MILLIMAN REPORT

Shareholder value reporting in Europe: Solvency based metrics

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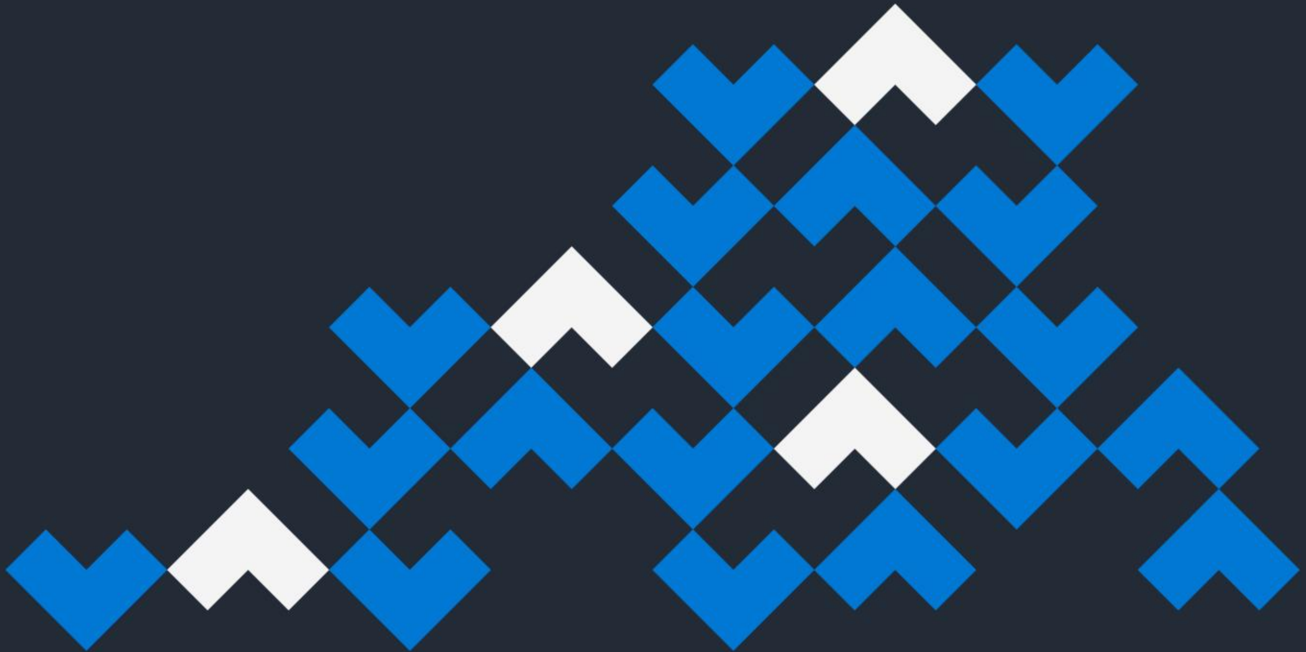

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1. Executive summary

INTRODUCTION

Since the implementation of Solvency II in Europe at the end of 2015/start of 2016, Solvency based value and capital generation metrics have become the predominant form of shareholder value disclosure in the market, replacing embedded value reporting.

In this report, we review the value and capital generation metrics based on the Solvency II, Solvency UK and Swiss Solvency Test (**SST**) disclosures (collectively **Solvency based metrics**) of over 20 companies as at year-end 2024. We consider whether the approaches adopted by firms when determining these metrics have changed since year-end 2023.

Following on from this, we consider a breakdown of the movement in Own Funds[1] over 2023, on an aggregate basis, for firms in our survey using their year-end 2024 results. This analysis categorises the movement into 'high-level buckets' which can be broadly grouped into two classes: anticipated and unanticipated items. This report considers what key themes can be drawn from how firms in our sample have reported their performance over 2024.

We then consider expanding this analysis to look at results from the previous seven year-ends and what, if any, conclusions can be made with regard to the anticipated items, noting that market performance over the past seven years has seen significant fluctuations.

Finally, we touch upon recent regulatory developments with an emphasis on their impact on value metrics and disclosures, including:

- The final stages of the review of Solvency II (the **Solvency II Review**) by the European Insurance and Occupational Pensions Authority (**EIOPA**) and European Commission
- The UK Government's (in particular by HM Treasury [**HMT** or Treasury] and the Prudential Regulation Authority [**PRA**]) review of the Solvency UK regime
- The implementation of the Insurance Capital Standard (**ICS**)
- Developments in the International Financial Reporting Standards 17 (**IFRS 17**)

THEMES ARISING FROM YEAR-END 2024 RESULTS

With a sustained high interest environment much like 2023, companies continued to adapt to the new macroeconomic conditions and the resulting impacts on both their operations and their customers.

Across the industry, retirement business was the standout growth area, with high demand for bulk purchase annuity (**BPA**)/pension risk transfer (**PRT**)[2] and individual annuity business that benefit from the interest rate environment. Policyholder behaviour also shifted, with lapse and surrender rates stabilising in some regions after sharp increases in 2023.

Firms continued to deploy capital into strategic initiatives, with increased mergers and acquisitions (**M&A**) in 2024 as they pursued growth into new markets or consolidation to their core ones. Capital was also returned to shareholders through dividends and share buybacks, with most companies in our survey declaring higher dividends than in 2023.

We consider how firms have reported their performance over 2024, focusing on several key areas:

- Financial markets: including management actions related to asset portfolios
- New business growth: including trends and strategies adopted to navigate the market landscape
- Strategic decisions: focusing on any major changes in the direction and operations of firms
- Changes in policyholder behaviour impacting the business: particularly in lapse experience
- Assumption setting: used in financial projections
- Payments to shareholders: including dividends, share buybacks and other forms of capital return

1. In this report, we use the term Own Funds as a general reference to Solvency II Own Funds, Solvency UK Own Funds, and Swiss Solvency Test Risk-bearing Capital for European, UK and Swiss firms, respectively.
2. PRT and BPA are used synonymously in this report to describe bulk annuity transactions transferring pension liabilities to insurers.

In addition, IFRS 17, effective from 1 January 2023, has resulted in some changes to the value metrics disclosed by European insurers. In particular, it has led to the widespread adoption of the contractual service margin (**CSM**), or an adjusted CSM, as a key new business metric, where this is applicable. Most firms now disclose IFRS 17 key performance indicators (**KPI**s), although the impact of this on the reporting of shareholder value or capital generation metrics vary, with some adjusting their disclosures to make IFRS 17 results and capital generation metrics more comparable, whereas others maintain their focus on existing Solvency based metrics such as change in Own Funds and Operating Capital Generation.

YEAR-END 2024 RESULTS

In our publication, 'Shareholder Value Reporting in Europe – Solvency II Based Metrics'[3] (**2020 Shareholder Value Report**), we observed that companies had started to disclose Solvency based earning metrics such as 'Solvency II Capital Generation'. However, 'Solvency II Capital Generation' remains a nonstandard term and many of the companies in our sample disclosed similar metrics with various names and slightly varying definitions (which were set out in that report).

Having reviewed year-end 2024 disclosures, we found there to be only minor changes for two companies in our sample:

- Achmea moved from reporting a Free Capital Generation metric to Operating Capital Generation – this shows convergence in the market towards reporting either Operating Capital Generation or Normalised Capital Generation, as no companies in our sample now report Free Capital Generation
- CNP stopped reporting Operating Capital Generation – this may be due to a general shift of companies' focus towards IFRS 17 disclosures

We previously noted that, for our sample of companies, the level of disclosure remains greatest for companies headquartered in the Benelux region and a number of those headquartered in the UK. This remains true of year-end 2024 disclosures.

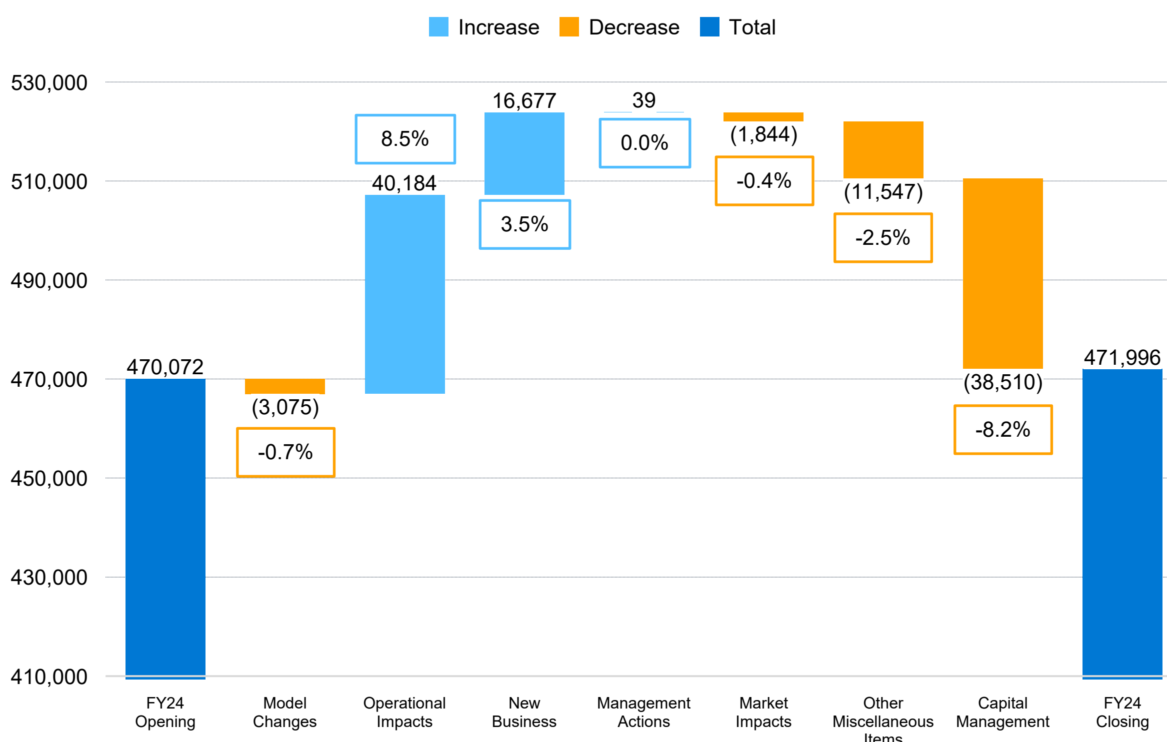
In considering the value of the disclosed metric at year-end 2024 compared with 2023 for our sample companies (as shown in Figure 9 below), we note that almost all firms observed an increase in the amount of their capital generation metric over the year.

As part of our analysis of firms' year-end 2024 disclosures, we also considered a breakdown of the movement in Own Funds over 2024 on an aggregate basis. In Figure 1, we set out our analysis based on the following 'high-level buckets':

- Model changes
- Operational impacts
- New business
- Management actions
- Market impacts
- Other miscellaneous items
- Capital management (which includes payment of dividends)

3. Burgess, S., Burston, D., Reynolds, S., & Wrobel, L. (November 2020). Shareholder value reporting in Europe – Solvency II based metrics. Milliman. Retrieved 12 February 2023 from https://www.milliman.com/en-GB/insight/shareholder-value-reporting-in-europe-solvency-ii-based-metrics-november-2020.

FIGURE 1: AGGREGATE EVOLUTION OF OWN FUNDS OVER 2024 FOR COMPANIES IN OUR SAMPLE (EUR M)



Note:

1. The majority of firms included in Figure 1 report results in euros. For the handful of other firms, we have converted results as at 31 December 2024 using publicly sourced exchange rates, which may introduce small currency differences.

Given the non-standardised nature of the disclosures around the movement in Own Funds across firms in our sample, a number of simplifications and judgements have been required to arrive at the breakdown in Figure 1. However, although there are adjustments, the analysis provides a useful insight into the key drivers of firms' performance over 2024.

A key anticipated item of any movement in Own Funds over the year is 'Operational Impacts.' Ideally, 'Operational Impacts' provide some indication of the level of capital generation that arises 'naturally' from the existing business on the balance sheet at the start of the period. However, in the absence of the majority of firms in our sample disclosing this level of granularity when reporting the breakdown of movement in Own Funds, this category includes other items such as non-economic experience variances and non-economic assumption changes. Overall, 'Operational Impacts' contributed an 8.5% increase in Own Funds over 2024.

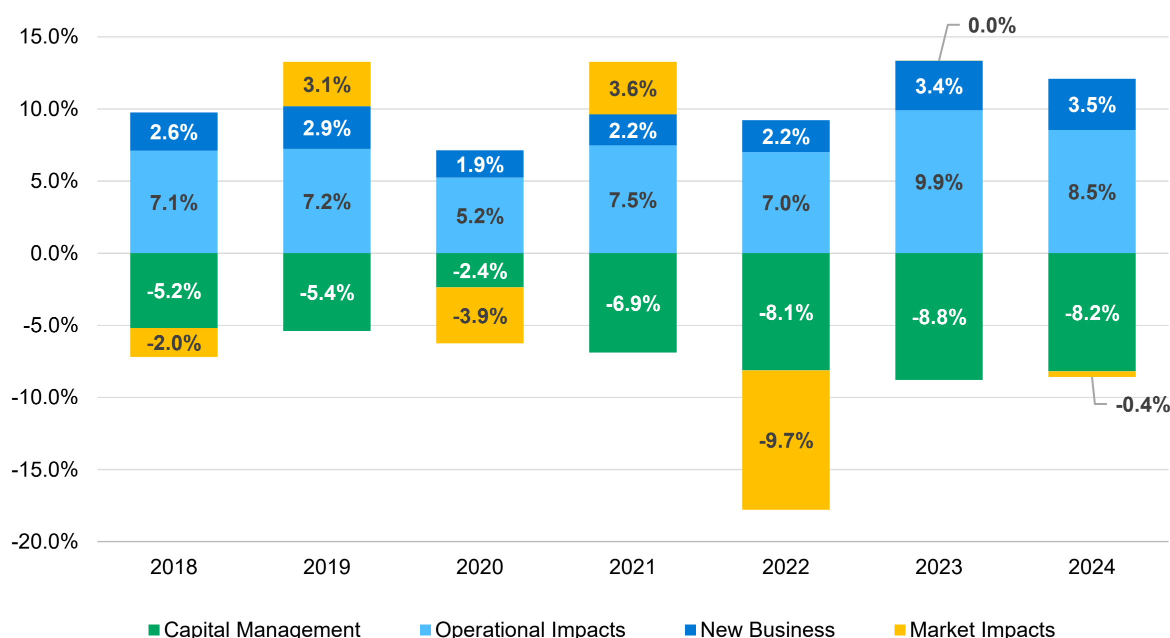
COMPARISON OF EXPERIENCE OVER RECENT YEARS

Expanding on the year-end 2024 movement in Own Funds analysis, we have considered how results over 2024 compare with recent years.

We have limited this expanded analysis to consider year-end 2018 to year-end 2024. Nearly every firm included in our survey disclosed a breakdown of Own Funds for each year of the analysis, and the criteria determining whether a firm has been included are solely driven by whether a firm reports a sufficient level of detail in its public disclosures.

We have focused on the 'high-level buckets' of the movement in Own Funds, which could be considered to be anticipated rather than those which are unanticipated. Figure 2 shows the results for the anticipated items.

FIGURE 2: EVOLUTION OF CAPITAL GENERATION DRIVERS FOR ANTICIPATED ITEMS



Note:

1. The figures for years 2018 to 2024 in Figure 2 may differ from the figures in the Shareholder Value Report published in previous years due to changes to the high-level bucket categorisations of some of the items.

Looking at the results over the seven years:

- **Operational impacts** – The contribution to the movement in Own Funds from this item seems broadly stable year-on-year, with 2024 being lower than 2023, but remaining high compared to other years. Whilst some UK firms provided the one-off favourable impact on Own Funds from reforms to the Risk Margin calculation in 2023 (allowing for this to get classified under 'Model changes' in our analysis), others did not, and in those cases, we expect the impact to be included in 'Operational impacts,' increasing its value.

  Furthermore, the higher value relative to recent years may also be in part due to a lower negative contribution from Ultimate Forward Rate (**UFR**) drag for European insurers in the current environment, as higher EUR interest rates together with the gradual lowering of the UFR in recent years have brought the two closer to convergence.

