

IFRS 17 Benchmarking Survey

Series 4

Q4

2025

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1

Executive Summary





Executive Summary

Insight Life Solutions conducted a series of four surveys between May and July 2025 to seek South African life insurers' views on IFRS 17 and other industry topics.

The surveys aimed to track the journey of IFRS 17 implementation and industry thinking on topics where the Standard allows discretion, as well as understand what actuaries are focusing on post-IFRS 17 implementation. Following the survey period, Insight Life Solutions conducted detailed discussions with the respondents to obtain further clarity and commentary on their survey responses.

Three of the surveys involved "Closing the gaps" in areas such as IFRS 17 methodology, the IFRS 17 implementation journey and future focus. In these surveys, we repeated questions from previous years to gain an understanding of how thinking and progress have evolved over time. The other survey, "Respondents' choice" sought to ask questions on topics that respondents had indicated they were interested in.

A total of 18 entities, comprising life insurers, bancassurers and reinsurers, participated in the series, with between 11 and 15 respondents to each survey.

It is hoped that participants and readers of this report will use the results to benchmark their approach against the rest of the market, as well as against their own future decisions as IFRS 17 is further embedded into business as usual, discussion around these topics settles, and industry consensus is reached. The results collected from these surveys have been compared to the corresponding 2022, 2023 and 2024 results where applicable. The respondents were not exactly the same over the years, so the longitudinal comparison is not precise, but we hope that it will give an indication of trends in the market.

This report sets out the survey responses. Some of the main findings were:

IFRS 17 is settling into BAU

Methodology choices have more or less been settled, with decisions around risk adjustment, discount rates, coverage units, etc. only being refined rather than overhauled. Recent audits have generally been less onerous – except where new auditors have been onboarded, which has caused some audits to be even more difficult than last year. Boards are cementing their understanding of IFRS 17 and are able to provide feedback

on the results themselves rather than just on IFRS 17 as a project. IFRS 17 is also, in most, if not all, cases, becoming the basis for financial reporting, KPIs, management information and Board decisions.

IAS 8 requirements are a major concern

The vast majority of respondents are concerned about the implications of IAS 8, which deals with changes in accounting estimates and errors. Some participants had to restate results in recent reporting periods and those who didn't spent significant time with their auditors assessing whether findings were errors or re-estimates and, where they were errors, their materiality. This is foreseen to be a major area of risk and concern for years to come.

IFRS 17 has provided an opportunity to modernise

Insurers have been forced to improve models, systems and processes, given the complexity of calculation and reporting required by IFRS 17 – in addition to maintaining several other reporting bases in some cases. While many respondents have made significant progress in optimising their processes, some have still had to take measures such as employing additional resources or working longer hours to deliver on time.

Those who built their own IFRS 17 engines are still the happiest

Respondents who built their own CSM engines in Excel or other systems are still happiest with the results. Those who purchased off-the-shelf solutions have had a more mixed experience, with some being more satisfied with their chosen vendors than others. None of the respondents, however, are looking to change providers in the near future.

Future focus: automation

While some respondents still cite IFRS 17 as a major focus area for the foreseeable future, most insurers are (also) focusing on automation of repetitive tasks. Furthermore, they are starting to explore the applications of AI in their reporting processes and more broadly. The focus on automation may be driven by the increasing time and resource pressures generated by the IFRS 17 reporting cycle. While many insurers still predict changes to their systems landscapes over the next five years, the conversation seems to have evolved to optimising current systems rather than migrating to new ones.



2. Respondents per Survey

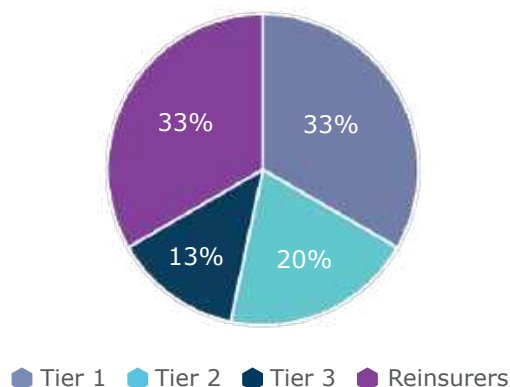
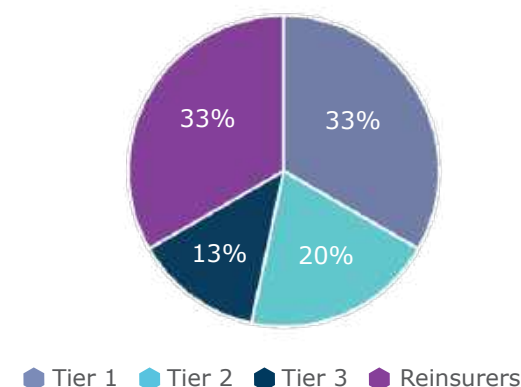
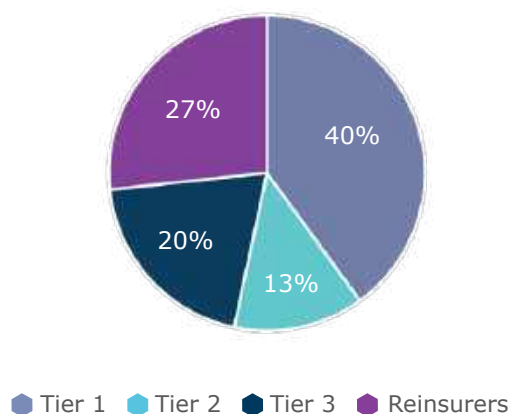
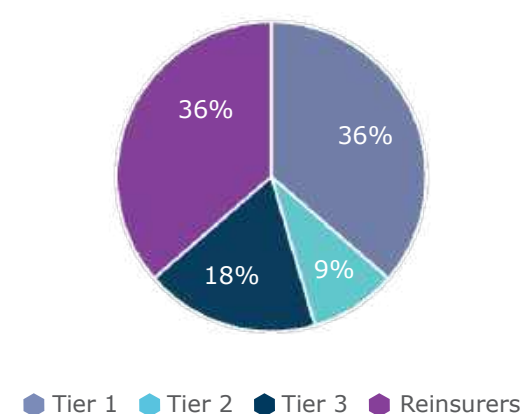
Respondents per survey

The respondents were split into three tiers according to their annual gross written premiums, with a separate category for reinsurers.

The pie charts show the split of respondents among tiers per survey. Each survey had a mix of all three tiers and reinsurers.

The tiers were split as follows:

- **Tier 1:** R10 000 000 000 + GWP
- **Tier 2:** R2 200 000 000 – R10 000 000 000 GWP
- **Tier 3:** 0 – R2 200 000 000 GWP
- **R:** Reinsurers

SURVEY 1 - 15 RESPONDENTS**SURVEY 2 - 15 RESPONDENTS****SURVEY 3 - 15 RESPONDENTS****SURVEY 4 - 11 RESPONDENTS**

SURVEY 1

Closing the Gap [Part I]

15 Respondents



2

Risk Adjustment

15 Respondents





4. Risk Adjustment

Definitions used:

Cost of Capital:

The sum of discounted future required capital values multiplied by a chosen cost of capital rate.

Value at Risk (Stress test and aggregation VaR):

Present value of future cash flows is calculated for each stress, calibrated at the desired confidence level. The differences between these runs and the best estimate run are aggregated using a correlation matrix.

Value at Risk (Single Equivalent Scenario VaR):

A combination of assumptions calibrated to a desired confidence level is changed simultaneously and the present value of future cash flows is calculated. The difference between this run and the best estimate run is the risk adjustment.

