1.241	-2.689	-3.095	-418	-13,3
Mapfre	1.704	661	-	-266	-735	1.587	4,7
Munich Re	8.918	1.198	-	-2.354	-3.579	5.671	11,3
NN	1.257	1.436	440	-1.197	-1.325	1.602	7,2
Phoenix	484	166	1.239	-3.224	-2.545	-1.300	-4,7
Sampo Group	1.394	636	-	-470	-685	1.203	17,6
Scor	422	405	-	-648	-442	4	>100
Scottish Widows	552	-136	239	-795	-853	-192	-
Swiss Re	4.143	2.008	-	-2.172	-2.055	3.117	11,8
Talanx	5.114	1.199	-	-1.628	-1.716	3.284	6,5
Vida Caixa	1.195	270	-	203	-195	1.239	-
Zurich	5.795	2.736	2.345	-2.726	-1.623	5.972	12,5

The distribution of the income components shows that some companies have relatively limited insurance results compared with other sources. For companies like Ageas, a.s.r., Hannover Re, NN and Scor, the investment results represented a higher share of the net income in 2024. These proportions can vary year to year, depending not only on investment performance but also on the insurance result. Strengthening of insurance liabilities through the insurance result can be incidental and change the proportion.

UK-based companies report below-average amounts of net income, largely due to relatively high non-attributable expenses. However, there is little consistency in how annual reports present expense disclosures, making it difficult to identify incidental expenses and to assess if types of expenses are presented in another section.

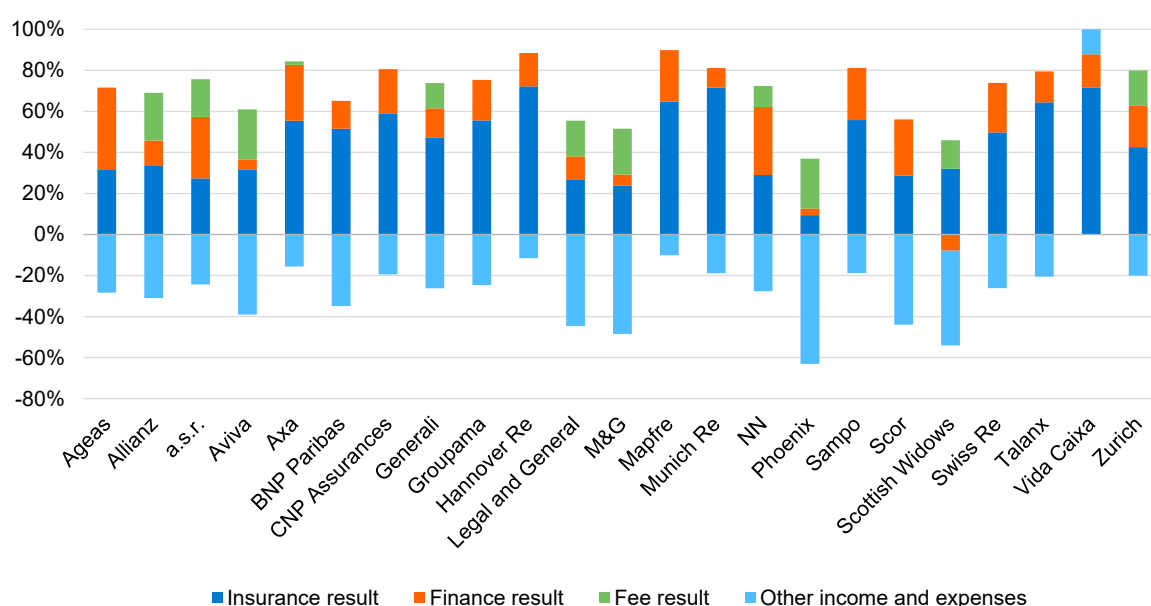
With several companies, the combined investment result and insurance finance income and expense are significantly higher than the insurance result.

Several companies also show strong results from their fee business. In the UK, it is more common that unit-linked contracts are classified as investment contracts due to their limited insurance risk. The income from those contracts is presented in the fee result. The expenses to manage these contracts are presented as non-attributable expenses.