- **New business** – New business contribution to Own Funds in 2024 continues to be high relative to 2018 to 2022 levels, and at a level broadly consistent with 2023. The higher interest rate environment is now embedded in the pricing and new business strategies of firms. The high contribution is also driven by the continuing growth in BPA transactions (albeit at lower profit margins) and individual annuity sales in the UK and strong demand for protection and savings products across major markets.
- **Market impacts** – From 2018 to 2022, fluctuations broadly tracked market performance – with weaker or more volatile years in 2018, 2020 and 2022, and more stable or recovering conditions in 2019 and 2021. In 2024, the environment was relatively stable overall, but unlike 2020 and 2022, where all European markets moved in similar ways, geographic divergences emerged in 2024 (e.g. EUR interest rates fell whereas GBP rose, spreads widened in some countries but tightened in others). This created an offsetting effect across the companies included in our sample, resulting in a very small negative market impact over 2024, a result consistent with 2023.
- **Capital management** – This item decreased in 2024 compared to 2023, but remained higher than the levels observed prior to 2022. This reflects the general trend of increasing dividend payments declared by companies. Many companies continue to be very well capitalised in the current high interest environment and following a strong performance in 2024.

REGULATORY DEVELOPMENTS

After years of review by various regulatory bodies, we are now starting to see these efforts culminate in finalised versions of standards or reforms to existing regulation on both a local and international basis.

Although developments continue in the regulatory space, which may also have an impact on the shareholder value metrics adopted by firms in future years, the adoption of more stable versions of Solvency II, Solvency UK, IFRS 17 and ICS will help provide clarity and consistency for stakeholders going forward.

Solvency II

Following years of effort, the review of the Solvency II Directive has ended and was signed at the end of November 2024 by co-legislators, the Council of the European Union and the European Parliament. The amended Solvency II Directive, Directive (EU) 2025/2,[4] was published in the *Official Journal of the European Union* shortly afterwards on 8 January 2025. The Directive came into force on 28 January 2025, with EU member states expected to adopt and publish the measures necessary to comply by 29 January 2027.

The amended Solvency II Directive and the underlying detail have been published, with changes to the Risk Margin, Solvency Capital Requirement (**SCR**) and long-term guarantee measures (in particular, the extrapolation methodology used for determining risk-free rates). At the time of writing, details on some calculation points are yet to be finalised.

Solvency UK

The review of Solvency II regulations for the UK insurance market, known as Solvency UK, has been led by HMT as part of the UK Government, which was granted powers by the UK Parliament to modify retained European Union (**EU**) law relating to financial services and markets following the UK's exit from the EU.

Solvency UK is now fully effective and the PRA, like EIOPA with the amended Solvency II Directive, has taken the opportunity to build upon the work done to facilitate better supervision.

The most significant change to Solvency UK in 2024 was in relation to reforms to the Matching Adjustment (**MA**) covered in PS10/24,[5] and that came into effect on 30 June 2024. The changes included increased investment flexibility for the MA portfolio, enhanced credit ratings under the MA, including considerations for investment in sub-investment grade assets, clarifications around the attestation of the MA and increased liability eligibility of the MA. The PRA has further expanded on these MA reforms in 2025 through the introduction of a new framework known as the MA Investment Accelerator, which allows insurers to self-assess and claim MA benefit for certain new assets for up to 24 months before seeking full PRA approval, accelerating access to time-sensitive investments.

The PRA also has an increased focus on the changing risk and asset landscape for UK life insurers, especially as they adapt to broader investment strategies in the growth of the bulk annuity market, as reflected in its choice of scenarios for the Life Insurance Stress Tests (**LIST**) 2025.

Insurance Capital Standard

Following a five-year monitoring period, the ICS was adopted by the International Association of Insurance Supervisors (**IAIS**) as a global prescribed capital requirement for Internationally Active Insurance Groups (**IAIG**s) at the end of 2024.

In November 2024, the IAIS confirmed that the US Aggregation Method (**AM**), in its provisional form, is broadly comparable with the ICS.[6] This brings greater clarity for US firms, whilst IAIGs in other jurisdictions await the assessment of whether Solvency II and Solvency UK meet ICS standards.

4. European Union. (8 January 2025). Directive (EU) 2025/2 of the European Parliament and of the Council of 27 November 2024. Retrieved 10 July 2025 from https://eur-lex.europa.eu/eli/dir/2025/2/oj/eng.

5. PRA. (6 June 2024). PS10/24 – Review of Solvency II: Reform of the Matching Adjustment. Bank of England. Retrieved 10 July 2025 from https://www.bankofengland.co.uk/prudential-regulation/publication/2024/june/review-of-solvency-ii-reform-of-the-matching-adjustment-policy-statement.

6. IAIS. (14 November 2024). Report on the Aggregation Method comparability assessment. Retrieved on 10 July 2025 from https://www.iaisweb.org/uploads/2024/11/Report-on-Aggregation-Method-comparability-assessment.pdf.

International Financial Reporting Standards 17

IFRS 17 took effect in January 2023, and two years on, the International Accounting Standards Board (**IASB**) is preparing for its post-implementation review, which typically begins 30 to 36 months after a standard becomes effective and is expected to launch by late 2025. The review will involve consultation and information gathering but is unlikely to result in major amendments before 2027. To date, no significant changes have been made to IFRS 17.

In practice, although IFRS 17 reporting may influence how firms report profit emergence, we observe that capital management and dividend decisions in Europe remain tied to the Solvency II and Solvency UK frameworks.

2. Introduction

In previous reports, we discussed how the use of the level of Own Funds (and its change over time) appears to have become a more widely publicly disclosed metric than an embedded value metric.

In this publication (Section 3 and Section 4), we consider the key themes arising from year-end 2024 results for the firms in our sample. We explore this for a number of areas, such as the movement in financial markets over the year, as well as new business and policyholder behaviour.

Following on from this, we set out whether the approaches adopted by companies when disclosing supplementary reporting metrics have changed over 2024 (since those previously reported in the **2023 Shareholder Value Report**[7]), as well as the change in the values of such metrics.

We then move on to explore, at an aggregate level, the movement of Own Funds over the year for companies in our survey, and consider how this movement can be split into key drivers that may be expected to happen again in the future – for example, the contributions of existing and new business – and those that may be considered to be one-offs, e.g. model or methodology changes, or capital management actions such as the issuance or repayment of debt and payment of dividends.

In Section 5, we extend the movement in Own Funds analysis presented in Section 4 and consider results for the seven year-ends prior (i.e. year-end 2018 to year-end 2024) for the firms in our sample. Using these results across the seven year-ends, we then consider what, if any, trends can be identified for each of the key drivers, with particular focus on those drivers which can be considered to be 'anticipated.' Following on from this, we estimate for each year-end a payout ratio and an expected capital generation metric based on the back-book, and consider what conclusions can be drawn from these results.

In Section 6, we conclude by reviewing recent regulatory developments affecting European insurers, with a focus on their impact on the metrics disclosed for both reporting and transaction purposes. The section covers the finalisation of the Solvency II review in Europe, the UK's implementation of Solvency UK, progress on the ICS and emerging developments in IFRS 17.

As part of this research, the main sources of information for each company were the company's annual report, analyst presentations or other investor communications and its Solvency and Financial Condition Report (**SFCR**).

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7. Burgess, S., Burston, D., Egoshina, T., Kirk, A., Ng, C. H., Reynolds, S., Stansfield, I., & Wrobel, L. (September 2024). Shareholder value reporting in Europe: Solvency II based metrics. Milliman. Retrieved 18 July 2025 from https://edge.sitecorecloud.io/millimaninc5660-milliman6442-prod27d5-0001/media/Milliman/PDFs/2024-Articles/9-16-24_3545LF_SHV-report-2024.pdf.

3. Themes arising from year-end 2024 results

With a sustained high interest environment much like 2023, companies continued to adapt to the new macroeconomic conditions and the resulting impacts on both their operations and their customers. In this section, we consider how firms in our sample have reported their performance over 2024.

In considering how firms have performed over 2024, we have evaluated several areas. Specifically, we have considered:

- Financial markets
- New business growth
- Strategic decisions
- Changes in policyholder behaviour impacting existing business, e.g. lapse experience
- Assumptions setting used in projections
- Payments to shareholders, including dividends and buybacks
- IFRS 17 and the impact it has had on disclosures

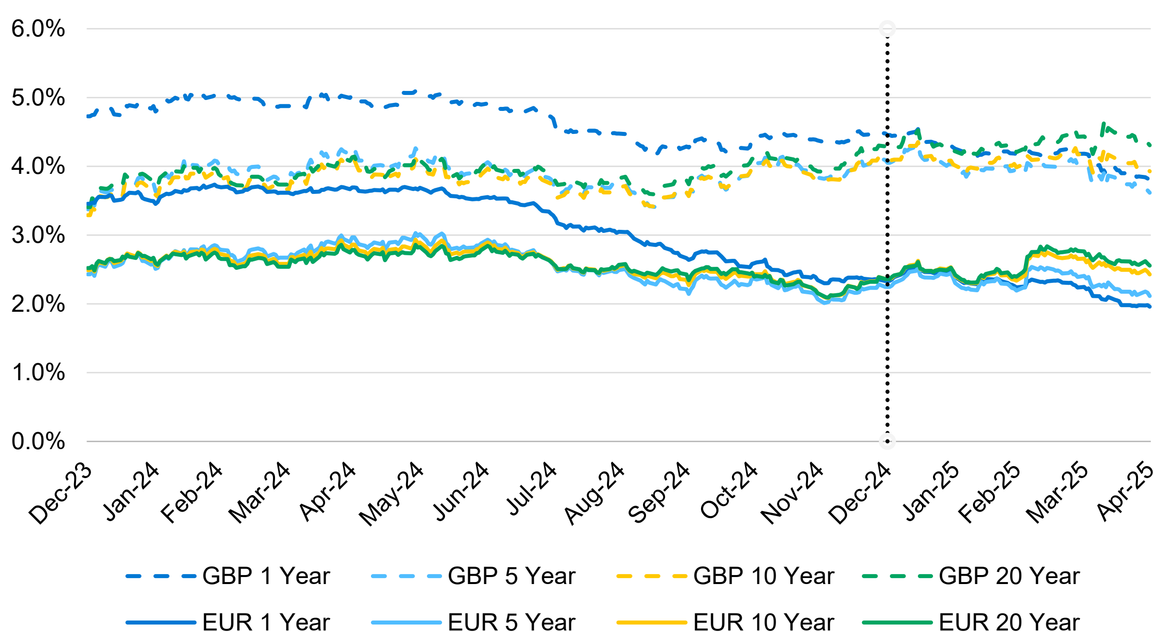
FINANCIAL MARKETS

A period of relative stabilisation in the economic environment was realised in 2024, following several years of volatility. Inflation and short-term interest rates generally trended downward over the year as central banks began to ease their previously tight monetary policies implemented in response to elevated post-pandemic inflation. Nonetheless, the future trajectory of these financial metrics remains uncertain.

The macroeconomic environment continued to influence pricing, product design and investment strategies across the life insurance sector. Active monitoring of interest rate and inflation dynamics remains a necessary part of business-as-usual activities for life insurers. On the geopolitical front, ongoing wars and persistent political tensions added volatility to the financial markets, which has continued into 2025.

Figure 3 to Figure 6 illustrate movements in several key financial indicators over the course of 2024 and into early 2025.

FIGURE 3: RECENT TRENDS IN GBP AND EUR LIBOR SWAP RATES



Source: Bloomberg

Figure 3 shows that interest rates remained elevated at the start of 2024 due to central banks maintaining higher rates to address inflationary pressures. Central banks began cutting interest rates in 2024, which drove a decline in interest rates at shorter maturities.

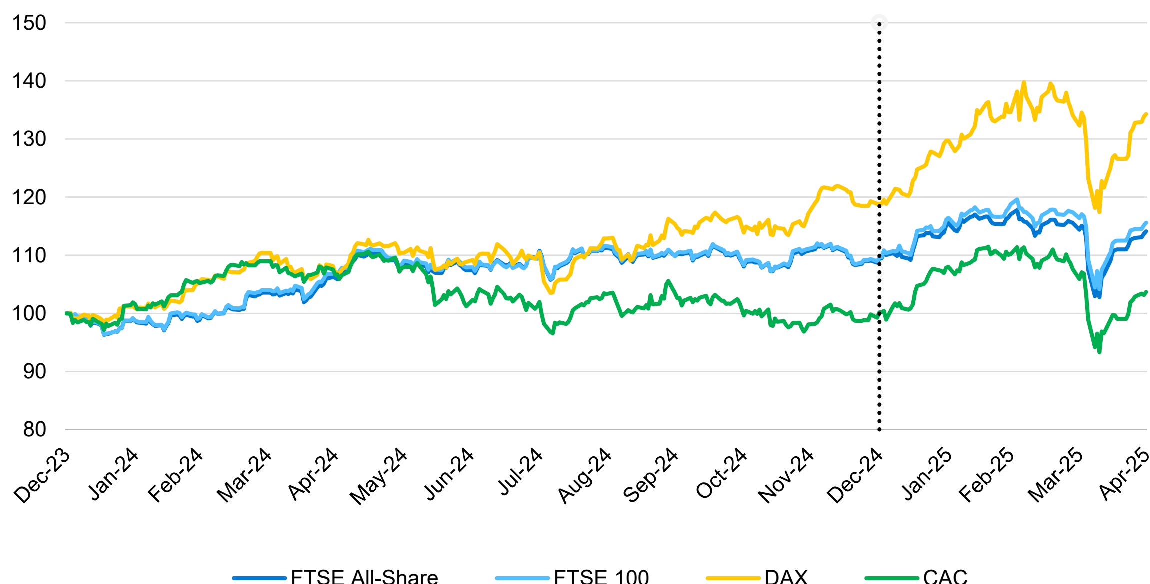
However, despite the lowering of the Bank Rate[8] in the UK, in the GBP market, there was a steepening of long-term interest rates in late 2024 and early 2025. This increase may reflect a range of factors, including market expectations of higher long-term inflation (and a consequently a higher-for-longer Bank Rate), concerns about rising UK government debt, reactions to the US election outcome and subsequent global tariffs and broader geopolitical uncertainty. Alternatively, long-term EUR rates displayed more stability, remaining relatively flat, albeit slightly decreasing towards the end of 2024 and into early 2025, with the EUR EIOPA risk-free rate curve falling at all durations over the year.

In their disclosures, several firms reported that high interest rates, especially in the first half of 2024, had a positive impact on their business by generating positive investment returns, enhancing reinvestment yields (e.g. in long-term fixed-rate bonds), and providing relief to those offering products with guaranteed minimum rates.

Although some firms found that their savings products continued to face the challenge of increased competition from banking products and/or government-backed savings products (an observation noted in our 2023 Report), others noted that the high interest rate environment supported demand in the savings and retirement sector. For example, individual annuity rates were higher in 2024 than 2023, offering more attractive income to customers, which supported strong sales activity, particularly in the UK and US. In the bulk annuity market, elevated rates improved affordability for both buy-ins and buyouts, contributing to a record-breaking level of BPA deals in the UK in 2024. Milliman has published a paper discussing the impact of financial markets on the PRT market.[9]

In contrast to recent years, when interest rates across European economies generally moved in the same direction, this was not the case for GBP and EUR interest rates in 2024. As a result, we observed that the impact of interest rate changes on Own Funds reported by firms – whether positive or negative – varied depending on each firm's key geographical exposures.