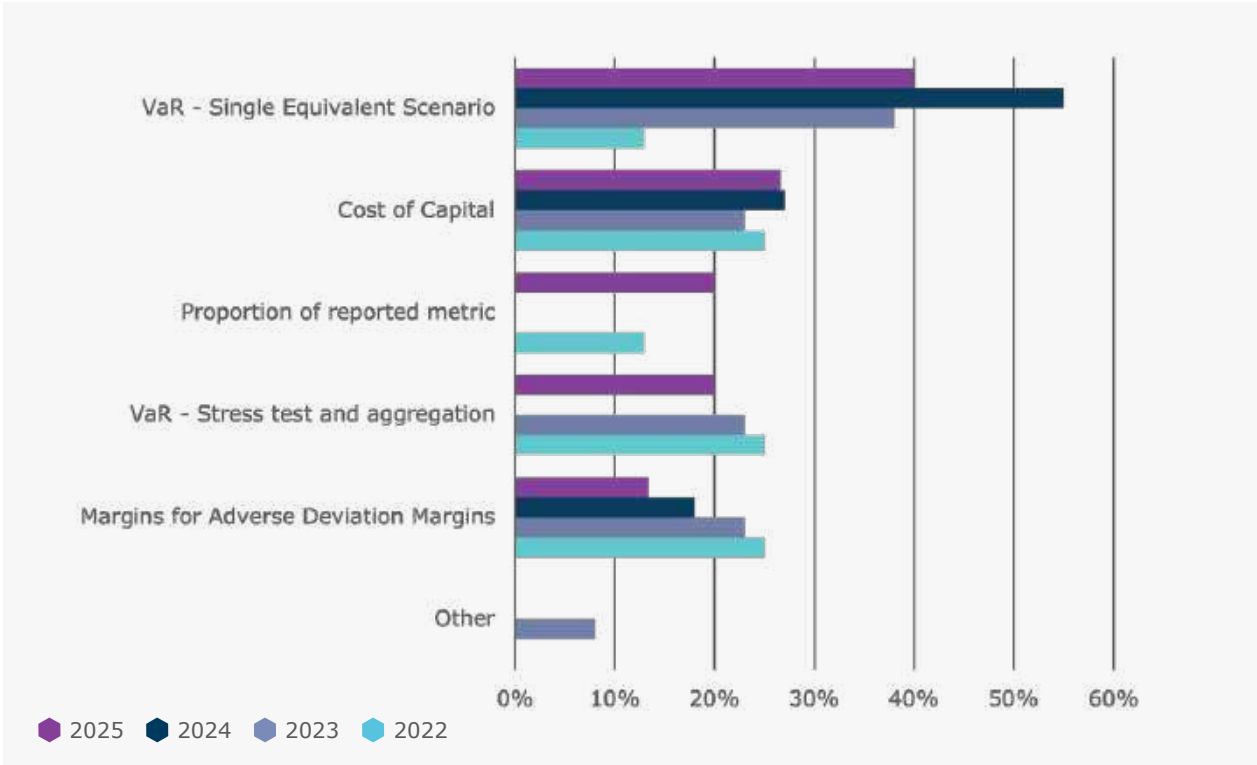
Margins for Adverse Deviation:

Margins obtained from an external source (e.g., SAP 104 margins) are added to best estimate assumptions and the present value of future cash flows is calculated. The difference between this run and the best estimate run is the risk adjustment.

Risk adjustment methodology

Q Which methodology do you use for the risk adjustment calculation?

RISK ADJUSTMENT METHODOLOGY CHOICE



Similar to 2024, some form of Value at Risk (VaR) approach remains the most popular risk measurement method in 2025, followed by the Cost of Capital approach.

This year, respondents who selected the proportion of reported metric also selected VaR, indicating a refinement in describing their methodology. For example, they might calculate a VaR-based risk adjustment in their SAM model, determine that risk adjustment as a proportion of their SAM BEL (or other variable), and then apply that proportion to their IFRS 17 BEL.



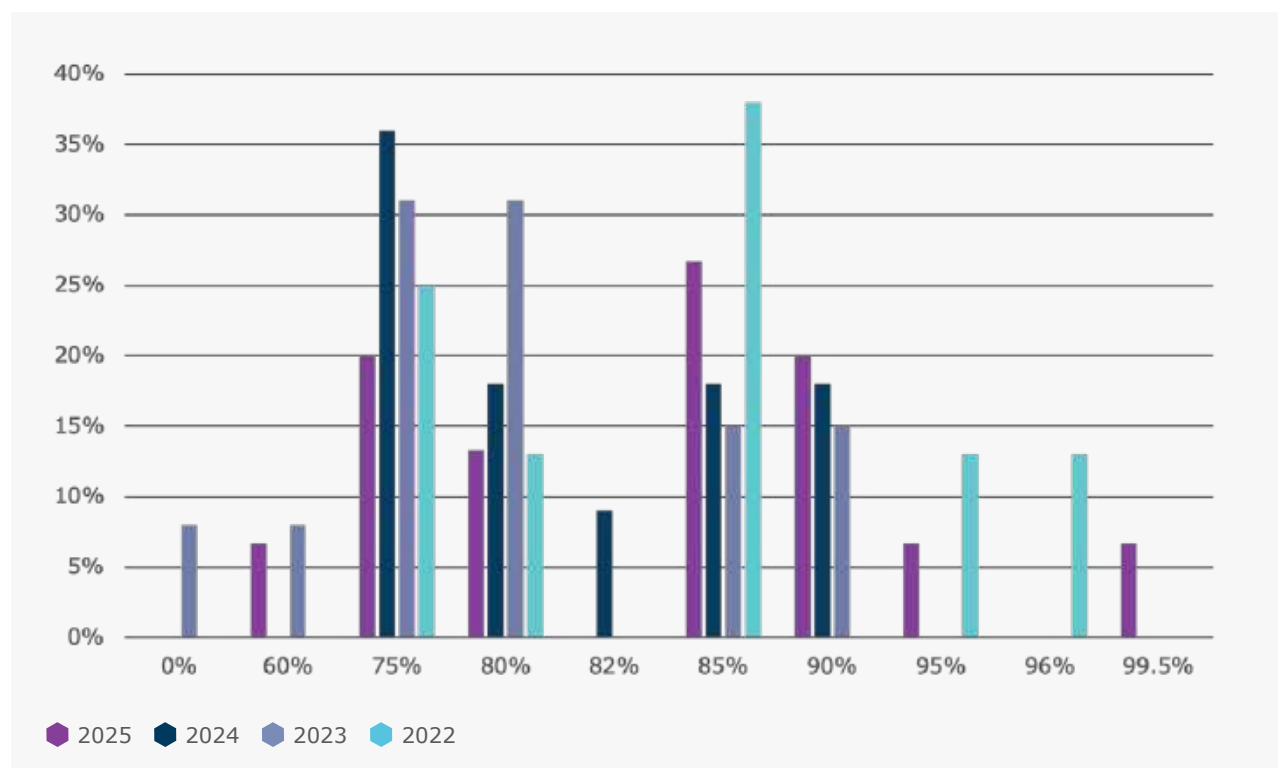
2. Risk Adjustment

Targeted confidence level



At what confidence level does your company set the risk adjustment?
If you are not using VaR, what is the confidence level that is targeted?

RISK ADJUSTMENT CONFIDENCE LEVEL



Almost 80% of respondents are targeting confidence levels between 75% and 90% for their life business, with 75%, 85%, and 90% being the most popular specific targets. Nearly all respondents - except one - maintained the same confidence level as in 2024. The one exception increased their confidence level from 82% in 2024 to 90% in 2025. The participants setting their confidence level to 95% and above, did not complete this survey in previous years (i.e. they are not the same respondents as those who selected these values in earlier years).



3

Discount Rates

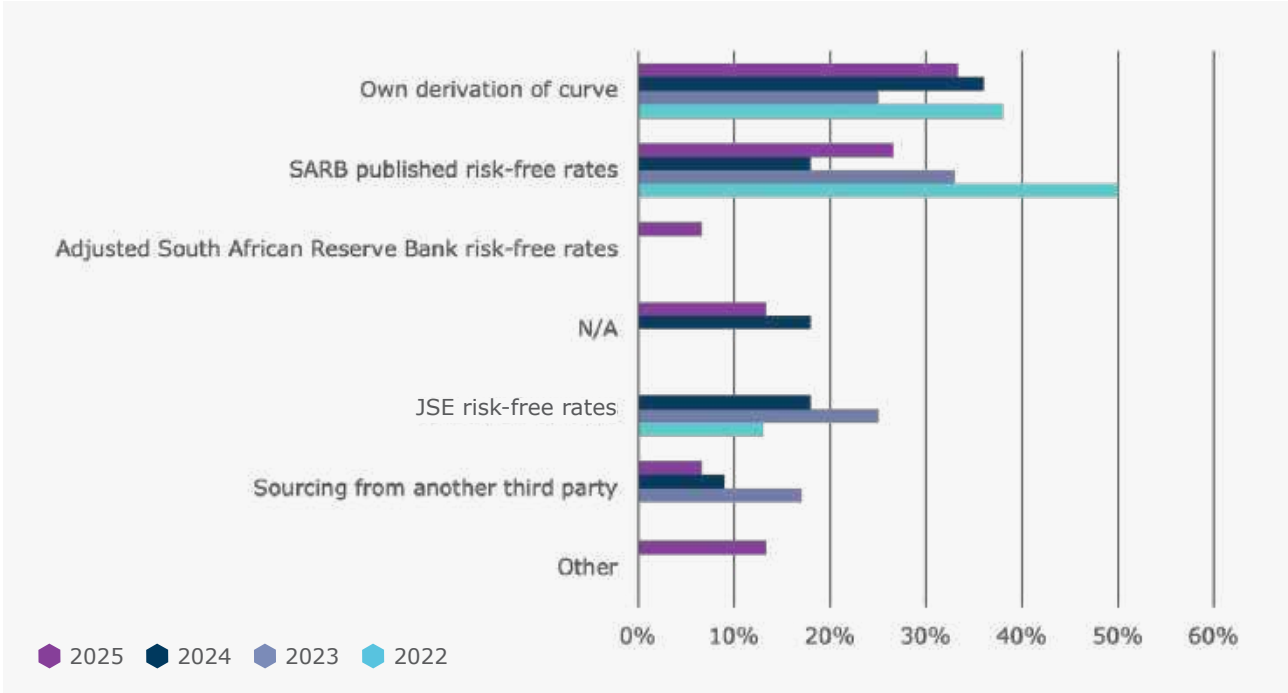
15 Respondents



Risk-free rate source

Q For the portfolios for which you are using a bottom-up discount rate, what is your benchmark for the risk-free curve underlying the discount curve?