Most companies fall within a ratio of 6,5 to 12 for market capitalisation relative to net income. Companies outside of this range were affected by relatively high expenses not attributable to insurance activities.

Figure 4 shows the proportional distribution of the sources of income over 2024. The proportions add up to the pre-tax result. For almost all companies, the 'other result' is negative, driven by non-attributable and incidental expenses. On average, the proportion of other income represents 20% to 25% of the total.

**FIGURE 4: PROPORTIONATE DISTRIBUTION OF SOURCES OF INCOME**



Given the long-term nature of insurers and the importance of activities such as investment management, fee-based services and banking, as well as expenses not included in the insurance liabilities, we give an alternative comparison. In this view, sources of income beyond the insurance results are included when compared with market capitalisation.

In this analysis, we use a three-year multiplier to the 2024 components. The multiplier is illustrative and reflects the average duration of strategic plans in the financial industry. The annual results can be more positive or negative than typical, so using a multiyear average over time helps reduce volatility in investment results and other income.

In Figure 5, the variable in column 'b' represents the addition of the net finance result (investment results and insurance finance income/expense), fee income and other income—excluding the non-attributable expenses—after tax and using a three-year multiplier. Column 'c' shows non-attributable expenses. Column 'd' is a sum of



the first three columns, or 'b' and 'c' added to 'a,' the amount of equity plus CSM. The amount of non-attributable expenses can also contain expenses related to other financial services such as banking or investment management in addition to those for insurance activities.

These expenses are shown separately because they cover both other-service costs and incidental items, for instance, specific losses or provisions. The expenses are actively managed by insurance companies. For this analysis, we reduce non-attributable expenses by 10%, reflecting a target percentage of cost savings and allowance for incidental expenses. While the actual reduction will differ by company, here it is applied consistently across all companies to determine the indicator.

**FIGURE 5: SOURCES OF INCOME 2024 (AMOUNTS IN € MILLION AND POST TAX)**

	EQUITY + CSM	SUM OF FINANCE, FEE, OTHER INCOME (EXCLUDING NON- ATTRIBUTABLE EXPENSES) X MULTIPLIER	NON- ATTRIBUTABLE EXPENSES (WITH MULTIPLIER AND REDUCTION)	EQUITY, CSM, OTHER SOURCES OF INCOME AND NON- ATTRIBUTABLE EXPENSES	MARKET CAPITALISATION	MARKET CAP / EQUITY, CSM, OTHER SOURCES OF INCOME AND NON- ATTRIBUTABLE EXPENSES
	A	B	C	D (= A+B+C)	E	E / D
Ageas	10.499	4.624	-3.287	11.836	8.541	72%
Allianz	98.208	25.853	-20.000	104.061	114.200	110%
a.s.r.	12.921	3.330	-1.645	14.606	9.659	66%
Aviva	16.448	4.475	-5.373	15.549	15.018	97%
AXA	75.333	10.109	-5.188	80.254	72.930	91%
BNP Paribas Cardif	14.066	180	-1.683	12.563	-	-
CNP Assurances	29.513	2.129	-1.691	29.951	-	-
Generali	53.941	3.342	-2.879	54.405	41.489	76%
Groupama Group	13.303	1.816	-1.897	13.222	-	-
Hannover Re	17.509	1.913	-1.349	18.073	29.112	161%
Legal and General	15.705	5.685	-7.026	14.363	16.159	113%
M&G	9.414	4.382	-6.267	7.530	5.585	74%
Mapfre	10.765	2.543	-1.488	11.819	7.499	63%
Munich Re	51.931	5.088	-6.764	50.255	64.152	128%
NN	25.196	4.461	-2.655	27.002	11.525	43%
Phoenix	4.409	1.634	-5.153	889	6.145	691%
Sampo Group	7.059	2.042	-1.480	7.622	21.196	278%
Scor	8.615	448	-895	8.167	4.234	52%
Scottish Widows	3.871	361	-1.727	2.505	-	-
Swiss Re	37.430	4.843	-4.739	37.535	36.838	98%
Talanx	19.620	2.703	-3.243	19.079	21.186	111%
Vida Caixa	6.734	1.503	-395	7.842	-	0%
Zurich	35.248	13.095	-6.357	41.986	74.677	178%

Figure 5 shows that for most companies, the ratio of market capitalisation to the components in column 'd' is lower than the ratio based only on equity plus CSM. Companies with higher ratios, such as Legal & General and Phoenix, report relatively large amounts of other income and expenses as well as non-attributable expenses, which reduce the value in column 'd.'

