



**CARIBBEAN  
ACTUARIAL  
ASSOCIATION**



# IFRS 17 – What actually happened?

Nazir Valani, FSA, FCIA, MAA (IFRI Certified)



# MSA Research - Committee

- MSA Research formed a committee to determine KPIs that the Industry & OSFI would like to see. Full disclosure.
  1. Equity
  2. Capital
  3. Profitability
  4. Growth
  5. Risk Adjustment



# STRATEGY

- Polling question 1:
  1. What was your IFRS 17 strategy?
    - (A) Unaware of any “Strategy”
    - (B) Maximize Equity (this will minimize Profits)
    - (C) Maximize Profits (this will minimize Equity)

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# What was your IFRS 17 strategy?



- Unaware of any "Strategy"
- Maximize Equity (this will minimize Profits)
- Maximize Profits (this will minimize Equity)



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# What was your IFRS 17 strategy?



- Unaware of any "Strategy"
- Maximize Equity (this will minimize Profits)
- Maximize Profits (this will minimize Equity)





# EQUITY – what was expected?

20 % - drop in Equity



# EQUITY – Manulife

Q4 2021 estimated		
	IFRS 4	IFRS 17
Equity	58.9	46.9
% change		-20.4%
Discounting only	58.9	43.1
% change		-26.8%
Assets	917.6	
Equity/Assets	6.4%	



# EQUITY – Manulife

	CAD\$ (B)			CAD\$ (B)	
	Q4 2021 estimated			Q4 2022	
	IFRS 4	IFRS 17		IFRS 4	IFRS 17
Equity	58.9	46.9		56.4	46.9
% change		-20.4%			-16.8%
Discounting only	58.9	43.1			
% change		-26.8%			
Assets	917.6			848.9	833.7
Equity/Assets	6.4%			6.6%	5.6%





# EQUITY

- Polling question 2:
  - 2. IFRS 17 Equity change from your IFRS 4 Equity?
    - (A) Drop of 1% to 10%
    - (B) Drop of 11% to 20%
    - (C) Drop of 21% to 30%
    - (D) Drop of 31% or more
    - (E) Increase of 1% to 10%
    - (F) Increase of 11% to 20%
    - (G) Increase of 21% to 30%
    - (H) Increase of 31% or more

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# IFRS 17 Equity change from your IFRS 4 Equity?



0%	0%	0%	0%	0%	0%	0%	0%
Drop of 1% to 10%	Drop of 11% to 20%	Drop of 21% to 30%	Drop of 31% or more	Increase of 1% to 10%	Increase of 11% to 20%	Increase of 21% to 30%	Increase of 31% or more



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# IFRS 17 Equity change from your IFRS 4 Equity?



0%	0%	0%	0%	0%	0%	0%	0%
Drop of 1% to 10%	Drop of 11% to 20%	Drop of 21% to 30%	Drop of 31% or more	Increase of 1% to 10%	Increase of 11% to 20%	Increase of 21% to 30%	Increase of 31% or more





# EQUITY – Caribbean Experience

- We have seen increase in Equity as much as 20% to 25%
- Why the difference?



# DISCOUNTING

- Polling question 3:
  3. Which discounting method did you use?
    - (A) Top Down or modification of Top Down
    - (B) Bottom Up

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# Which discounting method did you use?



- Top Down or modification of Top Down
- Bottom Up



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# Which discounting method did you use?



- Top Down or modification of Top Down
- Bottom Up





# EXPENSES

- Polling question 4: Directly Attributable Expenses as a % of your Total Expenses?

## 4. Greater than 90%

- (A) 81% to 90%
- (B) 71% to 80%
- (C) 61% to 70%
- (D) 51% to 60%
- (E) Less than 50%



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# Directly Attributable Expenses as a % of your Total Expenses?



0%	0%	0%	0%	0%
81% to 90%	71% to 80%	61% to 70%	51% to 60%	Less than 50%



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# Directly Attributable Expenses as a % of your Total Expenses?