FIGURE 4: RECENT EQUITY MARKET PERFORMANCE



Source: Bloomberg

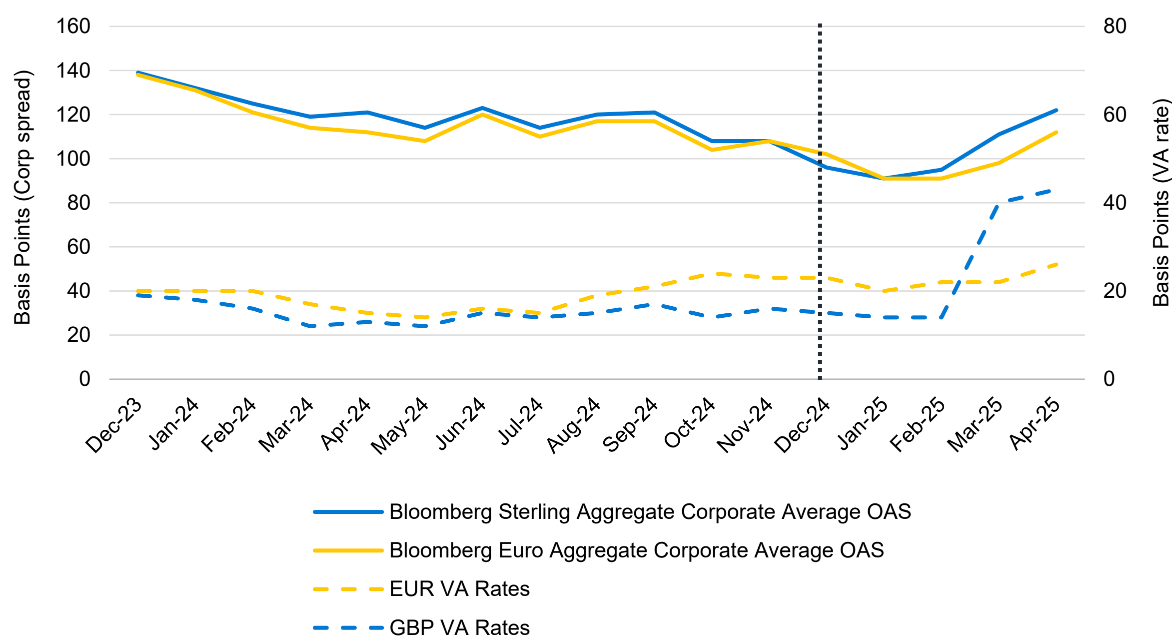
Note: Indices above are the gross total return indices and have been rebased to 100 as at 31 December 2023.

8. The Bank Rate is the base interest rate that the Bank of England charges other banks and financial institutions for overnight borrowing.

9. Booth, C., Crowson, J., Ford, M., & Ginghina, F. (July 2025). Pension risk transfer (PRT) hot topics: Competition, challenges and innovation. Milliman. Retrieved 11 August 2025 from https://uk.milliman.com/en-GB/insight/pension-risk-transfer-prt-hot-topics.

Figure 4 illustrates relative stability in the European equity markets over 2024, culminating in a general upward trend towards the end of the year. This is consistent with firms in our survey generally reporting a positive impact on their performance from financial markets over the year. However, the French CAC index exhibits more muted performance, perhaps reflecting the impact on equity markets from the fiscal and political uncertainty experienced in the country during 2024 (e.g. snap elections in early June and instability in the newly formed government). A number of firms also reported a shift to higher yielding, riskier assets in 2024 in order to improve capital generation, increasing exposure in equities and illiquid assets such as private debt, private equities and real estate.

FIGURE 5: RECENT TRENDS IN CORPORATE SPREADS AND VOLATILITY ADJUSTMENT (VA) RATES (BPS)



Source: Bloomberg, Barclays and EIOPA[10]

Figure 5 demonstrates that credit spreads generally tightened throughout 2024, despite a significant increase in primary debt issuance (global debt issuances increasing by 19% relative to the prior year and investment grade corporate issuances increasing by 14%[11]). Normally, higher issuance would put upward pressure on credit spreads, but strong demand for credit instruments – driven by investors seeking higher absolute returns in an environment of falling money market rates – outweighed the increased supply. Stable economic conditions and stronger financial positions amongst issuers also helped to reduce perceived credit risk. Despite political uncertainty in Europe and ongoing geopolitical tensions, demand for credit risk assets remained high. In early 2025, however, factors such as the US tariffs and resultant market volatility led to wider spreads and greater risk aversion. There were some notable exceptions to this, with companies commenting on the negative impact on their business from widening spreads on French government bonds, which rose to a 12-year high in late 2024.[12]

Separately, under the Solvency UK regime, reforms effective from 31 December 2024 changed the calculation of the Transitional Measure on Technical Provisions (**TMTP**) to reduce its sensitivity to credit spreads.[13] As TMTP affects Own Funds and the SCR Coverage Ratio, firms in our sample reported reduced credit spread sensitivity following these changes.

10. The VA rates used in Figure 5 are based on the rates published by EIOPA. The VA rates published by the PRA may be different.

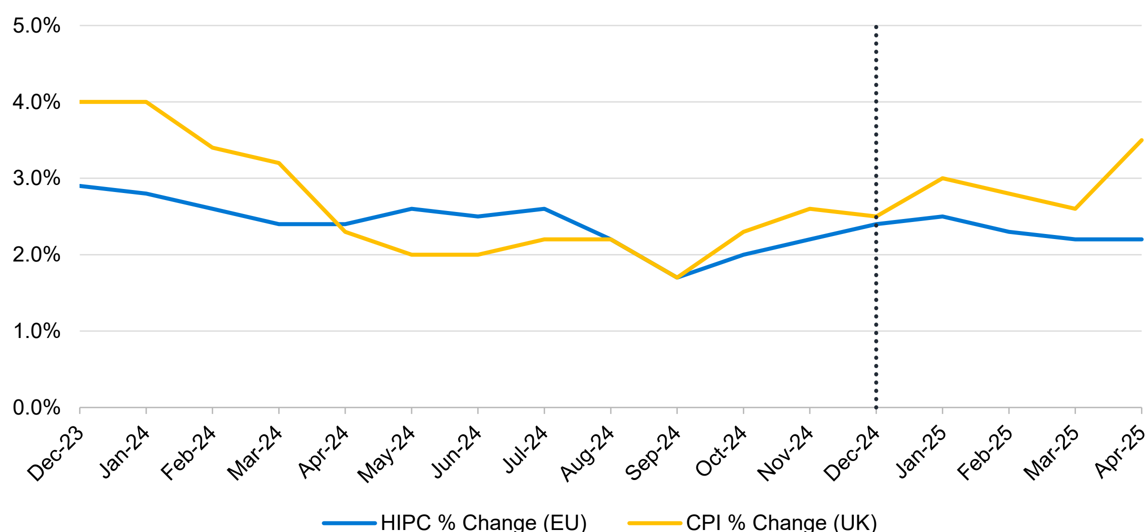
11. London Stock Exchange Group. (January 2025). End of year debt capital markets update 2024. Retrieved 11 August 2025 from https://docs.londonstockexchange.com/sites/default/files/documents/end-of-year-debt-capital-markets-update-eoy-2024.pdf.

12. AFP. (27 November 2024). France key bond spread hits 12-year high. *Le Monde*. Retrieved 15 September 2025 from https://www.lemonde.fr/en/economy/article/2024/11/26/france-key-bond-spread-hits-12-year-high_6734231_19.html.

13. PRA. (28 February 2024). PS2/24 - Review of Solvency II: Adapting to the UK insurance market. Bank of England. Retrieved 11 August 2025 from https://www.bankofengland.co.uk/prudential-regulation/publication/2024/february/review-of-solvency-ii-adapting-to-the-uk-insurance-market-policy-statement.

Earlier in the year, Solvency UK reforms to the MA, effective from 30 June 2024, broadened asset eligibility (in particular to allow for sub-investment grade assets in MA portfolios) and refined the calibration of the fundamental spread.[14] This also had an impact on shareholder value: Aviva reported that the changes increased its Solvency UK shareholder ratio by around 4 percentage points, whereas M&G disclosed a £16m (€19m) increase in surplus (after offsetting reductions in Own Funds with lower SCR), illustrating that the reforms generally supported capital strength and solvency.

FIGURE 6: RECENT TRENDS IN INFLATION



Source: ECB data Portal, Office for National Statistics (UK)

Although energy and food prices remain volatile, Figure 6 demonstrates that overall inflation in the UK and Europe declined during 2024. As a result, firms commented that inflation-linked claims costs showed signs of stabilisation. However, firms noted that inflation expectations for the coming years remain uncertain, with factors such as ageing populations, sustainability challenges, geopolitical risks, and challenges in the housing market exerting upward pressure on inflation rates.

NEW BUSINESS

In 2024, insurers saw strong demand and growth in protection, savings and annuity products, with notable increases in new business volumes across major markets and segments, supported by favourable interest rates and strategic initiatives. However, profitability trends were mixed, as some firms faced profit margins tightening due to shifts in business mix (towards less profitable product lines) and challenging market conditions.

Volumes

Demand for protection products remained robust throughout 2024. Zurich reported a 5% year-on-year increase in the present value of new business premiums (PVNBP[15]) for its life insurance business on a like-for-like basis (3% on a reported basis). This growth was primarily driven by increased volumes in capital-light unit-linked and protection products. The expansion in protection business was led by strong performance in the UK and Switzerland, whereas growth in unit-linked premiums was supported by bank distribution channels, particularly in Latin America. Groupama also reported strong demand and good performance in its protection segment, with its highest premium growth (in percentage terms) arising from health and protection insurance in France, where premiums rose by 14.8%, as well as internationally, which saw growth of 21.8%. BNP Paribas recorded a 21% increase in gross written premiums, attributed mainly to the strength of its protection business, particularly in international markets.

14. This required firms to use a higher fundamental spread (thus, lower MA and discount rates) if they felt that the risks of the assets were not sufficiently captured in the existing fundamental spread.

15. The present value of new business premiums (PVNBP) is a measure of new business volumes and represents the present value of all premiums expected to be received over the policy term.

In parallel, 2024 marked a notable recovery in demand for savings products, as reported by several insurers in our sample. AXA posted a 14% increase in its PVNBP,[16] driven by growth in savings products across France, Italy and Japan. The increase encompassed both unit-linked and general account products. In particular, unit-linked sales in Italy benefited from the launch of a new product, whereas growth in France was supported by a successful advertising campaign. CNP also reported a 6.5% increase in premium income (on a like-for-like basis), driven by the savings and pensions segment. In France, this growth was supported by promotional campaigns and its distribution partnership with La Banque Postale, whereas Italy observed a recovery in savings and pension product demand following intense competition from government bonds in 2023. Generali reported a substantial 33.9% increase in the PVNBP for savings business. This reflected a deliberate commercial strategy to support net inflows to savings products in Italy, as well as strong volumes of new savings business in China.

In the reinsurance market, both Hannover Re and Munich Re reported growth in life and health reinsurance new business in 2024. They both noted high demand in the longevity reinsurance market.

The BPA market has continued to experience strong growth. One of the primary drivers has been the sustained increase in interest rates over recent years. This has led to growing surpluses in defined benefit pension schemes, prompting many schemes to adopt de-risking strategies. As a result, there has been a notable increase in demand for BPAs.

Leading UK insurers such as Aviva and L&G have reported lower new business strain from writing BPA business in 2024, which has enabled them to write higher volumes of new business. L&G highlighted high levels of capital efficiency, reporting a new business strain of approximately 1%. Aviva attributed its reduced strain (citing a strain of below 3%) to a strategic shift towards a gilt based investment approach for new business, responding to the macroeconomic environment of tighter corporate credit spreads and wider gilt spreads.

Reflecting this strong BPA demand, Aviva reported record BPA volumes, increasing from £5.5 billion (€6.7 billion) in 2023 to £7.8 billion (€9.4 billion) in 2024. L&G similarly reported significant activity, writing £10.7 billion (€12.9 billion) in its PRT volumes over the course of 2024. The attractiveness of the BPA market has also encouraged new entrants, increasing competitiveness. For example, M&G increased its BPA new business volumes by 50% in 2024 to £0.9 billion (€1.1 billion), following its entry into the market in 2023.

The growth in BPA volumes is not limited to the UK. International markets, particularly North America, have also seen strong activity. L&G achieved record PRT volumes internationally, including $2.2 billion (€2.1 billion) of PRT business in the US, supported by a strong reputation for service excellence. In Europe, Athora Netherlands reported a 32% increase in business volumes, supported by pension buyout activity amongst other factors. NN Group also reported a 6% increase in gross premiums written, with the growth driven by pension buyouts and defined benefits sales in the Netherlands.

Individual annuity sales have also shown strong growth. Elevated interest rates have improved the rates of income for annuity holders, thereby increasing the appeal of guaranteed income products in retirement. In the UK, the Association of British Insurers reported that sales of pension annuity contracts increased by 24% in 2024, surpassing the 2023 total and reaching a new 10-year high.[17] L&G reported a record year for individual annuities, with sales reaching approximately £2.1 billion (€2.5 billion) in 2024, a 48% increase compared to 2023. Phoenix has also rapidly expanded its market share in this space, having entered the individual annuity market in 2023. It wrote £1 billion (€1.2 billion) in individual annuity premiums in 2024, up from £0.6 (€0.7 billion) billion the previous year, citing competitive pricing as a key factor.

Scottish Widows also experienced growth, with its PVNBP increasing by 5%, driven by both individual annuities and workplace business. It issued £1.7 billion (€2.1 billion) of individual annuity policies in 2024, up from £1 billion (€1.2 billion) in 2023. Similarly, Aviva reported a 27% increase in individual annuity sales. Outside the UK, Athora Netherlands also reported higher new business volumes, attributing part of this growth to increased market share in immediate annuities.

16. AXA refers to this metric as the Present Value of Expected Premiums (PVEP) in its disclosures.

17. The ABI. (12 February 2025). Another post-pension freedoms record for annuity sales. Retrieved 15 September 2025 from https://www.abi.org.uk/news/news-articles/2025/2/another-post-pension-freedoms-record-for-annuity-sales/.

Profitability

Profitability across firms in 2024 showed mixed results, continuing a trend observed in 2023. Although some companies achieved strong results, others faced profit margins tightening due to shifts in business mix (towards less profitable product lines) and challenging market conditions.

Munich Re reported substantial new business growth within its life and health segment, disclosing a record profit level for its life reinsurance operations. This performance was partly attributable to large-volume reinsurance transactions in the North American market, which contributed significantly to earnings.

Conversely, several insurers reported reductions in profitability. AXA noted a decline in its new business margin within the life and health segment, falling from 5.0% to 4.4%, citing that it was primarily due to a shift in business mix. Generali also experienced a decline in new business margins across its savings, protection and unit-linked product lines, with the overall margin reducing from 5.78% in 2023 to 4.60% in 2024. This was largely driven by a shift to lower-margin products in Italy and the impact of declining EUR interest rates over the year (leading to lower asset returns, higher liability costs and higher guarantee costs – all of which reduce the new business margin).

Similarly, Mapfre reported a 1.8% decrease in its new business margin with a reduction from 5.1% in 2023 to 3.3% in 2024. This decline was attributed to a business mix that was weighted towards lower-margin products, notably annuities and savings.

In response to profitability pressures, certain insurers in our sample reported that they performed a strategic review aimed at improving their overall margins. For example, SCOR undertook a strategic review of its life and health operations during 2024, where the company introduced higher return thresholds for new protection business (that, for example, could be achieved through higher premiums, stricter underwriting or product redesign).

Despite the buoyant new business volumes in the BPA market, some insurers have reported a decline in BPA profitability. L&G's Solvency UK PRT new business margin fell to 5.3% in 2024, down from 7.4% in the previous year. This reduction was attributed to lower initial yields resulting from its gilt based investment approach, although it noted that this strategy also significantly reduced the required capital. Similarly, Aviva reported a modest decline in the new business margin of its Retirement segment, which was linked to both a change in business mix and a strategic shift toward gilts.

Value of new business

A firm's value of new business (**VNB**) depends upon both new business volumes and the profitability of the new business written. For many insurers in our sample, despite generally lower profit margins, the higher volumes of new business written in 2024 resulted in a higher VNB than in 2023.

For example, Generali saw a small uptick in its VNB, despite the decline in its new business margin. Similarly, Allianz reported a significant 18% increase in its Life & Health VNB over the year, despite a small decrease in its new business margin.

STRATEGIC DECISIONS

M&A continues to be a key tool for firms to enact their strategic priorities, typically in pursuit of growth in new markets or a consolidation of focus on key markets. Notable transactions that impact the companies included in our sample include:

- ASR – Completed the sale of online bank Knab to BAWAG Group AG in 2024, as it did not fit with ASR's core strategy after acquiring it as part of a larger deal with Aegon in 2023.
- Aviva – Completed several transactions with the aim to expand its core businesses in the UK, Ireland and Canada whilst divesting in markets elsewhere, as well as focussing on 'capital light' business. Transactions in 2024 included the acquisition of AIG Life Limited in the UK, the acquisition of Optiom O2 Holdings Inc in Canada and the sale of its shareholdings in Singapore Life Holdings Pte Ltd to Sumitomo Life Insurance Company. Aviva also entered the Lloyd's general insurance market via its acquisition of Probitas Holdings (Bermuda) Limited, and agreed to terms of the acquisition of general insurer Direct Line towards the end of 2024, with expected benefits of the acquisition including cost synergies and improved capital.