BENCHMARK FOR RISK-FREE CURVE



In 2025, most respondents use their own derivation of the risk-free curve, with 60% of these being bancassurers and the others being large insurers. It appears that where they can, insurers prefer to derive their own curves, citing a lack of trust in some aspects of the SARB-published curves. Notably, unlike previous years, no respondents are using JSE risk-free rates. The differences compared to 2024 largely reflect changes in the respondent pool, with only one recurring respondent switching from sourcing risk-free rates from another third party to deriving their own curve.



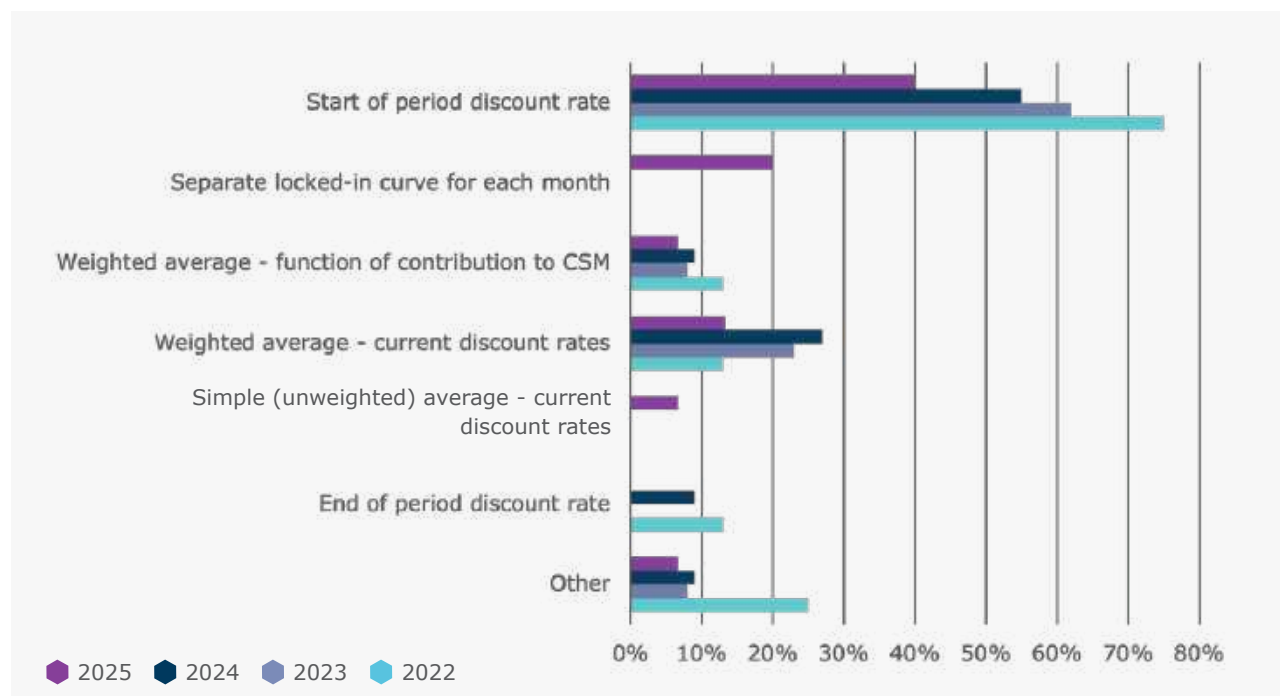
3. Discount Rates

Approach to locked-in yield curves



Which discount rate do you assign to groups at initial recognition, i.e., how do you set your locked-in yield curves?

LOCKED-IN YIELD CURVE METHODOLOGY



Similar to previous years, most respondents in 2025 continue to use the start-of-period discount rate for their locked-in yield curves. However, four respondents have changed their approach this year. One switched from the end-of-period discount rate in 2024 to the start-of-period discount rate in 2025. Another shifted from using the weighted average by a function of contribution to CSM method to a separate locked-in curve for each month.

A third moved from weighted average of current discount rates to a combination of the average of weekly curves for interest rate-sensitive products and start-of-period rates for other products. The final respondent changed from weighted average of current discount rates to a weighted average by a function of contribution to CSM. These changes were largely influenced by the audit process.



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Reinsurance

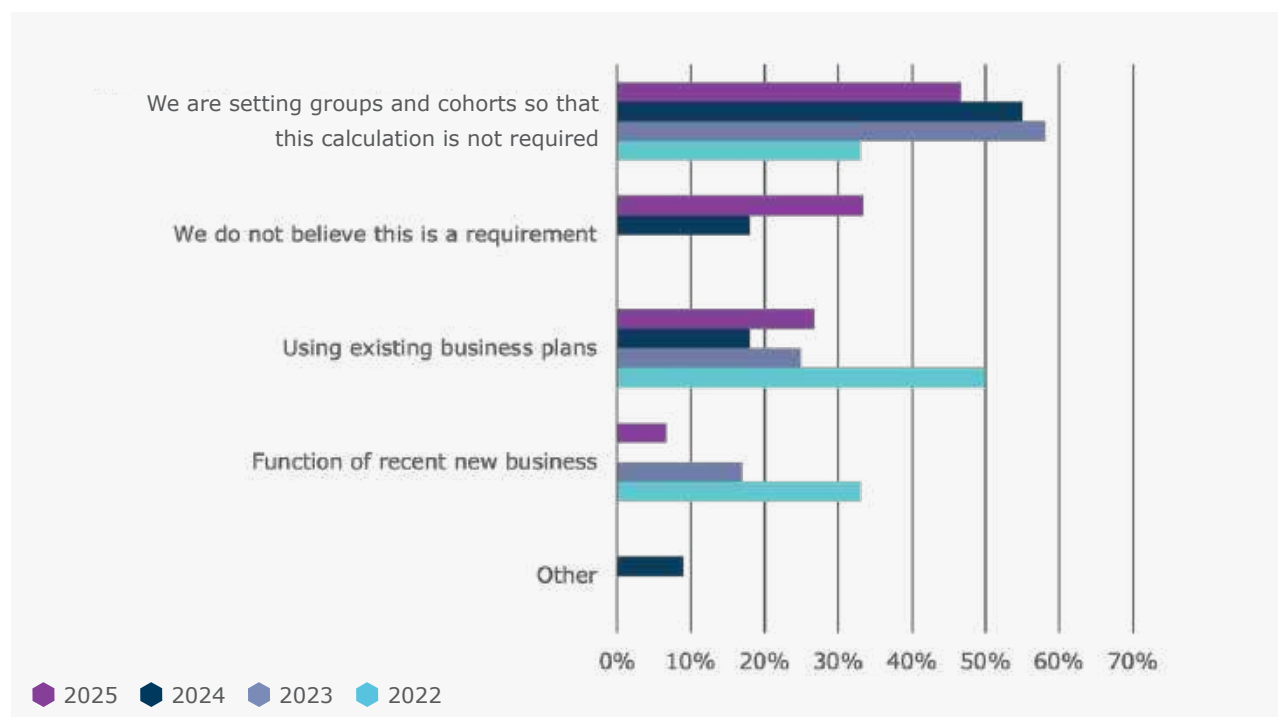


Projection of future new business



For the purpose of measuring reinsurance contracts, are you valuing expected future new business? If so, how are you calculating future new business?

FUTURE NEW BUSINESS CALCULATION



In their February 2018 staff paper, the Transition Resource Group for IFRS 17 Insurance Contracts (TRG) said that "...the boundary of a reinsurance contract held could include cash flows from underlying contracts covered by the reinsurance contract that are expected to be issued in the future."

As a result, insurers must carefully consider whether, and how, to measure the cash flows related to underlying contracts that have not yet been issued.

By 2025, almost half of all respondents are setting their groups and cohorts so that there is no need to perform this calculation. Compared to 2024, more respondents now believe that valuing expected future new business is not a requirement.