## Inclusion of the future new business

The final step in the analysis is to add the value of the new business. The value includes margins in the P&C business—measured primarily under the premium allocation approach (PAA), though in some cases with the general measurement model (GMM) for contracts with a duration longer than one year. It also includes the net CSM generated by the recognised business in 2024. We use new business generated in 2024 for this analysis, even though it may be an outlier in volume or value. Over time, a multiyear average can be used.

The P&C margin in this analysis is based on the premium volume from the quantitative reporting templates (QRTs) or annual reports, and the reported combined ratios, generally found in analyst presentations. We recognise combined ratios are not always calculated from premium volume alone but also can incorporate elements from insurance service revenue and insurance expenses.

The CSM generated from new business measured under the GMM or variable fee approach (VFA) is disclosed separately in the annual report. Some companies with P&C and health business apply GMM and VFA to those portfolios, which may cause some double counting, but we have not adjusted for this effect.

In addition, some companies use estimation techniques to determine the volume of new business and related CSM, such as when the new business arises from renewals, contract extensions, additional premiums on existing contracts or new contracts written in mutualisation structures. Figure 6 shows that reinsurers have relatively high profitability, with combined ratios and life margins higher than the market average.

**FIGURE 6: NEW BUSINESS PROFITABILITY (AMOUNTS IN € MILLION)**

	NET PREMIUM NON-LIFE <sup>7</sup>	COMBINED RATIO <sup>8</sup>	NON-LIFE MARGIN (POST TAX)	PV CASH INFLOW GMM AND VFA	CSM OF DIRECT NEW BUSINESS (POST TAX) <sup>9</sup>	MARGIN GMM AND VFA (GROSS OF REINSURANCE)	CSM (NET LOSS) OF NEW REINSURANCE CONTRACTS
	A	B	C (=A X (1-B)*(1- TAX))	D	E	E / D	
Ageas	6.775	92,40%	386	5.019	208	4,1%	-
Allianz	82.883	93,40%	3.829	89.833	4.304	4,8%	200
a.s.r.	3.968	91,90%	238	2.300	62	2,7%	-
Aviva	14.718	95,30%	519	13.961	677	4,9%	195
AXA	56.514	91,00%	3.815	25.823	1.670	6,5%	373
BNP Paribas Cardif	3.016	83,10%	382	2.129 *)	749	35,2%	80
CNP Assurances	2.423	83,90%	293	32.525	1.134	3,5%	4
Generali	31.115	95,90%	970	61.290	2.186	3,6%	48
Groupama Group	14.835	95,10%	545	925	158	17,1%	-
Hannover Re	16.166	86,60%	1.516	25.745	2.983	11,6%	1.261
Legal and General	-		-	18.331	699	3,8%	35
M&G	-		-	7.372	140	1,9%	18

7. Source QRTs or annual report

8. Source generally investor presentation or annual report

9. CSM after correction of the loss component for new recognized contracts

	NET PREMIUM NON-LIFE <sup>7</sup>	COMBINED RATIO <sup>8</sup>	NON-LIFE MARGIN (POST TAX)  C (=A X (1-B)*(1- TAX))	PV CASH INFLOW GMM AND VFA	CSM OF DIRECT NEW BUSINESS (POST TAX) <sup>9</sup>	MARGIN GMM AND VFA (GROSS OF REINSURANCE)	CSM (NET LOSS) OF NEW REINSURANCE CONTRACTS
	A	B		D	E	E / D	
Mapfre	16.494	94,40%	693	3.276	132	4,0%	-
Munich Re	46.278	90,00%	3.239	31.036	1.836	6,6%	61
NN	3.353	93,10%	172	7.595	451	5,9%	-
Phoenix	-		-	8.642	366	4,2%	89
Sampo Group	8.437	84,30%	1.060	-	-	-	-
Scor	7.437	86,30%	764	9.439	1.315	13,9%	604
Scottish Widows	-		-	7.547	-30	-0,4%	361
Swiss Re	27.524	89,90%	2.374	44.928	4.593	10,2%	1.221
Talanx	37.804	91,60%	2.223	31.074	3.387	10,9%	1.432
Vida Caixa	15.229	99,40%	69	7.419	384	5,2%	-
Zurich	48.183	94,20%	2.387	16.415	1.065	6,5%	256