- Generali – Was very active in the M&A space in 2024, with its most notable transactions being the acquisition of Liberty Seguros aimed at strengthening its position in its core markets of Spain and Portugal, and the sale of business in non-core markets like Italian insurer TUA Assicurazioni, SpA, with this business moving to Allianz SpA.
- Swiss Re – Announced that it has agreed to sell iptiQ's European Property & Casualty (**P&C**) business to Allianz Direct, an online insurer that is part of the Allianz Group. This follows a strategic decision by Swiss Re to withdraw from iptiQ.
- Scottish Widows – Announced the sale of its bulk annuity business to Rothesay Life plc in order to concentrate on its strategically important markets (insurance, investments, retirement and pensions (excluding BPA)). In 2024, Scottish Widows reinsured the bulk annuity portfolio to Rothesay whilst continuing to service the policies awaiting High Court approval for the Part VII transfer. The transfer was approved in May 2025.

Further information on global M&A activity in the life and health insurance sector can be found in the 2025 Milliman Life and Health Insurance M&A Report.[18]

Other strategic decisions were aimed at consolidating focus on key markets through strategic partnerships. These included:

- The announcement by AXA and BNP Paribas that they are entering into a strategic partnership, whereby BNP Paribas will provide investment services to AXA following the sale of AXA Investment Managers to BNP Paribas. The transaction brings benefits for both parties; BNP Paribas hopes to become the leading asset manager for life and pensions funds in Europe via the acquisition. In addition, AXA, by exiting the asset management market, will be able to focus on its insurance business.
- The announcement in November 2024 that Sixth Street Partners and Achmea N.V. established a joint venture, which will be well-positioned to become a key player in the Dutch pension buyout market. LifeTri, whose principal shareholder is Sixth Street, is to be merged with the life and pension arm of Achmea N.V. to form a joint venture operating under the name Achmea Pensioen & Levensverzekeringen. The joint venture will be 20% owned by Sixth Street and 80% owned by Achmea N.V., with Sixth Street paying an additional consideration of €445 million to Achmea N.V.
- The announcement by Phoenix Group in the UK that it was launching an investment management business with Schroder plc, Future Growth Capital, aiming to enable access to private markets for pension savers in the pursuit of long-term higher returns.

In terms of product strategy, several firms announced the release of new products or plans to grow into new markets, particularly in capital light products (such as unit-linked and protection products) and in retirement solutions (individual annuity and BPA/PRT business):

- Several firms cited the release of new unit-linked products, for example Groupama launched a unit-linked product based on a structured bond and AXA Germany launched a customisable unit-linked product offering over 100 funds, including sustainable funds from its ‘JustGreenInvest.’
- M&G launched ‘Value Share BPA,’ aimed at defined benefit schemes with significant transaction value. The proposition facilitates insurance of the scheme via a traditional BPA transaction whilst also allowing the Corporate Sponsor to participate in some of the risk.
- VidaCaixa launched ‘Mybox VidaCare,’ a product that offers support for those diagnosed with neurodegenerative diseases. The product offers life insurance with health coverage, combined with a series of extra services, including support for the policyholder throughout the life of the policy.
- Phoenix launched the Standard Life Guaranteed Fixed-Term Income product that offers pension savers the option to receive a guaranteed income for a fixed number of years, with the option to surrender the product and reassess their needs at the end of the guaranteed income period.

18. Humphries, I., Nelson, K., McKerlie, T., Ng, C. H., Burgess, S., Reynolds, S., Hojman, A., Mesquida, F., Taylor, R., Kirk, D., & Lee, S. M. (May 2025). Life and health insurance M&A. A review of 2024 and an outlook for 2025 and beyond. Milliman. Retrieved 15 September 2025 from https://edge.sitecorecloud.io/millimaninc5660-milliman6442-prod27d5-0001/media/Milliman/PDFs/2025-Articles/5-14-25_2025-Life-and-health-MA-report.pdf.

- CNP Assurances pursued its strategy to grow its market share in capital light protection business through the creation (with La Mutuelle Générale) of a new subsidiary, CNP Assurances Protection Sociale. CNP Assurances Protection Sociale intends to be a key player in the French health and personal risk market.
- In the Netherlands, both Achmea and Athora Netherlands noted that they were pursuing growth in the retirement solutions market as a result of the Future Pensions Act (Wtp).[19] The legislation came into effect on 1 July 2023 and is subject to a transition period until 1 January 2028. The change in legislation drove activity in the pension buyout market throughout 2024, and, as defined benefit schemes continue to wind down and pension funds increasingly seek to transfer legacy liabilities off of their balance sheets, it is expected to drive further activity in the future. In addition, the move to defined contribution schemes presents customers with more choice and responsibility over their pension assets, increasing demand for retirement savings products, investment solutions, and decumulation strategies.

Finally, several firms reported making use of technology, particularly AI, to increase automation and drive efficiency in operations. L&G reported accelerating automation in its key processes, for example, reducing manual workloads via use of AI chatbots for policy servicing purposes. Swiss Re reported using AI to process documents in order to speed up and improve the accuracy of underwriting decisions. Meanwhile, Zurich reported over 160 use cases of AI in 2024, including development of its own AI tools by its data analytics subsidiary Zurich Customer Active Management (**ZCAM**).

POLICYHOLDER BEHAVIOUR

In 2023, the persistency of life insurance business in some European countries was adversely impacted by sustained high interest rates and competition from alternative low risk savings products (e.g. banking products or government-backed savings products[20]), particularly in Italy and France, where several insurers reported increased lapse activity and took management actions in response.

In 2024, the trend has partially reversed in many markets. Falling EUR interest rates, more stable macroeconomic conditions, and targeted retention strategies contributed to improved persistency outcomes. In particular, the significant deterioration in persistency observed in 2023 seems to have slowed or reversed across much of Europe.

In France and Italy, two markets where companies in our sample reported higher levels of surrenders in 2023, both CNP and Generali reported lower surrender rates across savings and investment business. AXA and CNP also reported improvements in France, despite the Livret A rate[21] being held at 3%, noting that policyholders were favouring stability and long-term security in their investments.

In Italy, surrender rates remain elevated compared to pre-2023 levels, though down from their 2023 peak. Although CNP and Generali noted lower surrender rates than in 2023, Unipol commented that high surrender rates were still being observed, albeit below the market average. This is consistent with analysis published by Associazione Nazionale fra le Imprese Assicuratrici (**ANIA**),[22] an association of insurance companies in the Italian market. The surrender rate shown in ANIA's analysis was 10.39% in 2024 overall for life insurance, unit and index-linked, and savings business,[23] sustaining the high rates observed in 2023 (10.55%), and indicating that surrenders remain significantly higher than the 5.5% to 6.7% range observed between 2020 and 2022.

Elsewhere in Europe, persistency experience was generally stable, though some firms reported slight increases or decreases depending on product lines and market segments.

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19. The Future Pensions Act (Wet toekomst pensioenen, Wtp) is an amendment to Dutch welfare law that revises the Dutch pension system. It includes a move away from Defined Benefit schemes to Defined Contribution schemes.

20. Two examples are Italian government bonds (BTP) and Livret A tax free savings accounts in France.

21. The Livret A rate is the guaranteed return on state-backed tax-free saving accounts in France.

22. ANIA. (12 May 2025). Trends. Retrieved 27 October 2025 from https://www.ania.it/documents/35135/936777/Newsletter+Vita+flussi+e+riserve+I+trim.+2025.pdf/116becaa-7328-f974-3c7f-ff9ac548494f?version=1.0&t=1747063806346.

23. The surrender rate presented in the analysis is derived as the ratio between the amounts paid on redemption and the average amount of mathematical reserves.

In the UK, persistency experience was mixed. Aviva reported resilient persistency despite the ongoing cost-of-living crisis whereas M&G noted higher surrenders across its PruFund and traditional lines of business (although it made only minor adjustments to its persistency assumptions). Scottish Widows provided more granular insights: its persistency assumption changes indicated that lapse rates had reduced for older policyholders with larger corporate pension pots, whereas smaller pots and younger policyholders saw little change or a slight increase. This may reflect a combination of contract maturity, financial capacity to continue contributions, or proximity to retirement age. Its unit-linked bond products experienced higher levels of lapses, whereas its protection book saw a mixture of increases and decreases by product.

In Germany, both Munich Re and Generali reported no material deterioration in lapse rates. Generali saw an improvement in persistency, whereas Munich Re highlighted that lapse risk remains a concern for traditional life savings products with long-standing guaranteed rates, particularly if market interest rates exceed those guaranteed rates. In the Netherlands, Achmea slightly reduced its IFRS 17 best estimate lapse assumptions, indicating favourable persistency experience.

More broadly, data from the EIOPA risk dashboard[24] supports the observation that surrender rates have stabilised. The median lapse rate rose slightly to 5.0% in 2024 (from 4.7% in 2023), whereas the upper and lower quartiles fell to 6.7% and 2.2%, respectively (from 6.9% and 2.5% in 2023). The narrowing interquartile range suggests that whilst overall lapse rates increased, the distribution became more concentrated around the median, with fewer extreme values than in 2023.

Several insurers in our sample described the actions that they have taken in light of the higher levels of surrenders in recent years, including putting in place a mass lapse reinsurance treaty in Italy (CNP), making changes to persistency assumptions (Achmea, Generali, M&G, Phoenix, Scottish Widows), increasing surrender risk monitoring and strengthening retention strategies.

The observations in our analysis align with research from the Swiss Re Institute, which noted that global markets likely passed peak lapse rates in 2024.[25] With interest rates expected to decline in the US and Western Europe in 2025, they expect that lapse sensitivity to interest rate movements will reduce. However, non-economic factors may still drive lapse behaviour. For example, they note that in France, political uncertainty surrounding tax policy, changes in governments, and the risk of sovereign downgrades could trigger further outflows from long-term savings products.

ASSUMPTION-SETTING USED IN PROJECTIONS

During 2024, many insurers in the sample reported no material revisions to their key assumptions. Nonetheless, several entities disclosed adjustments prompted by evolving market conditions or emerging experience trends.

Revisions to mortality and longevity assumptions continued to reflect elevated recent mortality experience and reduced expectations for future mortality improvements. For example, Hannover Re recorded a significant reduction in the best estimate liability (**BEL**) of its UK longevity business after updating both its base mortality assumptions and its mortality improvement assumptions, with approximately half of that portfolio affected. Likewise, Aviva and the Phoenix Group each reported liability decreases resulting from revised longevity assumptions for their annuity operations.

Achmea reported a decrease in its BEL following revisions to its mortality assumptions, which incorporated both its own updated experience data and the latest mortality table published by the Dutch Royal Actuarial Association.

Several insurers continued to note the lingering effects of COVID-19 on mortality. Aviva anticipates a limited future impact from the pandemic, having already incorporated appropriate allowances into its pricing and reporting assumptions. The Phoenix Group, by contrast, has integrated post-pandemic experience into its longevity assumption setting process to account for elevated post-pandemic mortality levels.

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24. EIOPA. (April 2025). Insurance Risk Dashboard. Retrieved 11 July 2025, from https://nexteuropa-multisites.s3.eu-west-1.amazonaws.com/www.eiopa.europa.eu/assets/insurance-risk-dashboard/EIOPA_BoS-25-174_April-2025-insurance-risk-dashboard.html#Liquidity__Funding.

25. Swiss RE Group. (19 November 2024). sigma 5/2024: Global economic and insurance market outlook 2025-26: Growth in the shadow of (geo)politics. Retrieved 8 July 2025, from https://www.swissre.com/institute/research/sigma-research/sigma-2024-05-global-economic-insurance-outlook-growth-geopolitics.html.

As outlined in the previous section, the elevated lapse rates in Europe seen in 2023 may have peaked in many markets and stabilised a little across in 2024. Firms have therefore adjusted their lapse assumptions to reflect this improved experience. For example, Generali adjusted its lapse rate assumptions in Italy, Germany and France after observing a reduction in surrender rates at the Group level in 2024 compared with 2023. Management attributed this decline both to successful retention initiatives and to changes in the interest rate environment.

With regard to expense inflation, several firms noted that lower general inflation had reduced uncertainty around future cost escalation. Conversely, Irish Life and Munich Re pointed to rising medical-cost inflation as a driver of higher claims, whereas Achmea reported that, despite some easing of inflationary pressures in the Netherlands during early 2024, expense levels remained under strain.

Finally, several insurers reported reductions in expense assumptions, citing strategic initiatives undertaken during the year to streamline their overall cost base.

PAYMENTS TO SHAREHOLDERS

All companies that regularly pay dividends[26] did so in 2024, with the majority of companies in our survey declaring higher dividends than in the previous year in line with their intended dividend programmes.

Whilst most firms declared a modest increase in dividend per share, there were some marked differences between the highest and lowest declarations. For example, SCOR kept its dividend unchanged in 2024 based on the dividend floor it set in 2023, whereas Unipol increased its dividend per share significantly (from 0.38 for fiscal year 2023 to 0.85 for fiscal year 2024) due to strong business performance over the year.

In line with our previous observations, a number of firms in our sample launched (and/or continued with previously announced) share buyback programmes in 2024. The use of share buybacks by some firms in recent years, in particular where share buybacks form part of a firm's capital management programme, may indicate a preference for returning capital to shareholders rather than investing in new business expansion or other organic growth activities.

In other cases, the share buyback was directly linked to a one-off source of capital. For example, ASR announced a share buyback program of €100 million in own shares following the sale of Knab to BAWAG Group AG to BAWAG. Similarly, L&G completed a £200m (€242m) share buyback in 2024 and announced a £500m (€605m) share buyback for 2025. This is against the backdrop of the sale of CALA Group[27] and high capital efficiency of its UK PRT business.

INTERNATIONAL FINANCIAL REPORTING STANDARDS 17

IFRS 17 came into force from 1 January 2023 and year-end 2024 was the second time companies had to disclose their financial results on this basis.

As mentioned in our report last year, we will continue monitoring development in IFRS 17 disclosures and KPIs,[28] and whether IFRS 17 and Solvency based metrics are becoming further aligned in companies' disclosures.

Many companies in our sample view CSM or CSM plus Risk Adjustment (**RA**) as a stock of future profits, and, on top of disclosing CSM organic growth, some companies provide a detailed analysis of change on CSM (or CSM plus RA). Firms provide a fairly granular breakdown of the movement in CSM over the year into the following categories:

- Expected return on in-force business
- New business impact
- Operating changes (sometimes further split into assumption changes and experience variances)
- Market impact (with FX impact)
- Release of CSM

26. Groupama has not paid dividends since its conversion into a national agricultural reinsurance mutual on 7 June 2018.

27. CALA Group is a major UK house builder, formerly owned by L&G.

28. Verheugen, H., Sallmann, J.-B., & Désiré, H. (June 2025). IFRS 17 benchmarking: Our key observations on the 2024 annual reports. Milliman. Retrieved 14 August 2025 from IFRS 17 Benchmarking: Our key observations on the 2024 annual reports.

The list does not look that dissimilar to what life insurance companies disclosed in their embedded value reports, and what companies often currently present on analysis of change of Own Funds (see Section 4 of this Report).

We have continued to see the majority of companies in our sample disclosing the CSM on new business as a key metric where this is applicable, and a general trend to use it as a main new business value measure. Some firms apply adjustments to the CSM for items such as taxes, non-attributable expenses, and IFRS 17 scope to make it more reflective of their views of the VNB to the shareholders and market analysts. Some companies also continued to present a KPI of normalised growth of new business (based on the CSM metric), where the growth is normalised for experience and other variances, to monitor the performance of new business sales and profitability.

We first observed in 2023 that CNP and SCOR disclosed a new metric of IFRS Equity adjusted for CSM, which they referred to as Economic Value. They continued to report this in 2024, but we did not observe any further adoption of this metric.