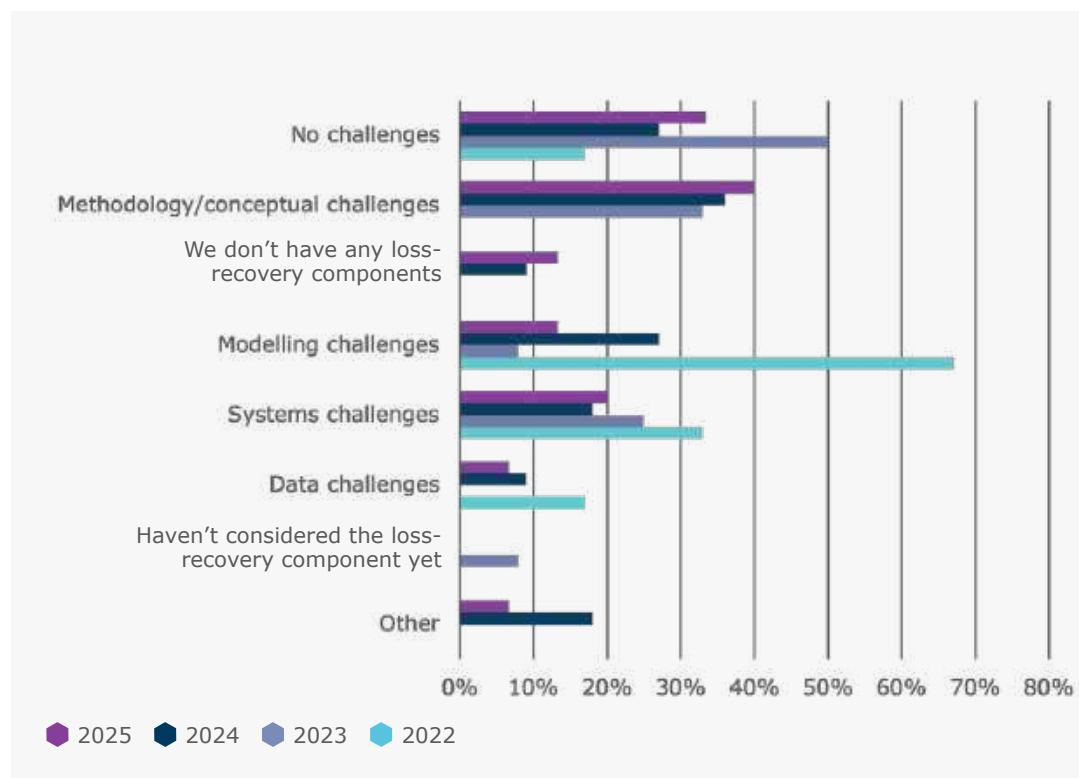
4. Reinsurance

Loss-recovery component challenges



Are you experiencing challenges in accounting for the loss-recovery component for the purpose of valuing reinsurance contracts held?

LOSS-RECOVERY COMPONENT CHALLENGES



The introduction of the loss-recovery component has presented additional challenges for insurers.

Since 2023, the proportion of respondents reporting no challenges initially declined, but this number has risen again in 2025 compared to 2024. The respondents who had not experienced challenges in 2024, also reported not experiencing challenges in 2025. One respondent changed their response of methodology/conceptual challenges in 2024 to data and systems challenges in 2025.

The main methodology challenge still faced by several respondents was amortisation of the loss-recovery component at subsequent measurement, specifically regarding splitting out the impacts of non-reinsured cash flows from reinsured cash flows.

When asked to elaborate on their answer, respondents who selected "Other" stated that:

- They have had issues with methodology for the last few audits.
- This has now been adjusted to a simpler approach to be a function of the loss component and ceded %s for certain line items (in reference to the amortisation of the loss-recovery component).



5

KPIs & EV

15 Respondents

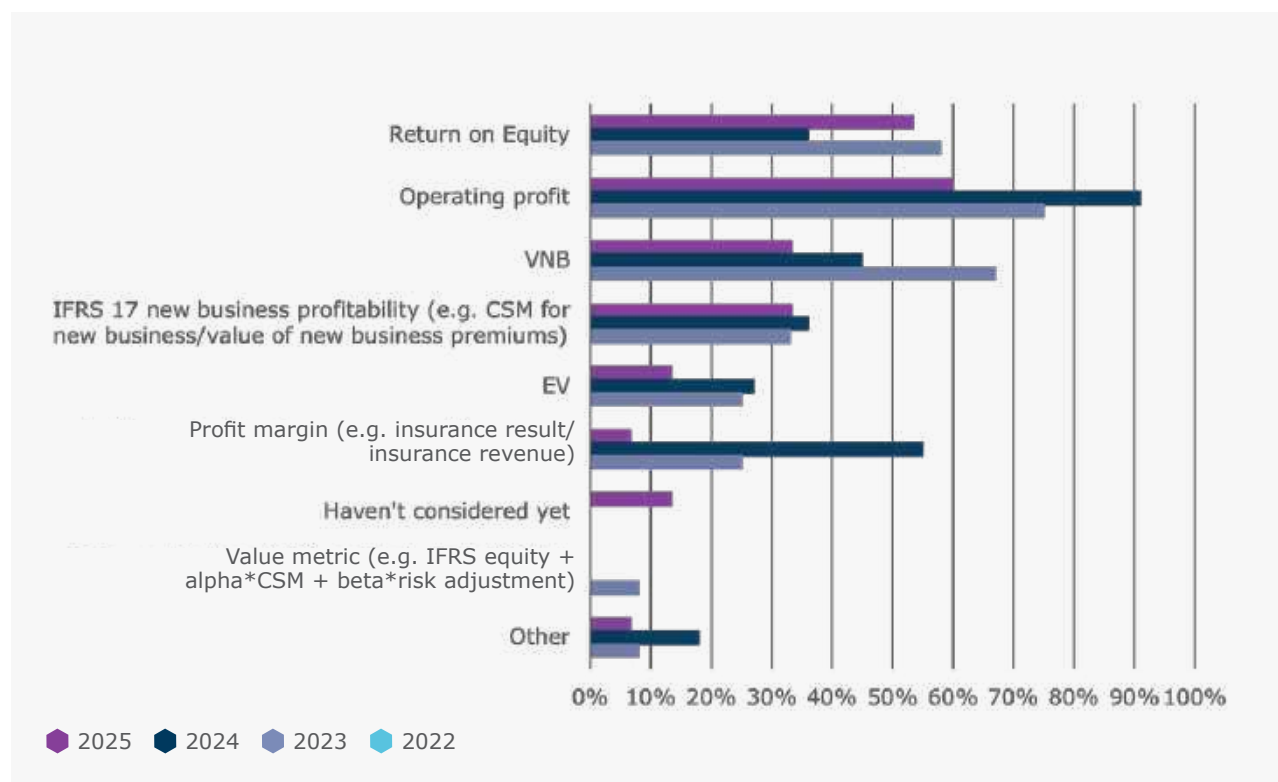


KPIs under IFRS 17



Which KPIs do you measure under IFRS 17?

TOP KPIs



IFRS 17 is changing the way insurance accounting works, with new financial statements and methodology for profit emergence. For many insurers, this may mean new KPIs.

Most respondents measure Return on Equity and some kind of profit measure – whether that be IFRS 17 operating profit or VNB – as their KPIs.

When asked to elaborate on their choice of “Other”, one respondent explained that IFRS 17 is only used to calculate the final tax payable to SARS rather than to produce KPIs.

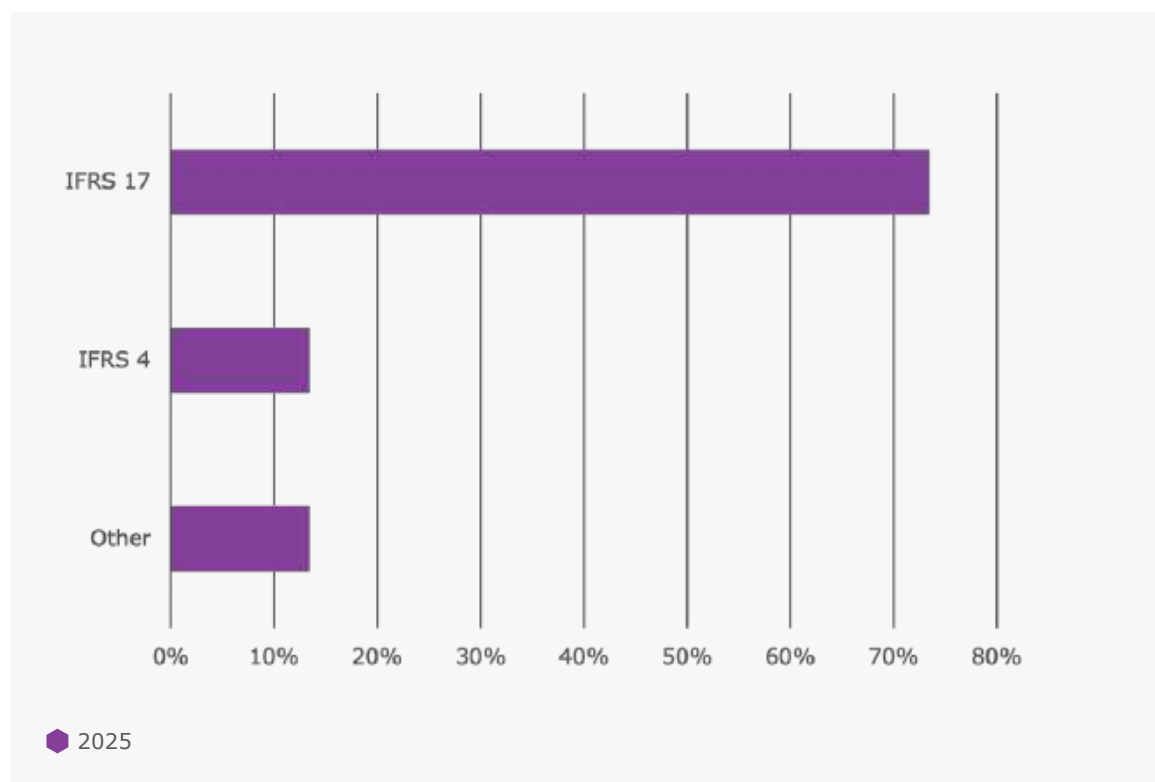


KPIs under IFRS 17



On which basis are the aforementioned KPIs currently being calculated?