0%	0%	0%	0%	0%
81% to 90%	71% to 80%	61% to 70%	51% to 60%	Less than 50%





# CAPITAL – Manulife

Capital Ratio	OLD	Q4 2022	Q3 2023
MCCSR (IFRS 4)	224.3%		
LICAT (IFRS 17)		130.7%	136.7%



## We delivered *growth* across our *global* franchise

Growth	APE sales <sup>1</sup> \$1.7B ▲ 21%	New business value (NBV) <sup>1</sup> \$600M ▲ 15%	<ul style="list-style-type: none"> <li>Delivered strong <b>new business results</b> with double-digit growth in APE sales and new business value</li> <li>Generated strong <b>earnings growth</b> with core EPS increase of 35%</li> </ul>
	New business CSM <sup>1,3</sup> \$507M ▲ 6%	Global WAM net flows \$(0.8)B ▼ \$3.8B	
Profitability	Core EPS <sup>1,2</sup> \$0.92 ▲ 35%	Core ROE <sup>2</sup> (annualized) 16.8% ▲ 4.1 pps	<ul style="list-style-type: none"> <li>Reported strong <b>core ROE</b> of 16.8%, above our medium-term target of 15%+</li> <li>Stable growth of 4% in adjusted book value per share</li> </ul>
	EPS <sup>1,4</sup> \$0.52 ▲ 31%	ROE <sup>5</sup> (annualized) 9.5% ▲ 2.4 pps	
Balance Sheet	Book value per share \$22.42 ▲ 3%	Adjusted book value per share <sup>2</sup> \$30.67 ▲ 4%	<ul style="list-style-type: none"> <li>Maintained a strong <b>capital position</b> and continued to enhance <b>shareholder returns</b> through dividends and share buybacks</li> </ul>
	Financial leverage ratio <sup>2</sup> 25.2% ▼ 0.6 pps	MLI's LICAT ratio <sup>6</sup> 137% ▲ 1 pps	

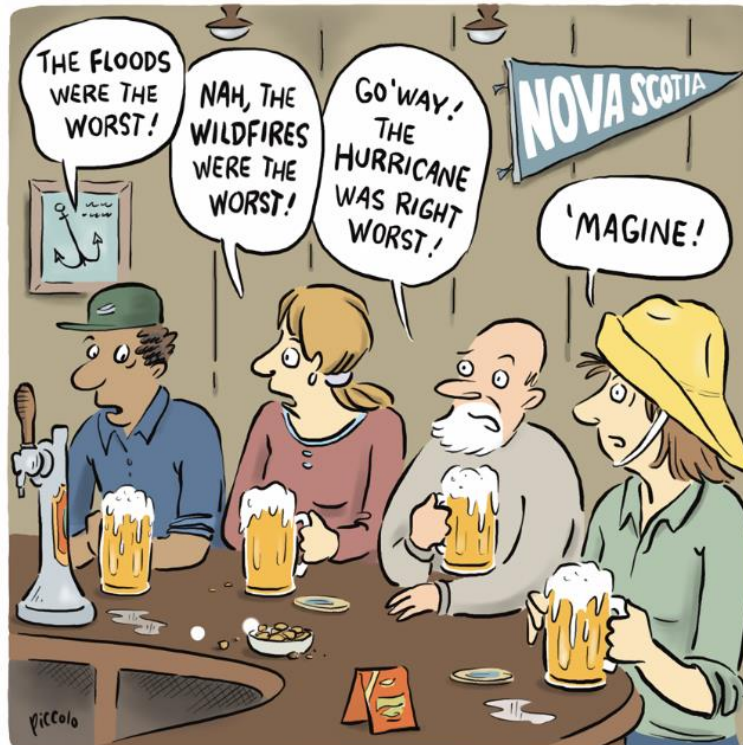


Manulife

## *Focused execution against targets*

		2022	3Q23 YTD	Medium-Term Targets
Growth	New business CSM growth <sup>1</sup>	n/a	3%	15%
	CSM balance growth <sup>1,2</sup>	(2%)	3%	8 – 10%
Profitability	Core EPS growth <sup>3,4</sup>	n/a	16%	10% – 12%
	Core ROE <sup>3</sup>	14.0%	15.7%	15%+
Balance Sheet	Financial leverage ratio <sup>3</sup>	25.1%	25.2%	25%
	Core dividend payout ratio <sup>3</sup>	46%	43%	35% - 45%
	EPS growth <sup>4</sup>	n/a	48%	
	ROE / Transitional <sup>5</sup>	8.2%	10.8%	
	Common share dividend payout ratio	nm	62%	

# C O N T R A C T S





# NET INCOME – Allstate

- Loss Ratios continue to be a key metric
- Claims Loss Ratio no longer available

Gross Earned Premium/Insurance Revenue  
% change  
Net Income  
% change

CAD\$ (m)	
Q2 2022	
IFRS 4	IFRS 17
1221	1251
	2.5%
142	131
	-7.7%