Generally, we did not observe firms moving across to IFRS based metrics for their capital generation or shareholder value disclosures, although firms are starting to consider how to improve the comparability between their IFRS and capital generation disclosures. In 2024, ASR remapped the components of its capital generation metric to better align to equivalent breakdowns under IFRS 17, for example, creating a Finance Capital Generation item that is equivalent to its IFRS 17 Operating Investment and Finance Result (**OIFR**).

4. Year-end 2024 results

BACKGROUND

Since the implementation of Solvency II in Europe at the end of 2015/start of 2016, Solvency based value and capital generation metrics have become the predominant form of shareholder value disclosure in the market, replacing embedded value reporting.

In this section, we have focused on the value/capital generation disclosures of over 20 companies in the European market, which span the following countries (based on their headquarters): Belgium, France, Germany, Ireland, Italy, the Netherlands, Spain, Switzerland and the UK. In selecting these companies, we have focused on group companies and the bigger players which operate in the insurance industry in Europe, selected to provide a representative cross-section of the market. These firms are shown in Figure 7.

FIGURE 7: FIRMS CONSIDERED IN OUR SAMPLE

▪ Achmea B.V.	▪ Groupe Groupama	▪ SCOR Group
▪ Ageas SA/NV	▪ Gruppo Unipol	▪ Scottish Widows
▪ Allianz Group	▪ Hannover Re Group	▪ Swiss Re Group
▪ a.s.r. Nederland	▪ Irish Life Assurance plc	▪ VidaCaixa[29]
▪ Assicurazioni Generali S.p.A.	▪ Legal & General Group plc	▪ Zurich Insurance Group
▪ Athora Netherlands N.V. (previously VIVAT N.V.)	▪ M&G plc	
▪ Aviva plc	▪ Mapfre Group	
▪ AXA Group	▪ Munich Re Group	
▪ BNP Paribas Cardif Group	▪ NN Group N.V.	
▪ Groupe CNP Assurances	▪ Phoenix Group Holdings	

Notes:

1. Since our survey is European based, we have excluded Aegon in the analysis for 2023 and later following its re-domicile to Bermuda. However, the firm's results have been included in the historical figures/analysis shown in this paper, where relevant, i.e. pre-2023.

2. Swiss Re Group and Zurich Insurance Group are included in the survey, with results based on the capital generation and available capital based on the Swiss Solvency Test (SST) balance sheet.

The rest of this section of the paper is split into three parts:

- A recap on the Solvency II/UK related metrics (other than the level of Solvency II/UK Own Funds or Solvency II/UK Coverage Ratio) that companies in our sample chose to disclose in their supplementary disclosures
- Whether the approach adopted by firms in our sample has changed from year-end 2023 to year-end 2024
- A look at the movement in the disclosed metric over the year and, where possible, a discussion of common themes for evolution of the metric over 2024, including:
  - Market movements
  - Operational impacts
  - New business
  - Management actions
  - Dividends/capital management

As part of this research, the main sources of information for each company were the company's annual report, analyst presentations or other investor communications and its SFCR.

29. VidaCaixa, S.A.U. de Seguros y Reaseguros y Sociedades Dependientes (**VidaCaixa**).

SOLVENCY II RELATED METRICS DISCLOSED BY COMPANIES IN OUR SAMPLE

Companies continue to disclose Solvency based earning metrics such as 'Solvency II Capital Generation,' albeit with various names and slightly varying definitions.

We defined four potential capital generation metrics in the 2022 Shareholder Value Report. These four metrics are shown in Figure 8 – a full definition of these was given in the 2022 Shareholder Value Report.

FIGURE 8: POTENTIAL CAPITAL GENERATION METRICS

Capital Generation Metrics	Full Amount	Part of Amount
No Allowance for SCR	Own Funds Generation	Normalised Capital Generation
Allowance for SCR	Free Capital Generation	Operating Capital Generation

UPDATE ON APPROACH TAKEN BASED ON YEAR-END 2024 DISCLOSURES

Having reviewed year-end 2024 disclosures, we have found no material changes in the approach adopted by companies in our sample over 2024. However, we observed minor changes in the disclosures for two companies in our sample:

- Achmea reported capital generation based on a new metric 'Operational Free Capital Generation,' which relates to the change in the level of Solvency II Own Funds above SCR from its operating activities, the capital developments on its healthcare activities and the financing costs on capital instruments. It does not include the impact of market developments and changes in models and assumptions, or the issuance and/or redemptions of capital instruments. This metric is similar to our definition of 'Operating Capital Generation,' hence we have shown the firm's results based on this metric in Figure 9. Previously, Achmea had reported on a metric that was most aligned to Free Capital Generation.
- CNP did not appear to report figures on the Solvency II Operating Capital Generation as it had in 2023. This may be due to a general shift of the company's focus towards IFRS 17 disclosures. We have, however, continued to include the historical Operating Capital Generation reported by the firm in this paper.

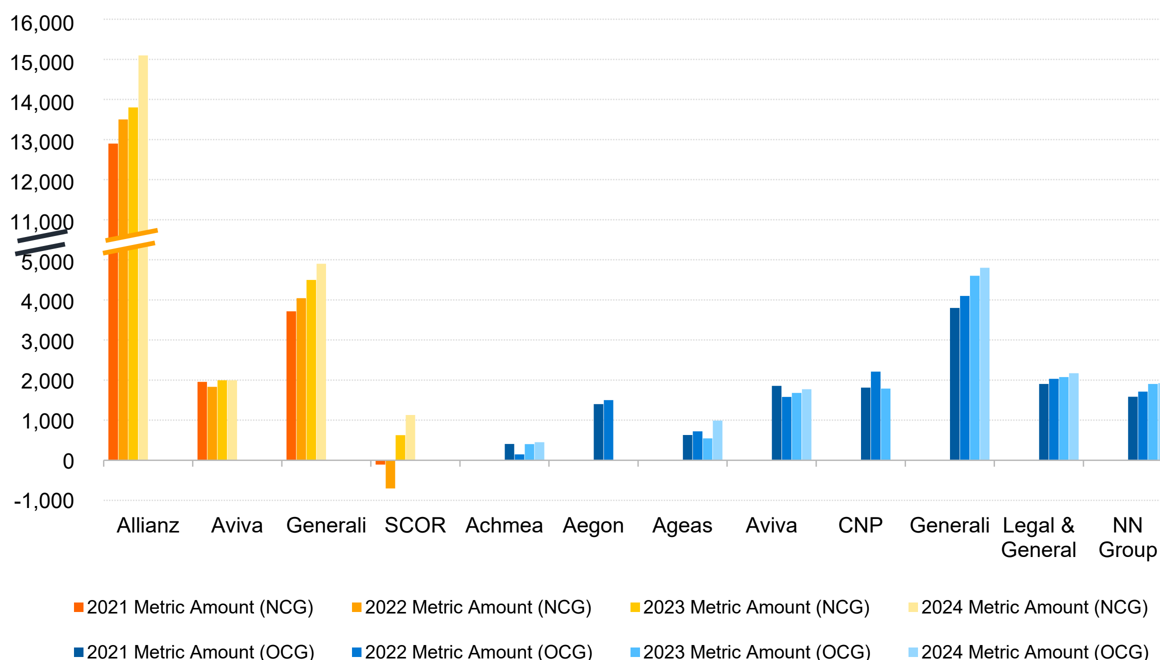
Consequently, there are no longer any firms included in our sample that report a Free Capital Generation metric, showing convergence in approach to either Normalised Capital Generation or Operating Capital Generation (or both).

We note that, for our sample of companies, the level of disclosure at year-end 2024 continues to be the greatest for companies headquartered in the Benelux region, as well as a number of those headquartered in the UK.

RESULTS AT YEAR-END 2024

In Figure 9, we consider the disclosed metric over the year across our sample companies. The companies have been grouped into the categories of capital generation metric as set out in Figure 8.

FIGURE 9: METRIC AMOUNT (IN EUR MILLIONS) DISCLOSED AT YEAR-END 2021, YEAR-END 2022, YEAR-END 2023, AND YEAR-END 2024



Notes:

1. The abbreviations in Figure 9 are as follows: Normalised Capital Generation (NCG); Operating Capital Generation (OCG).
2. As the results for Achmea are now based on OCG, we have included the 2021 to 2023 results based on this metric for comparability.

Looking initially at the data in its entirety (as shown in Figure 9), we see that the capital generation metric reported was positive for all firms in our sample and almost all the firms in our sample observed an increase in the amount of their capital generation metric over the year. The exception to this was Aviva, which reported a small decrease in its Normalised Capital Generation due to the non-recurrence of a large one-time benefit from partnership extensions in the prior year. It is worth noting that Aviva reported a small increase in its Operating Capital Generation over 2024.

Allianz continues to report the largest amount of Normalised Capital Generation for firms in our sample, with the largest percentage-wise year-on-year increase in the metric reported by SCOR. SCOR reported an increase of 80% in the amount of its Normalised Capital Generation over the year, driven by favourable experience variances and assumption changes.

In the next subsection, we consider a breakdown of the movement in Own Funds over 2024, which is an analysis disclosed by most firms in our sample.

BREAKDOWN OF THE MOVEMENT IN OWN FUNDS OVER 2024

Figure 10 details a proposed 'ideal' breakdown in Solvency based earnings metrics to help explain the key drivers of a firm's performance.

FIGURE 10: SUGGESTED IDEALISED TEMPLATE FOR THE BREAKDOWN IN CAPITAL GENERATION METRIC

1.	Opening adjustments
2.	Existing business contribution, split into: a. The expected real-world return[30] on assets in excess of the BEL b. The expected real-world spread[31] on assets backing the BEL (including the impact on the BEL) c. The impact of the unwinding of the Ultimate Forward Rate (**UFR**)/UFR drag d. The release of the Risk Margin (on existing business) e. The impact of run-off of the Solvency II/UK transitionals (on existing business)
3.	New business contribution
4.	Impact of management actions (typically relating to actions taken with respect to the SCR, such as reinsurance and hedging)
5.	Financing costs
6.	Changes to operating/non-economic assumptions
7.	Operating / non-economic experience variances (where the variances are with reference to the expected return/spread levels in 2a and 2b above)[32]
8.	Changes to non-operating/economic assumptions, including UFR and VA
9.	Non-operating/economic experience variances
10.	Other items, including tax, holding company expenses, pension scheme impacts, merger and acquisition activity, portfolio and business transfers[33]
11.	Capital management, such as the issuance and repayment of debt, share buybacks and dividends
12.	Closing adjustments

Similar to previous years, we set out a breakdown of the movement in Own Funds over 2024 for companies in our sample on an aggregate basis in order to identify which factors had the most material impact and, potentially, the most widespread impact across firms, split into the following 'higher-level buckets':

- Model changes
- Operational impacts
- New business
- Management actions
- Market impacts
- Other miscellaneous items
- Capital management (which includes payment of dividends)

Given the non-standardised nature of the disclosures around the movement in Own Funds across firms in our sample, a number of simplifications and judgements have been required to arrive at the breakdown in Figure 11. However, although there are adjustments, the analysis provides a useful insight into the key drivers of firms' performance over 2024. Where future iterations of this analysis benefit from improved disclosures or refined classification approaches, we may update prior years to ensure consistency and comparability over time.

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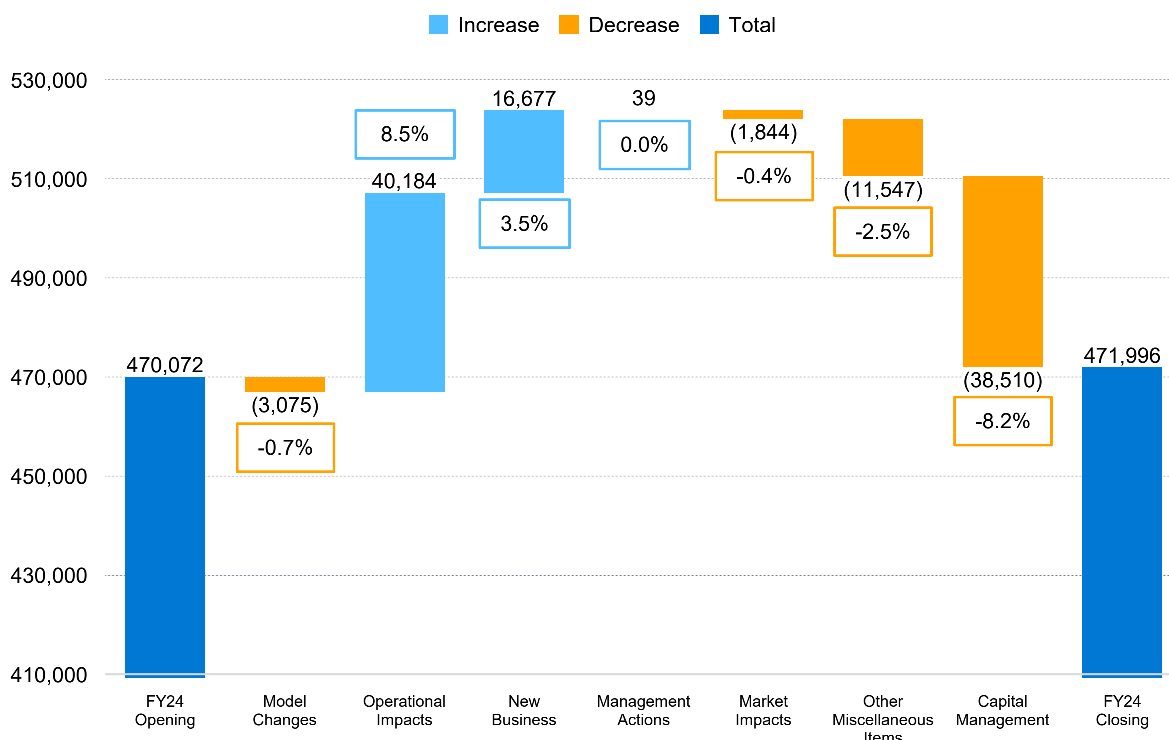
30. If possible, details of the expected real-world returns assumptions should be disclosed.
31. This expected real-world spread is the expected return over the risk-free rate used in the calculation of the BEL, so it would include the Volatility Adjustment (VA) and MA if they are relevant for the company.
32. Some companies (and even the PRA) have suggested grouping the impact of changes in operating assumptions and operating variances into one source, but we believe that splitting them out, where possible, provides useful additional information.
33. Shareholder transfers from with-profits funds may also be included for companies with participating business.

FIGURE 11: AGGREGATE EVOLUTION OF OWN FUNDS OVER 2024 FOR COMPANIES IN OUR SAMPLE (EUR MS)



Note:

1. The majority of firms included in Figure 11 report results in euros. For the handful of other firms, we have converted results as at 31 December 2024 using publicly sourced exchange rates, which may introduce small currency differences.

It should be noted that the results shown in Figure 11 reflect a weighted average approach, i.e. firms in our sample that have a larger Own Funds amount (and hence potentially may have a larger contribution to the high-level buckets) have a greater weight in the results compared to those firms that may have a smaller (relative) amount of Own Funds.

Figure 11 shows that total capital generation as measured by growth in Own Funds over the year, before capital distributions such as dividends, subordinated debt repayments and share buybacks, was a positive return of 8.6%, with positive operational impacts outweighing negative impacts from other sources. Capital distributions then reduced Own Funds by 8.2% to end with a 0.4% year-on-year increase.

The sections below provide further details of the items reported by companies in our sample in each of the categories listed above.

COMMON THEMES FOR BREAKDOWN OF THE MOVEMENT IN OWN FUNDS OVER 2024

Model changes

In our categorisation this includes both model and methodology changes. Companies in our sample disclosed both negative and positive impacts, resulting in an overall negative contribution of -0.7%.

This is primarily driven by Swiss Re, which reflected a notable negative impact in 2024 from model changes, mainly driven by the transition from preparing its SST balance sheet (and hence available capital) using its internal Economic Value Management (**EVM**) framework to an IFRS basis from 1 January 2024. This included updates to the assumptions and valuation methodologies, as well as an introduction of a new SST valuation engine that required an adaptation of the data source for computing its required capital and Market Value Margin.[34]

34. The Market Value Margin in the SST framework is similar to the Solvency II/UK Risk Margin.

In addition, we include the impact from a block of subordinated debt being transferred to Assicurazioni Generali from Genertel, a subsidiary. As a result of the transfer, the debt became ineligible under Solvency II (as the bond residual duration no longer met the minimum five-year threshold required by Solvency II regulations for eligibility) and so contributed to the reduction in Own Funds.