BASIS USED FOR KPIs



Above 70% of respondents are using IFRS 17 as the basis for which they are calculating their current KPIs. Upon further discussion with participants, it became clear that while many are calculating KPIs on an IFRS 17 basis, these may not actually be the metrics in which the Board is interested or based upon which decisions are being made.

When asked to elaborate on their choice of "Other", one respondent explained that they are using adjusted IFRS 17 (IFRS 17 with zeroisation) as a basis.

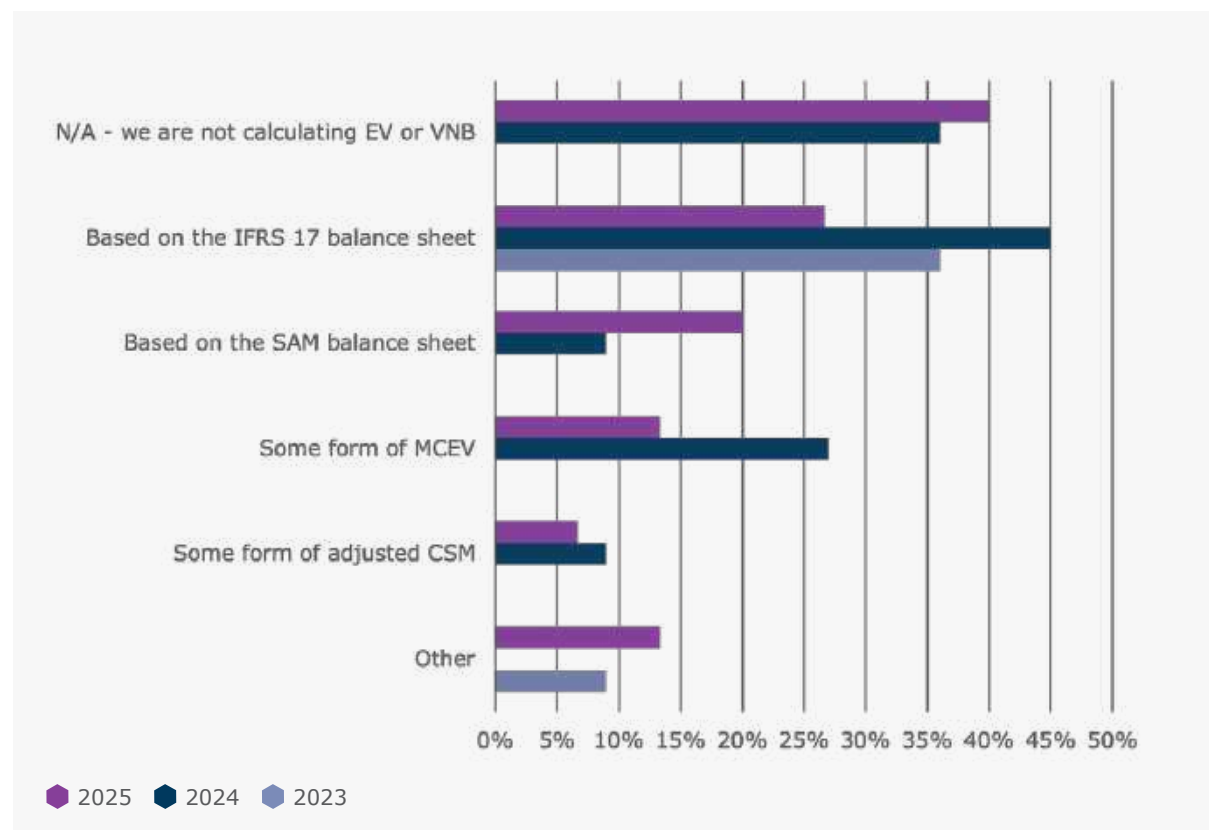


Calculation of EV and VNB under IFRS 17



How are you calculating embedded value and/or VNB under IFRS 17?

CALCULATION OF EV AND VNB UNDER IFRS 17



For the respondents who are calculating EV and/or VNB, most will be calculating this based on the IFRS 17 balance sheet. Two respondents who did not calculate EV or VNB in 2024 are now calculating EV using the SAM balance sheet.

Another shifted from using an adjusted CSM method to basing their calculations on the IFRS 17 balance sheet. One respondent added an adjusted CSM approach to their original method. Another respondent modified their IFRS 17-based calculation to include some form of zeroisation.

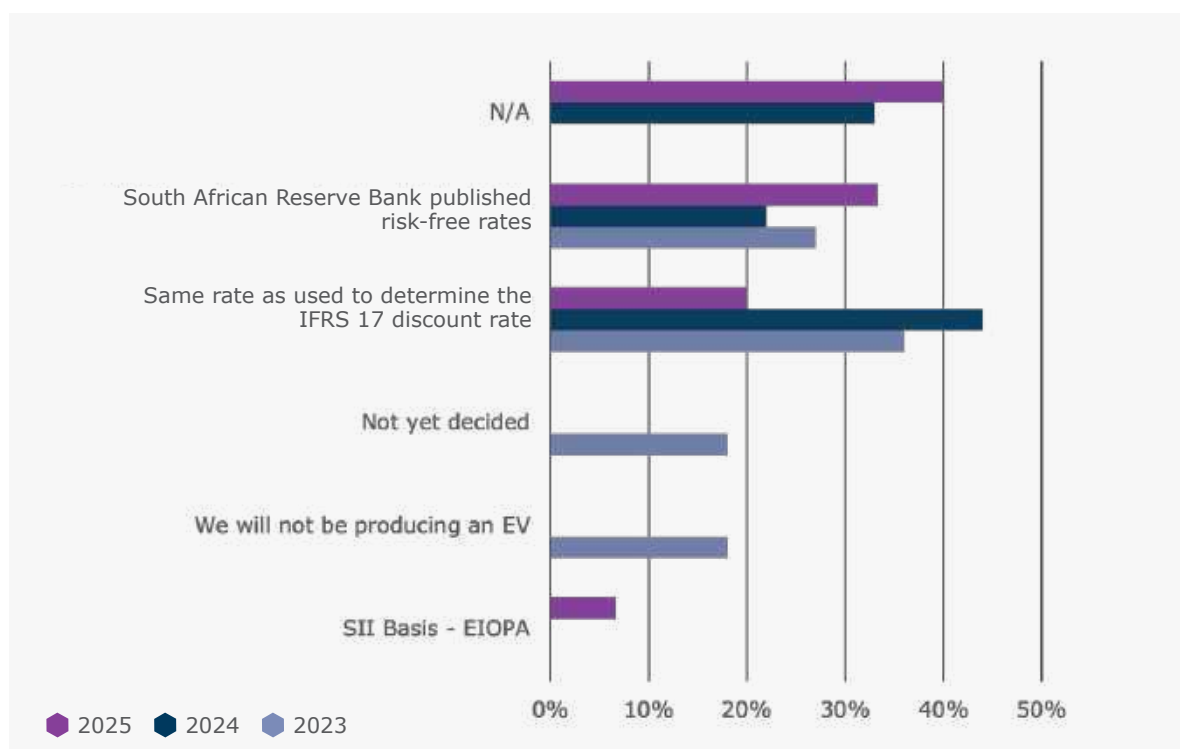


Calculation of EV and VNB under IFRS17



Which risk-free rate do you use in your EV risk discount rate calculation?

RISK-FREE RATE USED IN EV RISK DISCOUNT RATE CALCULATION



In 2025, respondents calculating EV/VNB are split between using their IFRS 17 discount rate and the SARB published rates, with a greater proportion favouring the SARB published rates.

This marks a shift from previous years, where more respondents chose the IFRS 17 discount rates. All respondents who chose “same rate as used to determine IFRS 17 discount rate” are deriving their own curve.