\*) BNP Paribas Cardif reported in 2024 a relatively low volume of PV inflow compared with 2023, but a higher CSM. In 2023, the company reported PV inflows of 14.862 and net CSM of 588 (after loss component and post tax). It is therefore likely that the ratio in the column for margin GMM and VFA (gross of reinsurance) is overstated.

In Figure 7, the CSM of new business, adjusted with a three-year multiplier, is added and compared with market capitalisation.

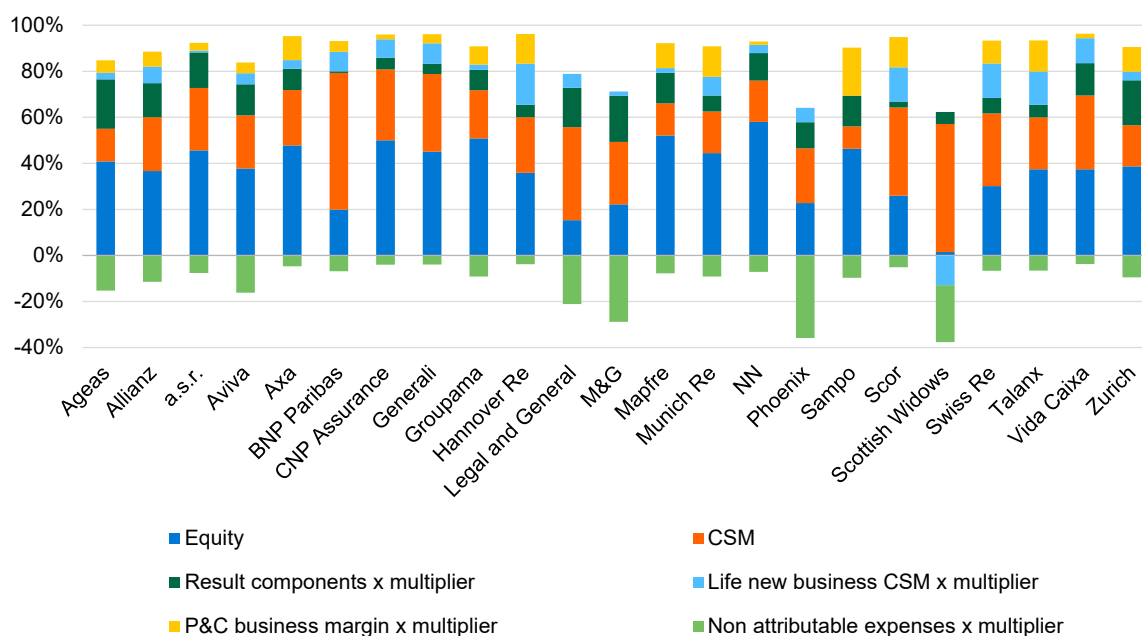
FIGURE 7: ALL COMPONENTS (AMOUNTS IN € MILLION)