Hannover Re also reflected a small positive impact from minor model changes relating to the calculation of the technical provisions for its life and health business.

Operational impacts

The following components could be included under 'Operational impacts':

- The impact of the unwinding of the UFR/UFR drag
- The release of the Risk Margin (on existing business)
- The impact of run-off of the Solvency II/UK transitionals
- Changes to operating/non-economic assumptions
- Operating/non-economic experience variances (where the variances are with reference to the expected real-world return/spread levels)[35]

It would be most useful for firms to provide some indication of the level of capital generation that arises 'naturally' from the existing business on the balance sheet at the start of the period. The majority of firms in our sample did not disclose this level of granularity when reporting the breakdown of movement in Own Funds. Therefore, the 'Operational Impacts' category includes other items such as non-economic experience variances and non-economic assumption changes.

Overall, 'Operational impacts' contributed an 8.5% increase in Own Funds over 2024, lower than in 2023 but remains high compared to recent years. It is worth noting that in 2023, whilst some UK firms provided the one-off favourable impact on Own Funds from reforms to the Risk Margin calculation (allowing for this to get classified under 'Model changes' in our analysis), others did not, and in those cases, we expect the impact to be included in 'Operational impacts,' increasing its value. Furthermore, the higher value relative to recent years may also be in part due to a lower negative contribution from UFR drag for European insurers in the current environment, as higher EUR interest rates together with the gradual lowering of the UFR in recent years have brought the two closer to convergence.

The companies in our sample all disclosed a positive operational impact over 2024, in most cases at a similar level to 2023. The exceptions to this were Swiss Re and SCOR, which reported an overall negative impact from experience variances and/or assumption changes. For Swiss Re, this was primarily driven by the strengthening of reserves related to the US liability business for P&C Reinsurance, unfavourable assumption updates and experience across regions, and two external retrocession deals for Life & Health Reinsurance. SCOR observed a significant negative impact on Own Funds arising from the annual review of its life and health assumptions.

Similar to previous years, Generali presented a considerable level of granularity in breaking down their operational impact, citing positive own funds generation for Life and Non-Life business and a smaller negative contribution from Holdings & Financials. The contribution from non-economic variances was also negative, driven by the surrender experience and update to surrender assumptions in Italy and France, as well as the reduction of surplus funds[36] in France and Germany.

Similar to Generali, AXA also disclosed positive Own Funds generation from Life & Savings and P&C, offset slightly by a small negative impact from Holding, Banking & Asset Management.

35. Considering the impact of each of these components (in isolation) on Own Funds: the impact of the unwinding of the UFR/UFR drag and the impact of the run-off of the Solvency II transitionals would be expected to reduce Own Funds; the release of the RM would be expected to increase Own Funds; and changes to operating / non-economic assumptions and operating/non-economic experience variances could serve to either increase or reduce Own Funds.

36. Surplus funds are profit-sharing reserves that are included as part of Own Funds.

New business

This category reflects the impact on Own Funds of writing new business over 2024.

Overall, 'New business' contributed a 3.5% increase in Own Funds over 2024 from the opening position (noting that some firms in our sample would include new business as part of a wider item in their movement in Own Funds, typically 'Operating Impacts'). For firms in our sample that have not provided a separate breakdown for the new business contribution to Own Funds, but instead have reported figures for the new business CSM, we have used the new business CSM as a reasonable approximation for the Own Funds contribution in our analysis (and removed this new business impact from 'Operational impacts').

As discussed in Section 3 of this report, the change in firms' overall VNB depends both on the volumes of business written of different types of business and any changes to the profitability of these product groups.

Generally, firms in our sample reported a similar level of new business contribution to Own Funds when compared to last year's, with Swiss Re being a notable exception.[37] Swiss Re reported favourable growth in new business contributions from its P&C Reinsurance and Corporate Solutions business, which benefited from robust new business margins and a favourable economic environment, respectively (noting that this is based on the reported new business CSM in the absence of new business contribution to SST available capital). Other reinsurers in our survey reported marginally lower new business contribution to Own Funds compared to last year.

There was only a modest growth in Own Funds for the UK firms in our sample (lower than the average) and at a level broadly consistent with 2023, despite the strong growth in BPA transaction volumes in the UK. This may be due to the decline in profitability of the BPA business, as reported by Aviva and L&G.

Management actions

A couple of companies in our sample provided disclosures around specific management actions taken during 2024.

Similar to last year, the impact of 'Management actions' on Own Funds is very small, contributing a 0.0% (rounded to nearest 0.1%) increase in Own Funds over 2024 from the opening position.

Phoenix Group continued to implement a range of management actions over 2024, which increased Solvency UK Own Funds. This includes recurring management actions primarily comprising value-accretive asset management-related initiatives[38] and one-off management actions undertaken to optimise the balance sheet.

Allianz disclosed a negative impact from management actions in 2024 due to a new distribution agreement, an unfavourable impact driven by a change in transferability deductions of surplus funds that followed from the changes in the SCR related to management actions at Allianz Lebensversicherungs-AG and other undisclosed management actions.

Market impacts

The following components could be included under 'Market impacts':

- Expected real-world return on assets in excess of the BEL
- Expected real-world spread on assets backing the BEL (including the impact on the BEL)
- Changes to non-operating/economic assumptions, including the impact of any changes to Solvency II/UK parameters provided by EIOPA or the PRA, such as the UFR or VA
- Non-operating/economic experience variances

As discussed earlier, given the different financial market movements by geography, the impact in 2024, whether positive or negative, was highly dependent on a company's geographic exposure.

37. Swiss Re also had a change in its new business reporting metrics in 2024, moving from EVM profit on new business to new business CSM. Some of the change in the level of contribution of new business to available capital over 2024 may arise from changes in the reporting metric for new business.

38. In its disclosures, Phoenix Group allocates this to its 'Recurring capital generation' and 'Recurring Own Funds' metrics. Whilst this is treated by the firm as an anticipated source of capital, in Section 5, we allocate all management actions to unanticipated (see Figure 15) for consistency with the treatment by other firms in our sample and prior years.

Companies in our sample disclosed both negative and positive impacts, resulting in a small aggregate negative contribution of -0.4% to Own Funds over 2024.

Firms also widely disclosed the impact of changes to economic assumptions arising from EIOPA's regulatory changes in 2024, which include the revision of the UFR from 3.45% to 3.30%,[39] the update of the Reference Portfolio used for the calculation of the Volatility Adjustment (**VA**)[40] and changes to certain risk-free reference yield curves.[41] For example, Generali reported that these combined changes increased its liabilities and hence reduced Own Funds.

Those companies that disclosed the largest positive market impact were the Dutch insurers Achmea and ASR, both of which disclosed larger positive market impacts of 12.9% and 11.6% of the opening Own Funds, respectively. Achmea reported that the increase to its Own Funds due to market impacts was primarily driven by the increase in VA, rising equity prices and a higher value of fixed-income assets (as euro interest rates fell and Achmea generally observed lower spreads on its fixed-income assets). These gains were partly offset by higher technical provisions due to a lower risk-free rate (including the VA) and the reduction in the EIOPA prescribed UFR. On the other hand, ASR mainly attributed the positive market impact on its Own Funds to the expected real-world excess returns on its assets.

Of those companies exposed to the euro markets, several firms in our sample reported the negative impact on Own Funds from widening spreads on French government bonds (Allianz, AXA and Generali) or government bonds generally (NN Group). The reduction of euro interest rates was also cited by some (e.g. Generali) as having a negative impact on Own Funds. With the exception of NN Group, those firms that commented on equity movements suggested it has a positive impact on Own Funds, reflecting the strong market gains observed in 2024.

All the UK companies in our sample reported negative market impacts, with some companies attributing this to unfavourable market movements as a result of the rise in interest rates in the UK over 2024 and, to a lesser extent, Solvency UK reform changes to the MA, which reduced Own Funds.

Other miscellaneous items

In our categorisation, this includes such items as tax, changes in eligible Own Funds restrictions, pension scheme impacts, M&A activity and portfolio and business transfers.

Overall 'Other miscellaneous items' contributed a 2.5% decrease in Own Funds over 2024 from the opening position.

Similar to last year, this category has not been a significant driver of the change in Own Funds this year. However, its impact was somewhat greater than in the previous year, potentially due to the increased M&A activity in 2024, discussed earlier in this report.

Capital management

In our categorisation, this includes capital management actions such as the issuance and repayment of debt, share buybacks and the payment of dividends, as well as the payment of financing costs (such as interest on outstanding debt).

For Aviva, Phoenix and M&G, this item also includes corporate centre and head office costs incurred in the year. In the case of M&G, this was aggregated with debt interest costs, whereas Aviva's and Phoenix's disclosures allowed this item to be quantified separately from their debt interest and dividend costs. All three firms reported that this category provided a negative contribution to the movement of Own Funds during 2024.

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39. EIOPA. (28 March 2023). Report on the calculation of the UFR for 2024. Retrieved 14 September 2025, from https://www.eiopa.europa.eu/document/download/2fd5d7a9-7009-40fc-9c8c-2ec5bd77199a_en?filename=EIOPA-BoS-23-127-Report-on-the-Calculation-of-the-UFR-for-2024.pdf.

40. EIOPA. (6 December 2023). EIOPA updates representative portfolios to calculate volatility adjustments to the Solvency II RFR term structures for 2024 and the Technical Documentation. Retrieved 14 September 2025, from https://www.eiopa.europa.eu/eiopa-updates-representative-portfolios-calculate-volatility-adjustments-solvency-ii-rfr-term-2023-12-06_en.

41. EIOPA. (September 2023). RFR Technical Documentation – September 2023. Retrieved 14 September 2025 from https://www.eiopa.europa.eu/document/download/64c3b86b-f6de-4239-ae29-0d89143c811c_en?filename=EIOPA-BoS-2023-359%20-RFR%20Technical%20Documentation.pdf.

As discussed in previous sections, the majority of companies in our survey announced dividends equal to or higher than in 2023. On top of that, most firms announced (or continued) share buyback programmes. This is supported by the overall trend of an increase in Own Funds over 2024.

Dividends and share buybacks form the majority of the capital management impact, which, on aggregate for the companies in our sample, reduced Own Funds by 8.2% – continuing to remain at a high level, though not as elevated as last year's peak.

Despite the ongoing challenges of the current macroeconomic environment, companies continued to pay dividends in line with their policies, and many announced a commitment to progressive dividend and/or share buyback policies.

5. Comparison of experience over recent years

In this section, we expand on the movement in Own Funds analysis set out in Section 4, which looked at the breakdown in isolation over 2024. More specifically, we have considered how results over 2024 compare with prior years.

Although Solvency II was implemented in Europe on 1 January 2016, the level and the quality of disclosures by firms in our sample have greatly increased since year-end 2016 and year-end 2017. In particular, providing a breakdown of the movement in Own Funds was far less common in year-end 2016 disclosures for firms in our sample compared with disclosures since year-end 2017, where it has now become more commonplace. Furthermore, the level of granularity within the movement of Own Funds has increased in more recent years compared with earlier analyses at year-ends 2016 and 2017.

As a result, in expanding our analysis to include previous years' experience, we have limited it to considering year-end 2018 to year-end 2024, so that nearly every firm included in our survey disclosed a breakdown of Own Funds for each year. This makes the expanded analysis more robust in that it is not unduly influenced by changes in the number of firms being included year-on-year.

Figure 12 shows the number of firms included in each year's analysis. The criteria determining whether a firm has been included are solely based on whether a firm reports a sufficient level of detail in its public disclosures, i.e. a movement in Own Funds over the year of sufficient granularity.

FIGURE 12: NUMBER OF FIRMS INCLUDED IN MOVEMENT IN OWN FUNDS ANALYSIS

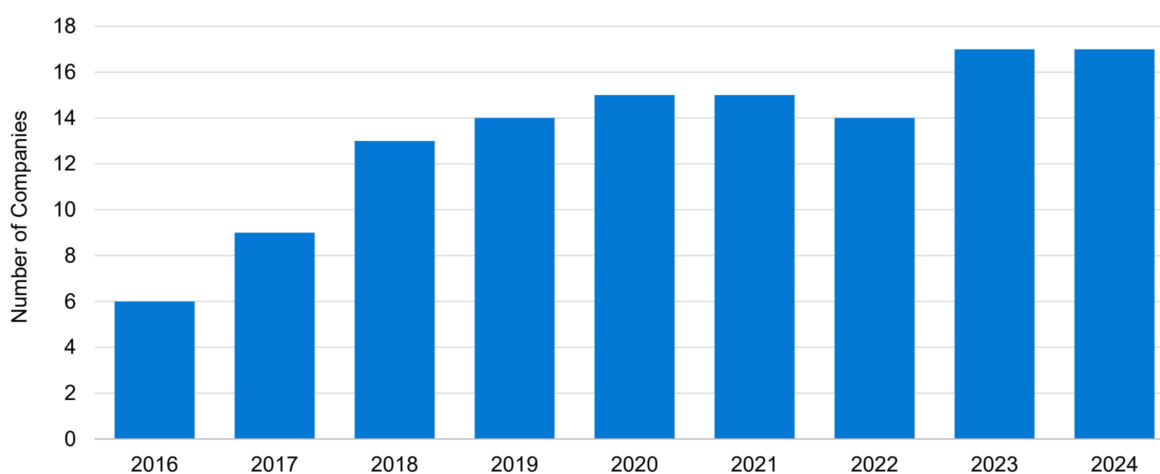
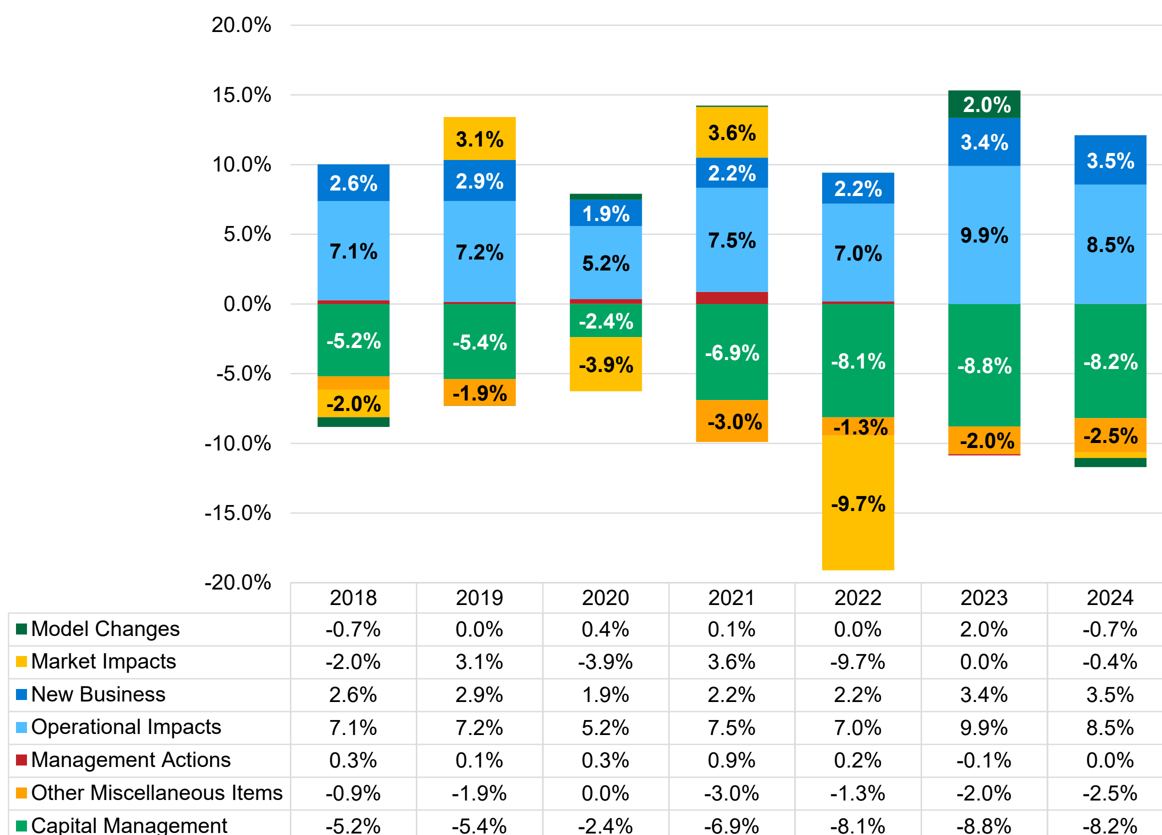


Figure 13 shows the combined results for year-end 2018 to year-end 2024, split according to the seven 'high-level buckets' set out in Section 4.