6

Expenses

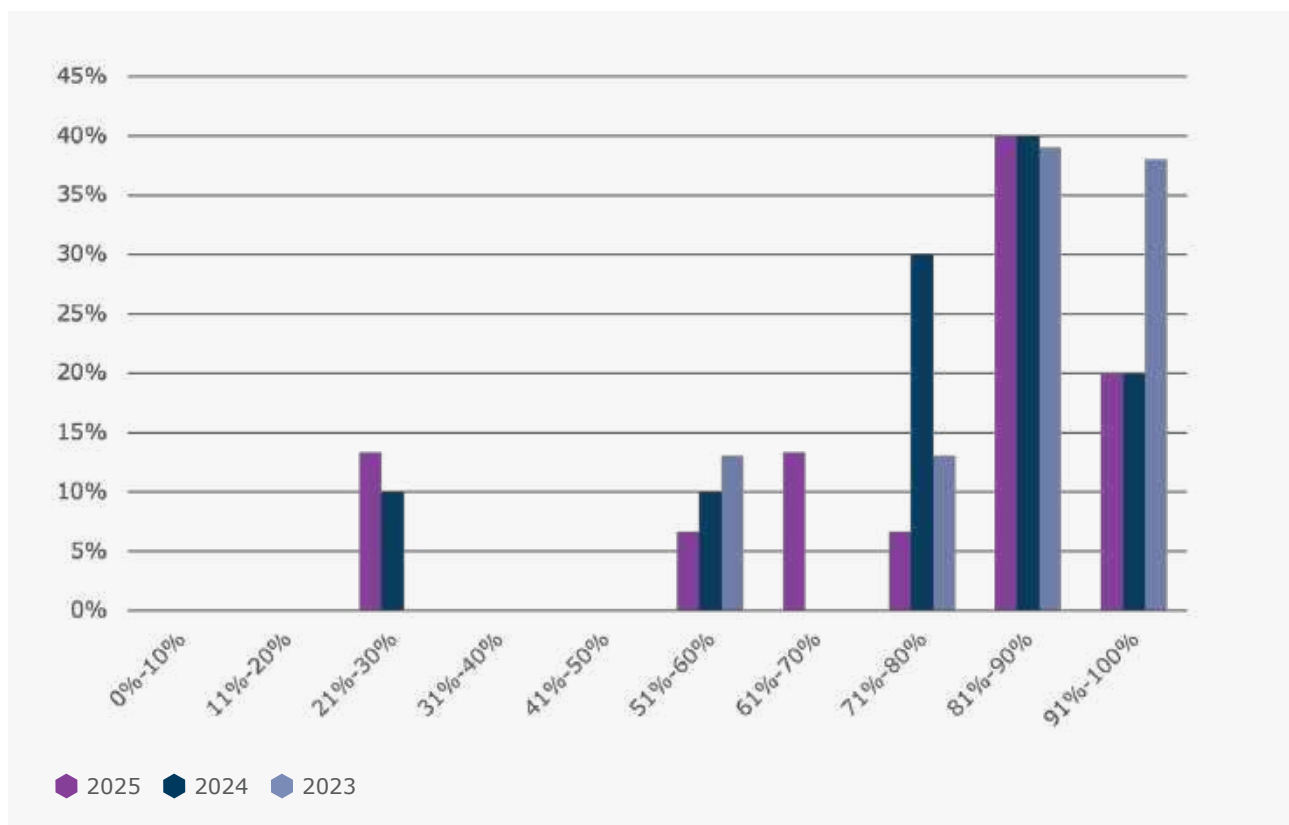


Expenses directly attributable under IFRS 17



What proportion of your expenses (between 0% and 100%) do you classify as directly attributable under IFRS 17?

PROPORTION OF EXPENSES DIRECTLY ATTRIBUTABLE UNDER IFRS 17



IFRS 17 introduces the concept of directly attributable expenses, but the term “directly attributable” is not formally defined in the Standard. Directly attributable expenses are included in the IFRS 17 measurement of insurance contract liabilities, unlike non-directly attributable expenses.

While responses are generally similar to previous years, in 2025 there are fewer respondents classifying more than 80% of their expenses as directly attributable. Between 2024 and 2025, two respondents increased their proportion of directly attributable expenses, while three respondents decreased theirs. One respondent who selected the 21%–30% confidence range in 2024 maintained the same range in 2025, while another respondent decreased from the 71%–80% range.

SURVEY 2

Closing the Gap [Part II] Reflections on the IFRS 17 Journey

15 Respondents



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7

Reflections on the IFRS 17 Journey



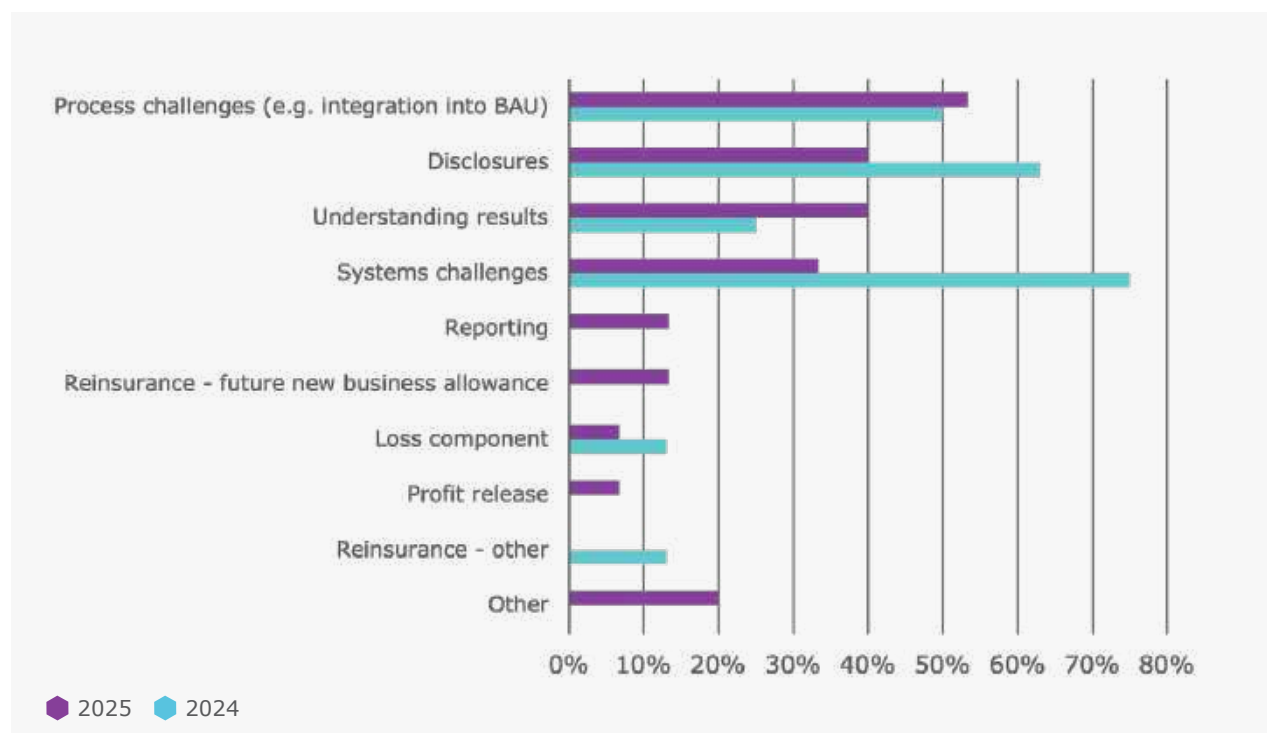
7. Reflections on the IFRS 17 Journey

IFRS 17 concepts



What are the main IFRS 17 concepts that have not yet been fully resolved in your company?

UNRESOLVED IFRS 17 CONCEPTS



More than half of all respondents still cite process challenges as something that's unresolved in their IFRS 17 implementation. This year there is more concern around understanding results than in 2024, while fewer mention disclosures and system-related issues. More than half of those surveyed in 2024 cited the same unresolved issues in 2025.