	EQUITY + CSM	SUM OF FINANCE, FEE, OTHER INCOME (EXCL. NON- ATTRIBUTABLE EXPENSES) X MULTIPLIER	NON- ATTRIBUTABLE EXPENSES (POST TAX WITH MULTIPLIER AND REDUCTION)	NON-LIFE MARGIN X MULTIPLIER	NEW BUSINESS CSM (POST TAX) X MULTIPLIER	TOTAL OF ALL COMPONENTS	MARKET CAPITALISATION	RATIO
	A	B	C	D	E	F(=A+B+C+D+E)	G	G / F
Ageas	10.499	4.624	-3.287	1.159	623	13.617	8.540	63%
Allianz	98.208	25.853	-20.000	11.488	12.491	128.040	114.200	89%
a.s.r.	12.921	3.330	-1.645	715	185	15.506	9.660	62%
Aviva	16.448	4.475	-5.373	1.556	1.593	18.699	15.015	80%
AXA	75.333	10.109	-5.188	11.444	4.169	95.867	72.490	76%
BNP Paribas Cardif	14.066	180	-1.683	1.147	2.068	15.778	-	-
CNP Assurances	29.513	2.129	-1.691	878	3.393	34.222	-	-
Generali	53.941	3.342	-2.879	2.909	6.448	63.761	41.490	65%
Groupama Group	13.303	1.816	-1.897	1.636	475	15.332	-	-
Hannover Re	17.509	1.913	-1.349	4.549	6.302	28.924	29.112	101%
Legal and General	15.705	5.685	-7.026	-	2.019	16.382	16.332	99%
M&G	9.414	4.382	-6.267	-	380	7.909	5.584	71%
Mapfre	10.765	2.543	-1.488	2.078	396	14.293	7.500	52%
Munich Re	51.931	5.088	-6.764	9.718	6.025	65.998	64.150	97%
NN	25.196	4.461	-2.655	515	1.353	28.870	11.520	40%
Phoenix	4.409	1.634	-5.153	-	898	1.788	6.139	344%
Sampo Group	7.059	2.042	-1.480	3.179	-	10.801	20.990	196%
Scor	8.615	448	-895	2.292	2.585	13.045	4.230	32%
Scottish Widows	3.871	361	-1.727	-	-901	1.604	-	-
Swiss Re	37.430	4.843	-4.739	7.122	10.653	55.310	36.837	67%
Talanx	19.620	2.703	-3.243	6.669	7.155	32.903	21.190	64%
Vida Caixa	6.734	1.503	-395	207	1.152	9.201	-	-
Zurich	35.248	13.095	-6.357	7.160	2.540	51.686	74.675	144%

Most companies in scope fall within a ratio range of 30% to 60%. This suggests that investors use relatively high risk discount rates in their valuations, include expense assumptions in their analyses or have different expectations about company profitability.

Figure 8 shows the proportions of the components by company. For most companies, equity represents between 20% and 40% of the total. Adding the CSM from the in-force portfolio brings most companies to 50% and 70%. Whether it is at the lower end of the range depends on the value of future new business (e.g., Mapfre, Scor, Swiss Re and Talanx) or on other income sources combined with non-attributable expenses (e.g., M&G and Phoenix). For most companies, the new business component contributes around 10% of the total, though this depends on future new business volume and its profitability and the number of years of new business included. There is wide variation in the relative contribution of other income. Companies such as Ageas, a.s.r., M&G, VidaCaixa and Zurich generate substantial income from other sources, mostly from fees and investment margins.

**FIGURE 8: DISTRIBUTION OF COMPONENTS**



## Sensitivity

The parameters for the multiplier of income components and new business, as well as the reduction of non-attributable expenses, have a substantial impact on the outcomes. To illustrate this, we tested the sensitivity of the results to changes in these parameters. In Figure 9, the multiplier is increased from three to five, and the reduction of the non-attributable expenses is increased from 10% to 20%.

The adjustment of the parameters leads to a decrease of the ratio of the sum of all components and market capitalisation. More profits from other sources and new business are included, and the reduction of the non-attributable expenses is increased. As a result, the total sum of components rises. For most companies, the ratio falls within a range of 5% to 15%.

FIGURE 9: SENSITIVITY ALL COMPONENTS (AMOUNTS IN € MILLION)