FIGURE 13: EVOLUTION OF CAPITAL GENERATION DRIVERS



	2018	2019	2020	2021	2022	2023	2024
Model Changes	-0.7%	0.0%	0.4%	0.1%	0.0%	2.0%	-0.7%
Market Impacts	-2.0%	3.1%	-3.9%	3.6%	-9.7%	0.0%	-0.4%
New Business	2.6%	2.9%	1.9%	2.2%	2.2%	3.4%	3.5%
Operational Impacts	7.1%	7.2%	5.2%	7.5%	7.0%	9.9%	8.5%
Management Actions	0.3%	0.1%	0.3%	0.9%	0.2%	-0.1%	0.0%
Other Miscellaneous Items	-0.9%	-1.9%	0.0%	-3.0%	-1.3%	-2.0%	-2.5%
Capital Management	-5.2%	-5.4%	-2.4%	-6.9%	-8.1%	-8.8%	-8.2%

Note:

1. The figures for years 2018 to 2023 in Figure 13 may differ from the figures in the Shareholder Value Report published in previous years due to changes to the high-level bucket categorisations of some of the items.

Looking at the results over the seven years:

- **Operational impacts** – The contribution to the movement in Own Funds from this item seems broadly stable year-on-year, with 2024 being lower than 2023, but remaining high compared to other years. Whilst some UK firms provided the one-off favourable impact on Own Funds from reforms to the Risk Margin calculation in 2023 (allowing for this to get classified under 'Model changes' in our analysis), others did not. In those cases, we expect the impact to be included in 'Operational impacts,' increasing its value.

  Furthermore, the higher value relative to recent years may also be, in part, due to a lower negative contribution from UFR drag for European insurers in the current environment, as higher EUR interest rates together with the gradual lowering of the UFR in recent years have brought the two closer to convergence.

- **New business** – New business contribution to Own Funds in 2024 continues to be high relative to 2018 to 2022 levels, and at a level broadly consistent with 2023. The higher interest rate environment is now embedded in the pricing and new business strategies of firms. The high contribution is also driven by the continuing growth in BPA transactions (albeit at lower profit margins) and individual annuity sales in the UK, as well as strong demand for protection and savings products across major markets (as discussed in Section 4 of this Report).

- **Market impacts** – From 2018 to 2022, fluctuations broadly tracked market performance – with weaker or more volatile years in 2018, 2020 and 2022, and more stable or recovering conditions in 2019 and 2021. In 2024, the environment was relatively stable overall, but unlike 2020 and 2022 when all European markets moved in similar ways, geographic divergences emerged in 2024 (e.g. EUR interest rates fell whilst GBP rose, spreads widened in some countries but tightened in others). This created an offsetting effect across the companies included in our sample, resulting in a very small negative market impact over 2024, a consistent result with 2023.

- **Capital management** – This item decreased in 2024 compared to 2023, but remains higher than the levels observed prior to 2022. This reflects the general trend of increasing dividend payments declared by companies. Many companies continue to be very well capitalised in the current high interest environment and following a strong performance in 2024.
- **Management actions** – Whilst the impact from this item is variable year-on-year, overall, it has a small impact each year, with 2021 being higher than in other years, mainly due to the contribution from Allianz as a result of a reinsurance transaction.
- **Model changes** – The impact from this item is variable year-on-year; overall, it has a small impact each year, with 2023 being higher than in other years mainly due to regulatory changes. The negative impact in 2024 arises primarily due to the change in Swiss Re's methodology for calculating its available capital under the SST (as discussed in Section 4 of this Report).
- **Other miscellaneous items** – The impact from this item is variable year-on-year. This may be expected given that this category includes M&A activity. There was an increase in M&A activity in the European insurance market in 2024, and as a result, the impact from this item in 2024 is higher than in 2023 but is still not significant.

Based on results shown in Figure 13, we have calculated the implied total return 'pre-dividend' and 'post-dividend' in Figure 14. The 'pre-dividend' return has been calculated, including all items set out in Figure 13, except for the effect of capital management. This has been assumed to be a proxy for a pre-dividend position. The 'post-dividend' return has been calculated, including all seven items, i.e. including capital management.

FIGURE 14: TOTAL RETURN IMPLIED BY CAPITAL GENERATION DRIVER ANALYSIS

TOTAL RETURN	2018	2019	2020	2021	2022	2023	2024
'Pre-dividend'	6.4%	11.5%	4.0%	11.2%	-1.6%	13.2%	8.6%
'Post-dividend'	1.2%	6.1%	1.7%	4.3%	-9.7%	4.5%	0.4%

The implied 'pre-dividend' return varies over the seven-year period considered, with the volatility arising largely from the contribution of market impacts. The lower return in 2024 compared to 2023 is driven by higher than typical contributions from model changes in 2023.

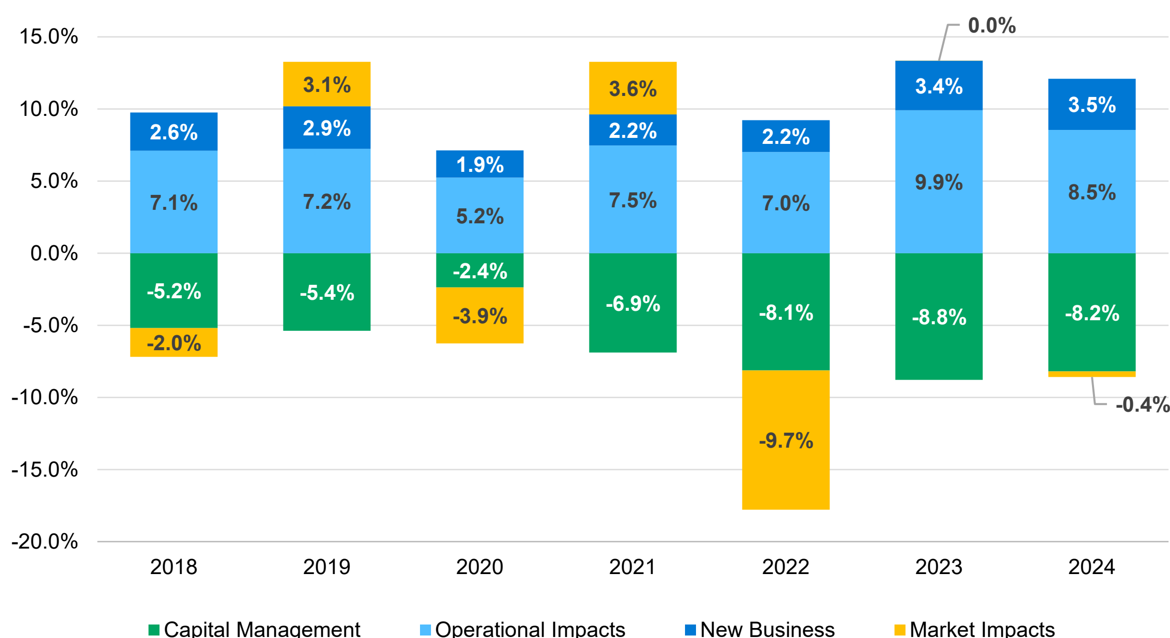
In terms of the seven 'high-level buckets' set out in Section 4, Figure 15 shows the judgement we have made.

FIGURE 15: CATEGORISATION OF HIGH-LEVEL BUCKETS INTO ANTICIPATED VERSUS UNANTICIPATED

CATEGORY	ANTICIPATED/ UNANTICIPATED?	REASONING
Model changes	Unanticipated	Typically, modelling changes are not anticipated year-on-year
Operational impacts	Anticipated	A contribution from the operations of existing business to Own Funds would be anticipated
New business	Anticipated	If a firm is open to new business, some contribution to Own Funds would be anticipated
Management actions	Unanticipated	Typically, all of the actions taken by management throughout the year cannot be anticipated at the start of the year
Market impacts	Anticipated	Although the exact impacts will be unknown at the start of the year, a contribution from market movements would be anticipated
Other miscellaneous items	Unanticipated	Typically, miscellaneous items are not anticipated year-on-year
Capital management	Anticipated	Although some components of capital management may be unanticipated, there may be some that can be anticipated e.g. payment of dividends

Figure 16 shows the results, as shown in Figure 13, but only for the anticipated items (as classified in Figure 15).

FIGURE 16: EVOLUTION OF CAPITAL GENERATION DRIVERS FOR ANTICIPATED ITEMS



Note:

1. The figures for years 2018 to 2023 in Figure 16 may differ from the figures in the Shareholder Value Report published in previous years due to changes to the high-level bucket categorisations of some of the items.

Based on these four ‘anticipated’ drivers, we have considered whether the ‘dividend payout’ can be estimated as a function of the earnings made over the year, i.e. considering the capital management driver as a function of the other three drivers.

In a previous analysis, we suggested that market impacts may have a limited bearing on the level of dividends being paid out and calculated a payout ratio as: Capital management contribution / (Operational impacts + New business), i.e. ignoring market impacts. In using this approach, the effect of capital management had been assumed to be a proxy for the payment of dividends.

In addition, we have considered the expected capital generation based on the back-book alone, i.e. ignoring new business. In considering this metric, we looked at which ‘one-off’ items could be removed from the ‘Operational impacts’ bucket, along with the expected market return over the period,[42] to derive an estimate. In adopting this approach, we recognise that there is a high degree of subjectivity and limitations given the level of disclosure of firms’ results, which also varies across firms in our survey. Results for these metrics expanded for 2024 are shown in Figure 17.

42. The expected market return over the period approximates the real-world investment return on assets backing Own Funds for the year. It is estimated using the EUR risk-free rate at the start of the year, plus a spread over the risk-free rate, net of a representative tax rate. The investment spread is calculated as the weighted average risk premium for different asset types, based on a high-level representative portfolio of a European life insurer. This methodology captures changes in risk-free rates, risk premia, tax rates, and asset allocation over time.

It is unclear whether the expected return on Own Funds assets is already included in the figures reported by firms under ‘Operational impacts.’ We have assumed it is not, and we consider that the resulting expected back-book capital generation figures derived under this approach are reasonable for a European life insurer.

FIGURE 17: PAYOUT RATIO AND EXPECTED CAPITAL GENERATION BASED ON BACK-BOOK

ITEM	2018	2019	2020	2021	2022	2023	2024
Payout ratio	53%	53%	33%	72%	88%	66%	68%
Expected back-book capital generation	6.9%	7.1%	6.4%	8.9%	8.5%	14.2%	12.5%

Note:

1. The figures for years 2018 to 2023 in Figure 17 may differ from the figures in the Shareholder Value Report published in previous years due to changes to the high-level bucket categorisations of some of the items and the methodology for approximating the estimated market return over the period.

Results in Figure 17 show that, over the period 2018 to 2021, the payout ratio is around 50% (if we average the results in 2020 and 2021, which we thought could be considered to offset each other due to the extra restrictions that were placed on firms in terms of paying out dividends in 2020). However, 2022 appears to be an exceptional year compared to the recent years, with payout ratio materially exceeding the ones observed until then, as a sharp rise in interest rates increased solvency ratios for many firms, which allowed them to pay dividends in line with their capital management policies.

Since then, 2023 and 2024 have seen a more modest payout in comparison with 2022, but still considerably higher than the average payout in 2018 to 2021, as companies generated more capital than in recent years – mainly due to operational impacts. This might represent a ‘new normal,’ as most companies announced dividends at a similar, or even higher, level in 2022 to 2024, with some companies also announcing a commitment to progressive dividend policies.

In addition, the expected capital generation based on the back-book has increased in recent years, so it appears that low double digits may be the norm in the current interest rate environment. However, looking to the future, this may change due to the economic environment and if solvency rules are revised (e.g. lower expected release of Risk Margin for European insurers following the planned reduction in the Risk Margin – see Section 6 for further details).

6. Regulatory developments

This section summarises recent regulatory changes in the European insurance market, with an emphasis on their impact on shareholder value reporting. Specifically, we examine:

- The end of the review of the Solvency II Directive and next steps
- Finalisation by the UK government, in particular by HMT and the PRA, of the application of Solvency II in the UK (Solvency UK)
- The implementation of the ICS
- Developments in the IFRS 17

Milliman has published a number of papers covering the following regulatory developments in more detail, as well as an analysis of their expected impact on firms, and we have indicated where this is the case.

The impact of IFRS 17 on shareholder value and disclosures in 2024 has been considered separately in Section 3; this section discusses future developments to those standards.

SOLVENCY II

Following years of effort, the review of the Solvency II Directive has ended, and it was signed at the end of November 2024 by co-legislators, the Council of the European Union and the European Parliament. The amended Solvency II Directive, Directive (EU) 2025/2[43] was published in the *Official Journal of the European Union* shortly afterwards on 8 January 2025. The Directive came into force on 28 January 2025, with EU member states expected to adopt and publish the measures necessary to comply by 29 January 2027.

Although the amended Solvency II Directive has been finalised, the underlying detail is still being developed. On 18 July 2025, the European Commission published for consultation its draft amendments to the Delegated Regulation,[44] which will align the Solvency II Delegated Regulation (EU) 2015/35 with the amended Directive. Key proposals, summarised in a recently published Milliman paper,[45] include:

- Calculation of the **Risk Margin**, including a reduced cost of capital factor and a new lambda factor accounting for the time dependency of risks
- Calculation of the **SCR**, including a revision of the interest rate risk calibration, a widened Symmetric Adjustment corridor and amendments to the criteria for long-term equities
- **Long-term guarantee measures**, including the extrapolation methodology used for risk-free rates and an overhaul of the VA
- **Expansion of the scope of Pillar 2**, including embedding sustainability risks into the risk management framework, consideration of exposure to climate change risks, more direct consideration of macroeconomic conditions and further governance requirements
- **Pillar 3 amendments**, including slightly relaxed reporting deadlines and a redesign of the SFCR
- **Proportionality rules** that impose less burdensome requirements on small and non-complex insurers

The European Commission's consultation was open until early September 2025, with adoption of the final text expected later in 2025.

43. European Union (8 January 2025). Directive (EU) 2025/2 of the European parliament and of the Council of 27 November 2024. Retrieved 10 July 2025 from https://eur-lex.europa.eu/eli/dir/2025/2/oj/eng.

44. European Commission. (5 September 2025). Insurance and reinsurance firms - review of technical rules (Solvency II). Retrieved 27 October 2025 from https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13690-Insurance-and-reinsurance-firms-review-of-technical-rules-Solvency-II-_en.

45. Broens, J., Callaghan, C., Christy, N., Franzky, L., Tiozzo Gobetto, F., Modasia, M., Tan, J., Wood, A., & Zinicola, D. (19 August 2025). Solvency II review – proposed amendments to the Delegated Regulation. Milliman. Retrieved 29 August 2025 from https://ie.milliman.com/en-GB/insight/solvency-ii-review-proposed-amendments-delegated-regulation.

In parallel, EIOPA is consulting on supporting Guidelines and technical standards through a series of Consultation Papers (**CP**s),[46] with feedback running between July and October 2025. Both the revised Delegated Regulation and the Guidelines will apply from January 2027, following a public consultation package between July 2025 and October 2025.[47]

The full extent of the impact of the Solvency II review on firms will take time to assess, but among the proposed changes, those most relevant to shareholder value include:

- **Risk Margin** – The reduction in the Risk Margin for long-term liabilities will reduce the cost of capital significantly for many firms going forward and, all else being equal, enhance firm valuations by accelerating the release of the Risk Margin surplus with less impact from the cost of capital and time value of money. Milliman has been allowing for the planned reduction to the Risk Margin in valuation work for M&A projects in 2024.
- **SCR** – The revision to the interest rate calibration, designed to address past underestimation of liability sensitivity in low-rate environments, will result in more onerous stresses being applied. Whilst the exact impact on a firm will depend on the duration of its liabilities and asset portfolio, as well as the degree of matching, it is expected that the change could result in higher market risk capital requirements. This may cause a higher cost of capital in relation to the SCR that would need to be considered in the shareholder value of a firm.
- **Extrapolation methodology used for risk-free rates** – The revision to the extrapolation methodology for risk-free interest rates, which will in particular impact the euro, which would impact the value of the BEL and Own Funds, could impact shareholder value to the degree that valuation is based on the surplus emerging over a target level regulatory capital. However, due to recent increases in long-term swap rates, the differences between the new and current extrapolation methods are now substantially smaller than they were prior to 2022, and, combined with a phasing-in mechanism available for moving to the new rates, the impact of this change is likely not to be significant.