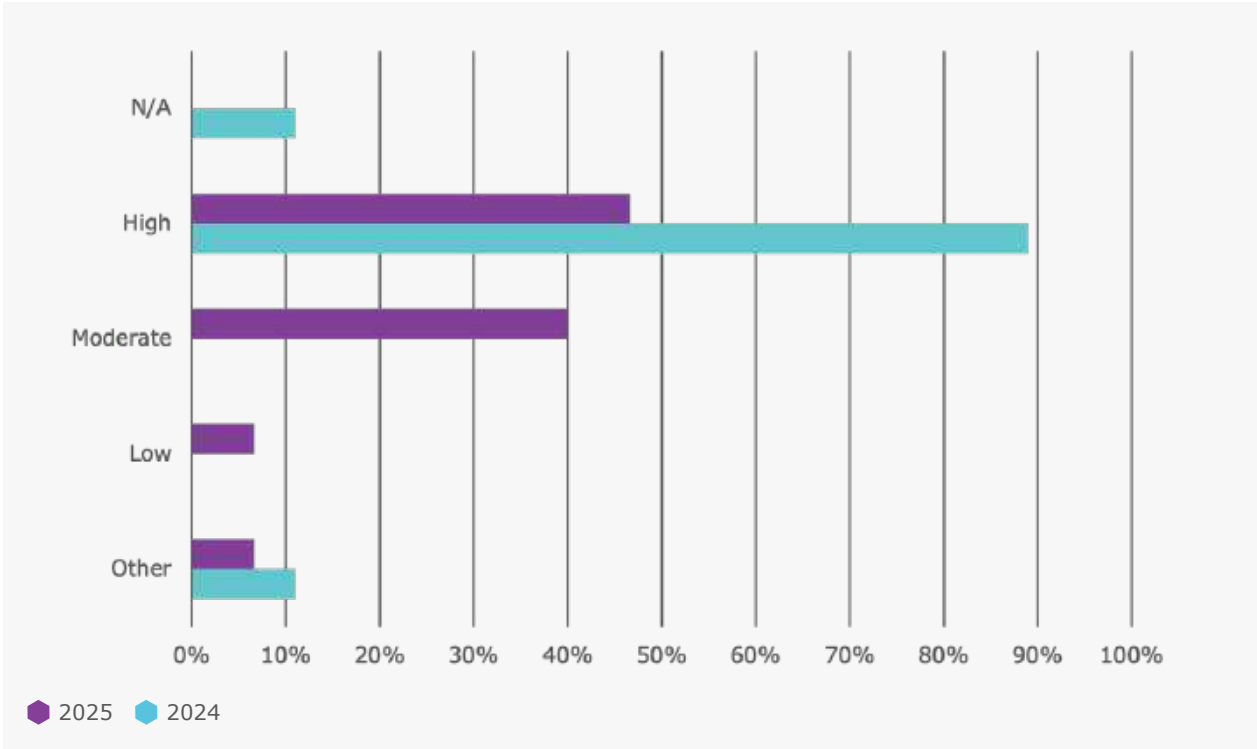
The respondents that selected "Other" stated:

- That the process is largely integrated now as part of BAU, but there are still challenges around timing of deliveries and more efficient integration between actuarial and accounting processes.
- Dealing restatements and audit transitions.

External audit process

Q How onerous was your most recent external audit process?

ONEROUSNESS OF EXTERNAL AUDIT PROCESS



Most respondents found their most recent audits less onerous than in 2024, with only three experiencing the same level of difficulty. More onerous audits in 2025 were generally ascribed to having to onboard new auditors and deal with issues that had been considered resolved with previous auditors.

The challenges for those who had not yet rotated auditors revolved around more in-depth investigation of results and concepts which might have only been examined at a surface level previously.



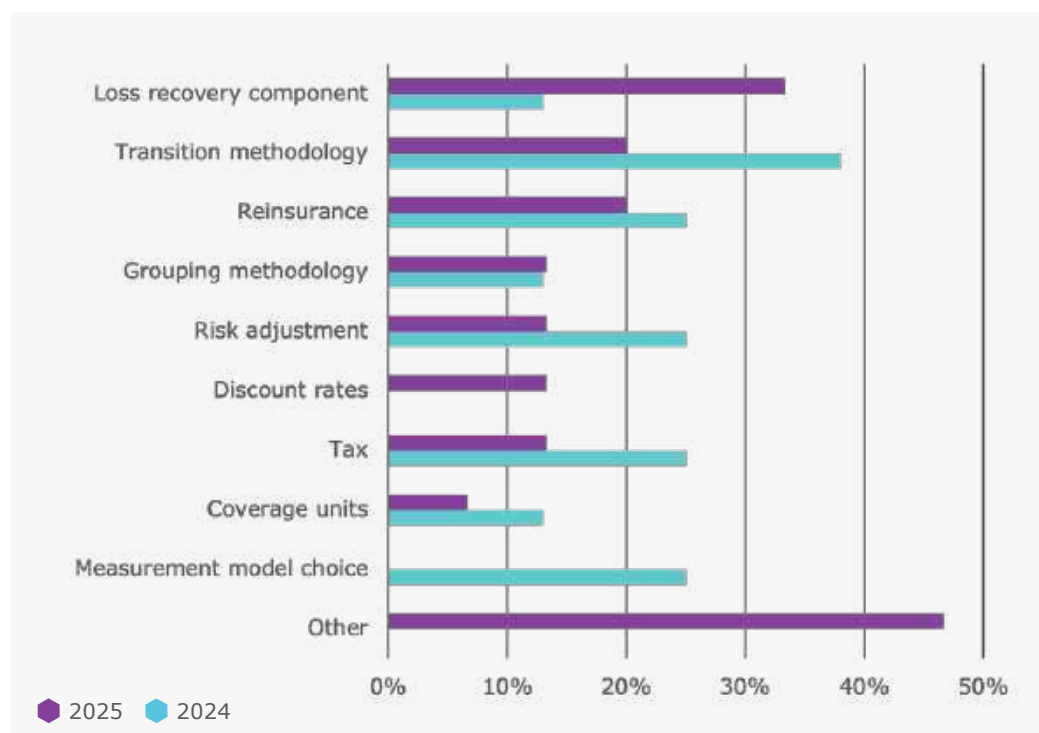
7. Reflections on the IFRS 17 Journey

Discussion points with auditors



What were the main points for discussion with auditors for your most recent audit?

DISCUSSION POINTS WITH AUDITORS



In 2025, many discussions with auditors focused on the loss-recovery component (specifically the amortisation thereof), unlike in 2024 when they centered on transition methodology. In 2025, most respondents shifted their discussion points compared to 2024, with one respondent maintaining the same focus.

A theme that emerged from the respondents who selected "Other" had to do with errors in and restatement of past results, i.e. whether changes to models reflect changes in estimates or corrections; whether, in the case of corrections, the changes were material; and, hence, whether prior year reporting needed to be restated. Discussions with participants confirmed that the application of IAS 8 is, indeed, a major concern – both now and for the foreseeable future. Almost all participants have already spent significant time with auditors on this issue – whether that be determining whether changes were, indeed, errors, assessing materiality or restating past results.

Other discussion points mentioned were contract boundaries for shorter-term contracts and disclosure issues around out-of-model adjustments.

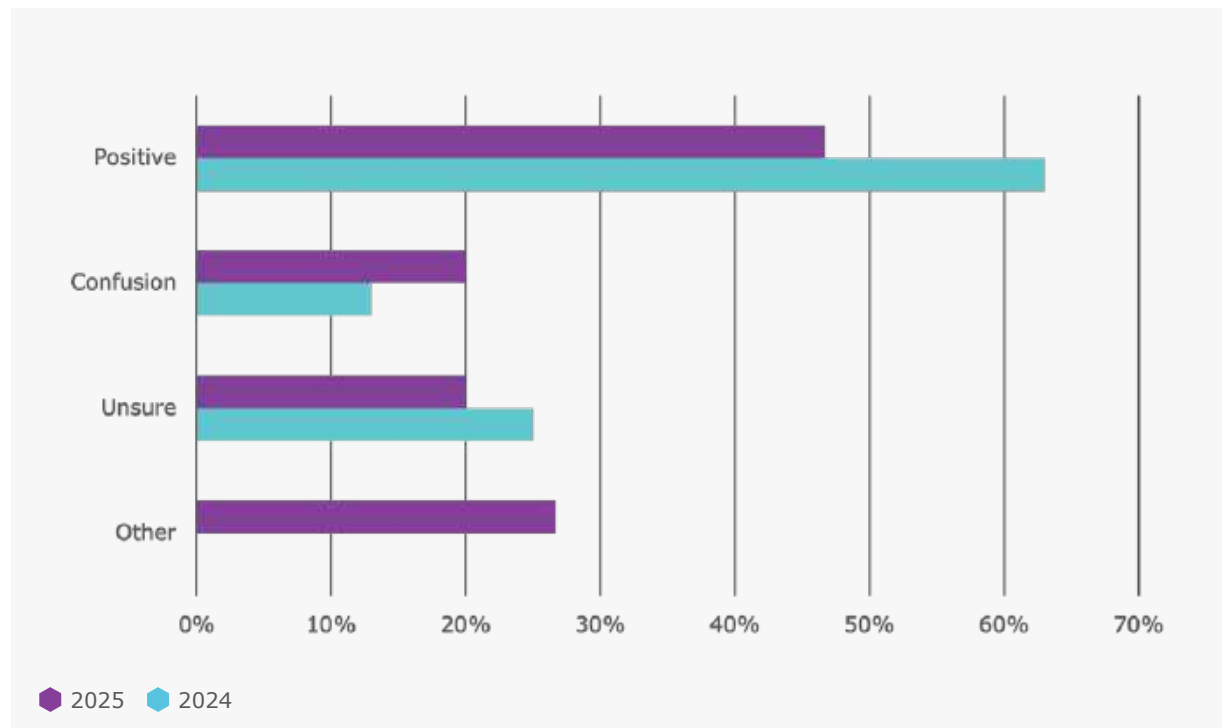
7. Reflections on the IFRS 17 Journey

Feedback from board members



What feedback have you received from board members regarding the results and interpretation thereof?