	EQUITY + CSM	SUM OF FINANCE, FEE, OTHER INCOME (EXCL. NON-ATTRIBUTABLE EXPENSES) X MULTIPLIER	NON-ATTRIBUTABLE EXPENSES (POST TAX WITH MULTIPLIER AND REDUCTION)	NON-LIFE MARGIN X MULTIPLIER	NEW BUSINESS CSM (POST TAX AND NET OF REINSURANCE) X MULTIPLIER	TOTAL OF ALL COMPONENTS	MARKET CAPITALISATION	RATIO	RATIO IN THE BASE SCENARIO
	A	B	C	D	E	F(=A+B+C+D+E)	G	H (= G / F)	I
Ageas	10.499	7.706	-4.869	1.931	1.039	16.305	8.540	52%	63%
Allianz	98.208	43.089	-29.630	19.146	20.818	151.631	114.200	75%	89%
a.s.r.	12.921	5.550	-2.437	1.192	308	17.535	9.660	55%	62%
Aviva	16.448	7.458	-7.960	2.594	2.655	21.194	15.015	71%	80%
AXA	75.333	16.849	-7.686	19.073	6.949	110.518	72.490	66%	76%
BNP Paribas Cardif	14.066	300	-2.493	1.911	3.446	17.231	-	-	-
CNP Assurances	29.513	3.549	-2.505	1.463	5.655	37.674	-	-	-
Generali	53.941	5.571	-4.265	4.848	10.746	70.841	41.490	59%	65%
Groupama Group	13.303	3.026	-2.811	2.726	791	17.036	-	-	-
Hannover Re	17.509	3.189	-1.999	7.582	10.504	36.784	29.112	79%	101%
Legal and General	15.705	9.475	-10.409	-	3.365	18.135	16.332	89%	99%
M&G	9.414	7.304	-9.284	-	633	8.067	5.584	69%	71%
Mapfre	10.765	4.238	-2.205	3.464	660	16.921	7.500	44%	52%
Munich Re	51.931	8.481	-10.021	16.197	10.042	76.629	64.150	84%	97%
NN	25.196	7.435	-3.933	858	2.256	31.812	11.520	36%	40%
Phoenix	4.409	2.723	-7.634	-	1.497	994	6.139	618%	344%
Sampo Group	7.059	3.404	-2.192	5.298	-	13.569	20.990	156%	196%
Scor	8.615	746	-1.326	3.821	4.309	16.164	4.230	26%	32%
Scottish Widows	3.871	601	-2.558	-	-1.501	413	-	-	-
Swiss Re	37.430	8.072	-7.020	11.870	17.756	68.108	36.837	54%	67%
Talanx	19.620	4.505	-4.805	11.114	11.925	42.359	21.190	50%	64%
Vida Caixa	6.734	2.505	-585	345	1.920	10.919	-	0%	-
Zurich	35.248	21.825	-9.417	11.933	4.233	63.822	74.675	117%	144%

## Risk adjustment (RA)

The fulfilment cash flows contain the RA, defined as 'the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts.' Over time, the RA is released into insurance service revenue. Any negative potential variance in cash flows can be offset, fully or partly, by the release of the RA.

In the event of a portfolio transfer, a third party would require the transferred value to include an RA. However, the RA is gradually released through the P&L and added to the retained earnings. Companies can select their own method to determine the RA, and the relative level is disclosed in the annual reports via the confidence level.

Most companies in scope report RAs corresponding to a confidence level of 65% to 75%. Both the cost-of-capital and confidence level (value-at-risk) approach are used. Figure 10 provides an overview of the RA, the methodologies used and the reported confidence levels.

Some entities note explicitly that the confidence level applies to the full duration of the insurance liabilities, while other companies do not provide this clarification.

**FIGURE 10: RA INFORMATION (AMOUNTS IN € MILLION)**

	RA POST TAX	METHODOLOGY	CONFIDENCE LEVEL (FULL DURATION)
Ageas	479	Value at risk	75%
Allianz	4.852	Cost of capital	65%-77%
a.s.r.	2.087	Cost of capital	66%-76%
Aviva	1.813	Value at risk	68%
AXA	2.476	Value at risk	62,5%-67,5%
BNP Paribas Cardif	1.493	Cost of capital	60%-70%
CNP Assurances	1.086	Value at risk	80%
Generali	2.202	Value at risk	60%-70%
Groupama Group	662	Value at risk	70%
Hannover Re	2.930	Pricing margin approach	83%
Legal and General	2.326	Value at risk	75%
M&G	558	Value at risk	60%
Mapfre	593	Value at risk	62,5%-87,5%
Munich Re	3.332	Cost of capital	87%
NN	986	Cost of capital	69%
Phoenix	1.091	Value at risk	61%
Sampo Group	446	Value at risk	75%-85%
Scor	3.063	Value at risk	75%-80%
Scottish Widows	806	Value at risk	68%
Swiss Re	6.766	Cost of capital	79%
Talanx	4.066	Value at risk and pricing margin approach	83%-87%
Vida Caixa	674	Cost of capital	85%
Zurich	3.171	Value at risk	74%-90%

## Solvency position

The solvency position of companies can influence valuation. Firms with higher solvency ratios are generally able to pay dividends earlier than those with lower ratios. Figure 11 shows solvency ratios alongside the ratio of market capitalisation to the sum of all components. The solvency ratios are sourced from the annual reports, and risk disclosures (solvency and financial condition reports [SFCRs] and QRTs) are used. Solvency requirements depend on local legislation, and at year-end 2024 there was no clear correlation between the solvency ratio and the ratio of market capitalisation to the total of all components.