Firms domiciled in the UK are no longer bound by Solvency II. However, UK based firms which form part of an EU based group will need to provide results on a Solvency II basis to the group and, as a result, these amendments will be relevant to such firms.

The divergence in approach in the final outcome between the Solvency II Review and Solvency UK may introduce added complexity for such firms in terms of reporting and capital management. For example, whilst the change to the Risk Margin will align the calculation methodology under Solvency II and Solvency UK, the parameterisation under Solvency II is more onerous and results in a higher Risk Margin.

In addition, EIOPA has published a number of CPs with aims to align the other components of the Solvency II regulation with the amended Solvency II Directive, for example:

- EIOPA-BoS-25/110[48] covers the use of dynamic VA within internal models
- EIOPA-BoS-25/081[49] provides guidelines for identifying and treating related undertakings, including participations, under Solvency II

46. EIOPA. (14 July 2025). EIOPA submits first bundle of technical standards to the European Commission after the review of Solvency II. Retrieved 15 July 2025 from https://www.eiopa.europa.eu/eiopa-submits-first-bundle-technical-standards-european-commission-after-review-solvency-ii-2025-07-14_en.

47. EIOPA. (10 October 2025). Consultation on supervisory reporting and public disclosure requirements under Solvency II. Retrieved 10 July 2025 from https://www.eiopa.europa.eu/consultations/consultation-supervisory-reporting-and-public-disclosure-requirements-under-solvency-ii_en.

48. EIOPA. (26 June 2025). EIOPA-BoS-25/110 - Consultation on revised Opinion on Dynamic Volatility Adjustment (DVA) - Solvency II review. Retrieved 10 July 2025 from https://www.eiopa.europa.eu/consultations/consultation-revised-opinion-dynamic-volatility-adjustment-dva-solvency-ii-review_en.

49. EIOPA. (26 June 2025). EIOPA-BoS-25/081 - Consultation Paper on revised Guidelines on the treatment of related undertakings - Solvency II Review. Retrieved 10 July 2025 from https://www.eiopa.europa.eu/consultations/consultation-revised-guidelines-treatment-related-undertakings-solvency-ii-review_en.

EIOPA has also used its review of Solvency II to consider other changes that should be implemented beyond areas covered directly within the Directive. For example, the Supervisory Statement (**SS**), EIOPA-25/135,[50] which provides initial guidance on the deduction of foreseeable dividends from firms' Own Funds, was published to promote supervisory convergence. The reporting of foreseeable dividends impacts the value of Own Funds and the reporting of capital generation, so increased comparability between firms with regard to this would be useful for analysts. However, this change is unlikely to impact the valuation of firms, say in an M&A context, as the payment of expected/foreseeable dividends would have been factored into the valuation of the firm.

SOLVENCY UK

The review of Solvency II regulations for the UK insurance market, known as Solvency UK, has been led by HMT as part of the UK Government, which was granted powers by the UK Parliament to modify retained EU law relating to financial services and markets following the UK's exit from the EU.

This has been delivered through more granular forms by the PRA. Solvency UK was implemented via a combination of Statutory Instruments enacted by the Treasury and changes to the PRA rules and other policy material. The implementation was finalised through the publication of Policy Statement (**PS**) 5/24,[51] which brought various items of onshored EIOPA text into the PRA Rulebook and provided near-final reporting and disclosure templates and instructions.

Now that Solvency UK is fully effective, the PRA, like EIOPA with the amended Solvency II Directive, has taken the opportunity to build upon the work done to facilitate better supervision.

The most significant change to Solvency UK in 2024 was in relation to reforms to the MA covered in PS10/24[52] which came into effect on 30 June 2024. The changes included increased investment flexibility for the MA portfolio, enhanced credit ratings under the MA, including considerations for investment in sub-investment grade assets, clarifications around the attestation of the MA and increased liability eligibility of the MA.

The PRA has since expanded on these reforms through the publication of CP7/25[53] in April 2025. The CP proposes a new framework, known as the Matching Adjustment Investment Accelerator (**MAIA**), which will allow firms to include MA eligible assets in their MA portfolio whilst applying to vary the scope of their MA permission for a period of up to 24 months.

In particular, the key MAIA requirements, laid out in CP7/25 and came into effect on 27 October 2025, follow:

- Firms will include **self-assessed, MA-eligible assets** in their MA portfolios.
- There will be an **exposure limit of 5% to the BEL of the MA portfolio** and a limit to a value **no greater than £2 billion** (€2.4 billion) **to new assets and asset classes.**
- Firms must maintain a **MAIA policy** approved by the board.
- Firms must maintain a **MAIA contingency plan** for handling ineligible assets (i.e. those included in the MA portfolio and later determined ineligible by the PRA) and submit a **MAIA use report to the PRA** within 14 weeks of year-end, outlining MAIA policy compliance and any breaches.
- The PRA expects that firms with permission to use the MAIA will not assume assets with new features would, via the permission to use the MAIA, be injected into the MA portfolio as a rebalancing action in their internal models. Further, no allowance for MAIA can be made when assessing collateral recapture and MA eligibility for funded reinsurance.

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50. EIOPA. (20 February 2025). EIOPA-25/135 - Supervisory Statement on the deduction of foreseeable dividends from own funds under Solvency II. Retrieved 10 July 2025 from https://www.eiopa.europa.eu/publications/supervisory-statement-deduction-foreseeable-dividends-own-funds-under-solvency-ii_en.

51. PRA. (15 November 2024). PS15/24 – Review of Solvency II: Restatement of assimilated law. Bank of England. Retrieved on 10 July 2025 from https://www.bankofengland.co.uk/prudential-regulation/publication/2024/november/review-of-solvency-ii-restatement-of-assimilated-law-policy-statement.

52. PRA. (6 June 2024). PS10/24 – Review of Solvency II: Reform of the Matching Adjustment. Retrieved 10 July 2025 from https://www.bankofengland.co.uk/prudential-regulation/publication/2024/june/review-of-solvency-ii-reform-of-the-matching-adjustment-policy-statement.

53. PRA. (8 April 2025). CP7/25 – Matching Adjustment Investment Accelerator. Retrieved on 10 July 2025 from https://www.bankofengland.co.uk/prudential-regulation/publication/2025/april/matching-adjustment-investment-accelerator-consultation-paper.

Given that firms can include a limited proportion of self-assessed, MA-eligible assets in their MA portfolio without waiting for full MA permission, they can immediately claim the MA benefits (i.e., capital relief) on these assets. This change will allow firms to be more capital efficient, improving capital generation and shareholder value.

Further detail on the MAIA is provided in a Milliman briefing note[54] which summarises the proposal, including exploratory analysis into their impact on insurers. In this paper, the authors suggest that the proposals are most effective for large and established insurers with scale and sophisticated risk management. Smaller or new entrants may find it difficult to use MAIA efficiently given the restrictions, which could leave them at a relative disadvantage. Analysts may want to consider this potential divergence when assessing value.

The PRA has also released CP19/24,[55] which introduces new liquidity reporting templates for large insurance firms. These new templates aim to address the gap in reporting liquidity risk realised by recent market events like the 2020 dash for cash and the 2022 liability-driven investment crisis, as well as to improve the comparability of liquidity across firms. The CP also proposes the removal of requirements for internal model life insurers to report the Standard Formula SCR annually.

These proposals in CP19/24 were initially planned to be implemented at the end of 2025, but the implementation date has been pushed back to the second half of 2026.[56] It is not expected that they will have any significant impact on capital generation or shareholder value.

Life Insurance Stress Test

HMT continues to support the PRA both by ensuring it has the powers necessary to take forward certain additional measures and by being clear that it supports the PRA's use of these measures to hold insurers to account in maintaining safety and soundness and policyholder protection.

In July 2024, the PRA published the Approach Document[57] to the LIST 2025.[58] LIST 2025 prescribes insurers to run regular stress testing exercises to test their resilience to scenarios set out by the PRA and to publish the individual firm results. The PRA launched LIST 2025 on 16 January 2025 through a letter to CEOs[59] of UK insurers with the largest annuity portfolios that are participating in the BPA market, with a deadline for submissions six months later on 16 June 2025. The PRA plans to publish the main report and technical annex on 17 November 2025, followed by the Annex containing individual firm results on 24 November 2025.

The scenarios included in LIST 2025 are:

- **Core scenario** – Assessing the resilience of firms to a three-stage evolving market stress (initial market shock followed by a developing market stress before markets stabilise)
- **Asset type concentration** – Assessing resilience of firms to downgrades for the asset type most material to a firm's MA
- **Funded reinsurance recapture** – Assessing resilience of firms in the event of the recapture of their most material funded reinsurance arrangement

The PRA will, for the first time, publish firm-specific results for the core scenario, citing the importance of transparency for stakeholders across the industry. This shall provide the opportunity for analysts to benchmark the resilience of UK insurers to market stresses.

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54. Ford, M., & Ginghina, F. (1 May 2025). Implications of CP7/25 – Matching Adjustment Investment Accelerator: Impacts and commercial implications. Milliman. Retrieved 10 July 2025 from https://uk.milliman.com/en-GB/insight/cp7-25-matching-adjustment-investment-accelerator.

55. PRA. (11 December 2024). CP19/24 – Closing liquidity reporting gaps and streamlining Standard Formula reporting. Bank of England. Retrieved 10 July 2025 from https://www.bankofengland.co.uk/prudential-regulation/publication/2024/december/closing-liquidity-reporting-gaps-consultation-paper.

56. PRA. (17 June 2025). Solvency II. Bank of England. Retrieved 27 October 2025 from https://www.bankofengland.co.uk/prudential-regulation/key-initiatives/solvency-ii.

57. PRA. (July 2024). Approach to life insurance stress test 2025. Bank of England. Retrieved 10 July 2025 from http://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2024/approach-to-list-2025.pdf.

58. PRA. (10 July 2024). Life Insurance Stress Test (LIST) 2025. Bank of England. Retrieved 10 July 2025 from https://www.bankofengland.co.uk/prudential-regulation/publication/2024/july/list-2025.

59. PRA. (16 January 2025). Life Insurance Stress Test (LIST 2025). Bank of England. Retrieved 10 July 2025 from https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2025/list-2025-launch.pdf.

The stresses included in this analysis also provide an insight into the PRA's regulatory concerns and thus potential regulatory change in the future if they uncover any industry-wide issues. In particular, the scenarios considered in LIST 2025 have shifted compared to those used in the 2022 version of the exercise, in order to reflect the changing risk and asset landscape for UK life insurers, especially as they adapt to broader investment strategies in the growth of the bulk annuity market.

INSURANCE CAPITAL STANDARD

The ICS is a global consolidated capital standard applicable to IAIGs. The ICS is part of a wider framework for the supervision of IAIGs developed by the IAIS, aiming to improve the consistency of the supervision of the global insurance industry.

Following a five-year monitoring period, the ICS was adopted by IAIS as a global prescribed capital requirement for IAIGs at the end of 2024. Alongside the move, the IAIS published[60] the following:

- ICS Level 1 and Level 2 texts outlining the specifics of the ICS framework. The Level 1 text covers high-level principles and concepts while the Level 2 text covers the detailed information to implement the standard.
- ICS Calibration Document, detailing risk charge calculation and aggregation methodologies.
- ICS Economic Impact Assessment Report, which evaluates potential effects of ICS adoption on insurance products, investment strategies, capital and business models.

The IAIS has set out a high-level timeline for the development of the ICS going forward:

- 2025 – The IAIS will begin developing a detailed ICS implementation assessment methodology to ensure firms demonstrate compliance with the ICS through quantitative and qualitative means.
- 2026 – The IAIS will coordinate a self-assessment to be performed by the 59 current IAIS members in assessing their progress in implementing the ICS. This self-assessment will serve as a baseline for future implementation progress monitoring.
- 2027 – The IAIS will commence in-depth targeted assessments of ICS implementation across the 18 current jurisdictions.

In the US, the AM for group capital adequacy remains in the process of review. The AM is intended to be the US equivalent to the ICS implementation. However, the comparability assessment[61] of the AM in the US and other related jurisdictions with the ICS has been conducted and the results have been published. The IAIS concluded that the Provisional AM, which is the US AM in its current state, provides a basis for implementation of the ICS to produce comparable outcomes with areas where work is required as part of the implementation of the final AM.

The AM will also be subject to the same timeline as the ICS implementation assessments in other jurisdictions stated above.

As the ICS has been adopted and is in its complete form, there is now greater comparability with other regimes, including the Solvency UK and Solvency II standards; however, a few years remain before we see strict monitoring of compliance with the ICS. This has the advantage of giving time for jurisdictional capital regimes to align with the ICS as necessary and, therefore, potentially reduce complexity for the IAIGs.

The implications of the ICS on IAIGs will largely depend on whether their local jurisdiction obtains equivalence. Although US firms have gained greater clarity with the comparability assessment, the IAIGs in the UK, Europe, Asia, Canada, South Africa and Bermuda still await the result of the ICS implementation assessment methodology to be developed in 2025 before receiving confirmation of whether Solvency UK and Solvency II are deemed to at least produce the same level of prudence as the ICS. In this case, IAIGs in the UK and Europe would not be required to prepare their results on the ICS basis.

Of the IAIG firms included in the sample of European insurers that we reviewed as part of this year's analysis, we did not observe firms mentioning the ICS. In the event that Solvency II and Solvency UK meet the requirements of the ICS, there would not be an impact on public disclosures or solvency based capital generation and shareholder value metrics.

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60. IAIS. (5 December 2024). Insurance Capital Standard. Retrieved 10 July 2025 from https://www.iais.org/activities-topics/standard-setting/insurance-capital-standard/.

61. IAIS. (14 November 2024). Report on the Aggregation Method Comparability Assessment. Retrieved on 10 July 2025 from https://www.iaisweb.org/uploads/2024/11/Report-on-Aggregation-Method-comparability-assessment.pdf.

INTERNATIONAL FINANCIAL REPORTING STANDARDS 17

The IASB allowed firms six years to prepare for the implementation of IFRS 17 before it took effect on 1 January 2023. IFRS 17 succeeded IFRS 4 and established principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope.

Now, two years since its implementation and with firms having settled into reporting under the new standards, the IASB is due to undertake a post-implementation review of IFRS 17 according to paragraph 6.48 of the IFRS Foundation Due Process Handbook.[62] The reviews generally begin 30 to 36 months after the effective date of the standards, and it is expected that the IASB should launch the review of IFRS 17 by the end of 2025.

The post-implementation review involves an initial assessment by the IASB, followed by a consultation and a request for information to firms, and finally, publication of the steps the IASB plans to take as a result, if any.

In general, the IASB has not made any major changes to the standard since it became effective; however, there are plans to address any challenges identified through the post-implementation review, whenever that may take place.

The IASB may decide that it is premature to carry out a review after the initial assessment, in which case the review would be postponed to a later date. Based on the experience of other IFRS reviews, it is unlikely the post-implementation review of IFRS 17 will take place before 2027 or result in major amendments to the standards in the near term.

Regarding IFRS 17 and its impact on shareholder value in Europe, when valuing life insurers as part of an M&A, the IFRS balance sheet is considered in some cases to understand if there would be any constraints on profit emergence that could impact the projected dividends profile. However, the methodology continues to primarily focus on the projected profit emergence under the Solvency II/UK balance sheet, given European insurers continue to base their capital management and dividend policies on solvency based metrics.

62. IASB, & IFRS Interpretations Committee. (August 2020). Due Process Handbook. IFRS. Retrieved 10 July 2025 from https://www.ifrs.org/content/dam/ifrs/about-us/legal-and-governance/constitution-docs/due-process-handbook-2020.pdf.

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