The figure also shows eligible own funds for 2023 and 2024. For most companies, the metric increased or decreased less than 10% in 2024. Ageas, Groupama and Hannover Re reported increases of more than 10%, while Scottish Widows disclosed a decrease of more than 10%. The increases at Ageas, Groupama and Hannover were driven mainly by operational and financial market performance that exceeded the dividend payments. In contrast, Scottish Widows experienced an operational loss: A substantial dividend was upstreamed to the parent company, which reduced eligible own funds. While several companies show a breakdown of the development of eligible own funds, they are not consistent across the market.

The upcoming revision of Solvency II is expected to impact the solvency ratios of continental European insurers.

**FIGURE 11: ELIGIBLE OWN FUNDS 2023, 2024, SOLVENCY RATIO (REGULATORY VIEW) VERSUS RATIO MARKET CAPITALISATION (AMOUNTS IN € MILLION)**

	ELIGIBLE OWN FUNDS 2023	ELIGIBLE OWN FUNDS 2024	SOLVENCY RATIO 2024 (SOLVENCY II OR SST) WITH TRANSITIONAL MEASURES	MARKET CAP / TOTAL OF ALL COMPONENTS
Ageas	7.409	7.400	183%	63%
Allianz	99.724	93.212	209%	89%
a.s.r.	11.578	12.321	198%	62%
Aviva	22.702	20.892	184%	80%
AXA	56.654	55.565	215%	76%
BNP Paribas Cardif	14.900	15.426	158%	-
CNP Assurances *)	38.149	38.314	237%	-
Generali	49.041	49.066	210%	65%
Groupama Group	14.538	14.410	241%	-
Hannover Re	18.952	21.032	261%	101%
Legal and General	19.955	19.147	232%	99%
M&G	13.617	14.054	168%	71%
Mapfre	9.340	10.077	207%	52%
Munich Re	47.979	54.254	289%	97%
NN	17.691	17.026	194%	40%
Phoenix	13.349	12.500	151%	344%
Sampo Group	5.849	5.368	177%	196%
Scor	9.219	9.469	210%	32%
Scottish Widows	7.428	6.268	149%	-
Swiss Re	42.031	38.700	257%	67%
Talanx	28.712	28.177	228%	64%
Vida Caixa	4.143	4.488	192%	-
Zurich	32.978	35.067	253%	144%

\*) Including CNP Assurances de biens et de personnes and CNP Assurances Protection Sociale



Many companies disclose a breakdown of capital generation. Operational capital generation is an important key performance indicator (KPI), but definitions vary. Differences in how firms determine the operational and financial capital generation limits the ability of making meaningful cross-company comparisons.

## Market sentiment around year-end 2024

Market capitalisation depends on share prices and is therefore influenced by market sentiment. The value of insurers—particularly life insurance companies—is relatively stable, though economic parameters still play a role in value. Interest rates, credit spreads and equity markets all affect assets and liabilities. When market risks are well matched, the impact of changes in economic factors is muted.

To test this, we analysed the market capitalisation at 30 September 2024, 31 December 2024, 31 March 2025 and 30 June 2025. Figure 12 shows relative movements compared with 31 December 2024. There is clearly a strong change in first quarter 2025, when share prices of most companies rose 15% to 20%. That change is not directly related to changes in the market interest rates, and it is difficult to identify other underlying causes.

FIGURE 12: DEVELOPMENT OF THE MARKET CAPITALISATION OVER TIME

	30/06/25 VS 31/12/24	31/03/25 VS 31/12/24	31/12/24	30/09/24 VS 31/12/24
<b>Ageas</b>	129%	118%	100%	103%
<b>Allianz</b>	115%	119%	100%	100%
<b>a.s.r.</b>	122%	115%	100%	96%
<b>Aviva</b>	132%	119%	100%	103%
<b>AXA</b>	124%	118%	100%	100%
<b>Generali</b>	110%	118%	100%	96%
<b>Hannover Re</b>	111%	114%	100%	106%
<b>Legal and General</b>	108%	105%	100%	99%
<b>M&amp;G</b>	131%	101%	100%	105%
<b>Mapfre</b>	142%	116%	100%	98%
<b>Munich Re</b>	111%	119%	100%	102%
<b>NN</b>	131%	119%	100%	106%
<b>Phoenix</b>	129%	112%	100%	110%
<b>Sampo Group</b>	116%	112%	100%	107%
<b>Scor</b>	118%	113%	100%	85%
<b>Swiss Re</b>	105%	115%	100%	89%
<b>Talanx</b>	134%	118%	100%	92%
<b>Zurich</b>	102%	113%	100%	95%

In Figure 13, the tables show 10-year interest rate swap rates in relevant currencies and local stock markets. Except for the US dollar swap rate, the changes in the swap rates were not large enough to lead to the changes in market capitalisation. By contrast, equity markets provided stronger support: the DAX (Germany), IBEX 35 (Spain), FTSE MIB (Italy) and SMI (Switzerland) posted double-digit gains for first quarter 2025, aligning with the rise in insurers' market capitalisation. A few days after the end of the first quarter, however, the US administration announced reciprocal tariffs, which impacted global financial markets and weighed on insurers' share prices.

FIGURE 13: DEVELOPMENT OF THE 10-YEAR INTEREST RATE SWAP RATE AND MARKET INDICES

10-YEAR IRS SWAP	30/06/2025	31/03/2025	31/12/2024	30/09/2024
<b>EURO</b>	2,60%	2,65%	2,36%	2,34%
<b>GBP</b>	4,22%	4,40%	4,31%	3,87%
<b>SFR</b>	0,61%	0,71%	0,45%	0,67%
<b>USD</b>	3,96%	4,04%	4,34%	3,60%

INDEX	30/06/25 VS 31/12/24	31/03/25 VS 31/12/24	31/12/24	30/09/24 VS 31/12/24
<b>AEX</b>	104%	102%	100%	104%
<b>BEL20</b>	105%	102%	100%	101%
<b>CAC40</b>	104%	106%	100%	100%
<b>DAX</b>	120%	111%	100%	97%
<b>FTSE 100</b>	107%	105%	100%	101%
<b>IBEX35</b>	121%	113%	100%	102%
<b>FTSE MIB</b>	116%	111%	100%	100%
<b>OMX HPI</b>	111%	105%	100%	109%
<b>SMI</b>	103%	109%	100%	105%

Source for indices and interest rate swaps is [www.investing.com](http://www.investing.com)

## Observations

Our analysis shows that many companies report a ratio of market capitalisation to the sum of all components below 100%. Even the market value position of most companies shows ratios below 100%.

Our observation is that a significant part of the short-term movements in share prices of insurance companies is caused by market sentiment, and less by changes in strategy or changes in financial parameters. Although IFRS is an international reporting standard, differences in presentation and valuation practice make it difficult to compare performance and value. Over time, the retrospective nature of the CSM limits its usefulness as an indicator of future profitability; it is merely an indicator of value that may flow into the P&L over time. Accounting choices—such as amortised cost valuation and the treatment of non-attributable expenses—further reduce transparency.

Solvency II offers a more market value-based perspective but also has limitations, including the discount rate and risk margin. Reported figures for capital generation also vary in design and structure, which makes it difficult to compare performance between companies. A more uniform structure applied across CFO Forum companies would help create an industry standard and will improve comparability. Finally, the recognition of investment margins in valuations is another area where practices could be improved to give a clearer picture of the underlying value of an insurer.

## Data usage and limitations

The information in this document is based on publicly available information, including annual reports, company presentations, SFCRs—or their equivalents—and QRTs. In some cases, discrepancies were identified between sources. For financial information, annual reports were used as the primary source, while QRTs provided the primary solvency data.

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