FEEDBACK RECEIVED REGARDING RESULTS AND INTERPRETATION



Following the 2024 trend, most respondents received positive feedback from the Board, while only a few reported confusion. In 2025, most respondents received the same feedback as in 2024, with only two receiving different comments.

The respondents that selected "Other" stated that:

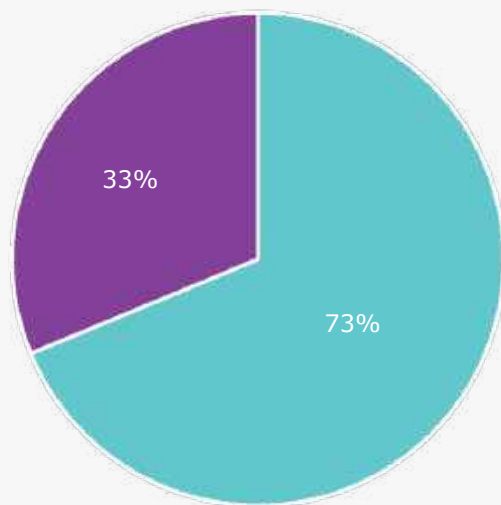
- They have mostly been presenting from an EV perspective with a lesser focus on the IFRS results. IFRS 17 specific feedback hasn't been extensive now that results are becoming more familiar.
- There were gaps in understanding. They need better help understanding results and the format of BS and IS.

Feedback from board members



What has board feedback to date focused on?

FOCUS OF BOARD FEEDBACK



IFRS 17 Results and interpretation IFRS 17 Interpretation as a project

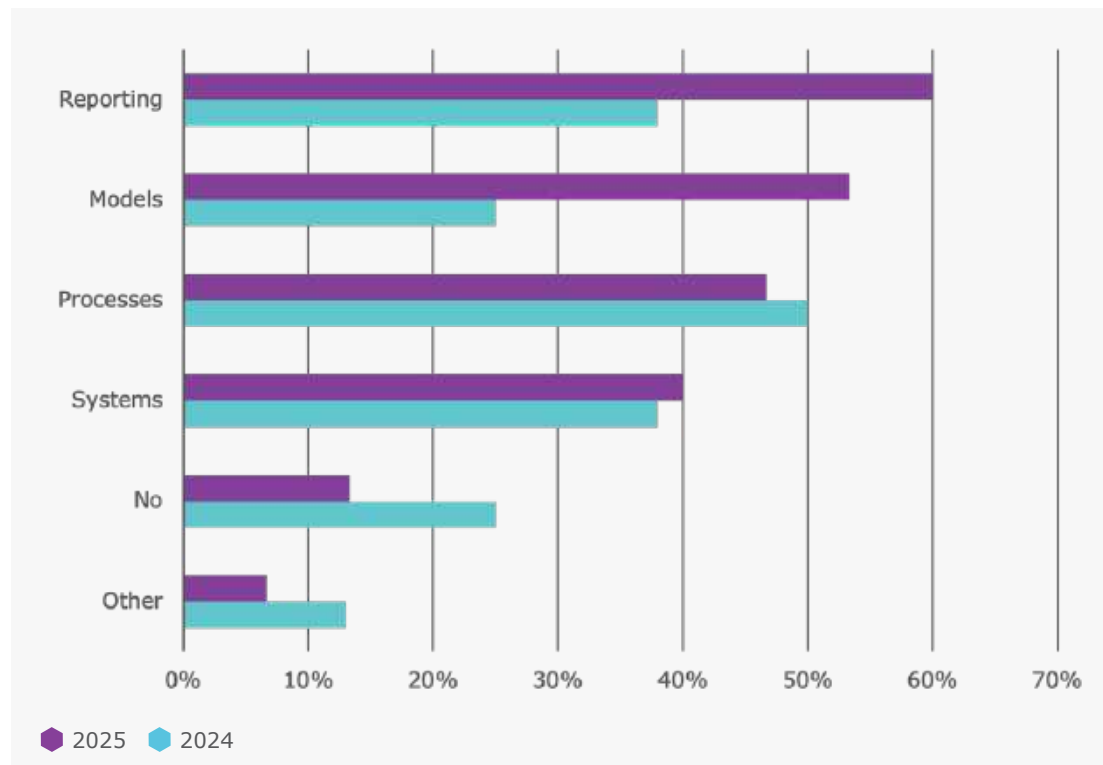
Board feedback has primarily addressed IFRS 17 results and their interpretation. This is an evolution from last year where almost all feedback centred around the implementation of IFRS 17 as a project.

While boards are paying more attention to IFRS 17 results as their understanding deepens, respondents revealed that, in many cases, guidance and education are still required. Tools such as board training and bridges explaining movements between IFRS 4 or SAM results to IFRS 17 results are being provided to serve this purpose.

Modernisation as a result of IFRS 17

Q Has IFRS 17 given you an opportunity to modernise?

OPPORTUNITY TO MODERNISE



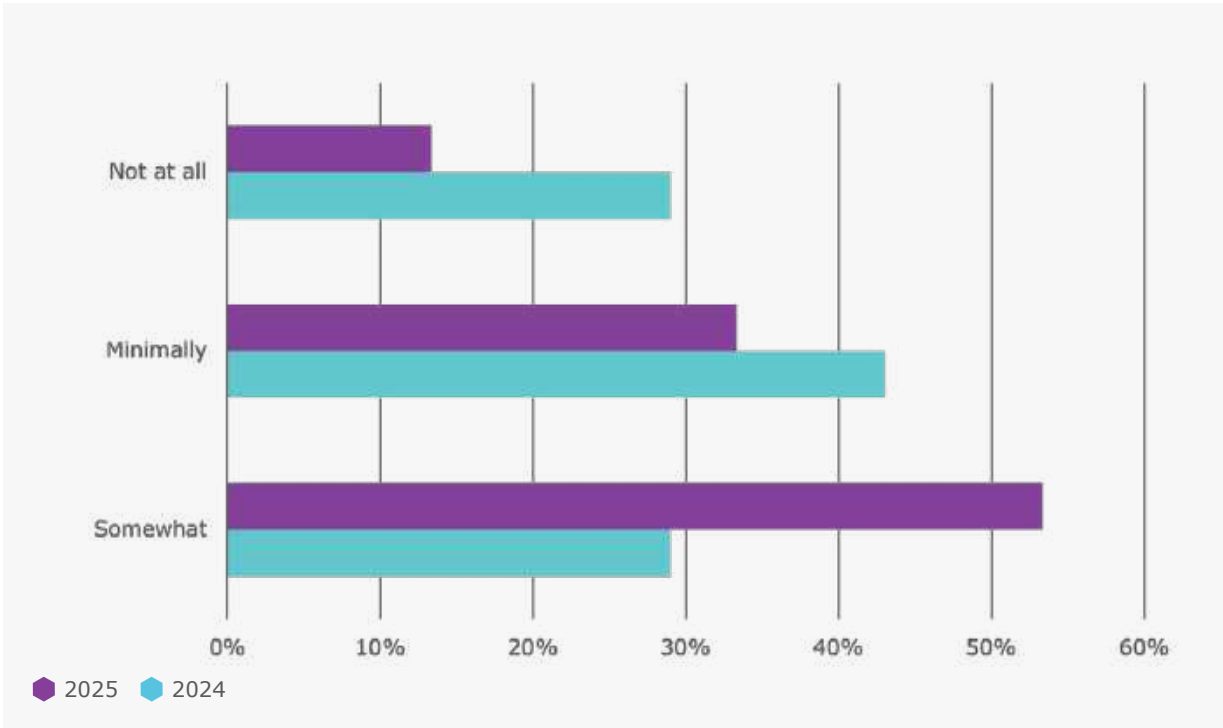
In 2025, most respondents saw IFRS 17 as an opportunity to modernise their reporting, followed by modelling and processes. Last year the focus was mostly on modernising processes. One 2024 respondent, who did not believe IFRS 17 had given them an opportunity to modernise, has now noted that IFRS 17 does offer an opportunity to modernise in 2025.

The respondent that selected "Other" stated that the project initially tried to achieve wide-scale modernisation but focus quickly shifted to essential deliveries only. Refinements are being implemented over time, but a full-scale modernisation project is still needed.

IFRS 17 goals

Q Do you feel IFRS 17 has (to date) achieved its goals of transparency, harmony and comparability?

ACHIEVEMENT OF IFRS 17 GOALS



Following the 2024 pattern, none of the respondents believe IFRS 17 has fully met its objectives; most say it has met them to some extent, which is an improvement on last year when the most common response was “minimally”. Based on discussions with respondents, it appears that while feelings towards IFRS 17 have improved as it’s moved into BAU, there is still widespread skepticism regarding the standard’s ability to achieve its goals. Respondents report that there is simply too much room for discretion and divergence within the industry for any meaningful level of transparency, harmony or comparability.

Some respondents, however, felt that internal transparency and comparability have improved, with entities now able to better analyse their business over time and across cohorts given the increased levels of granularity in measurement and reporting required.



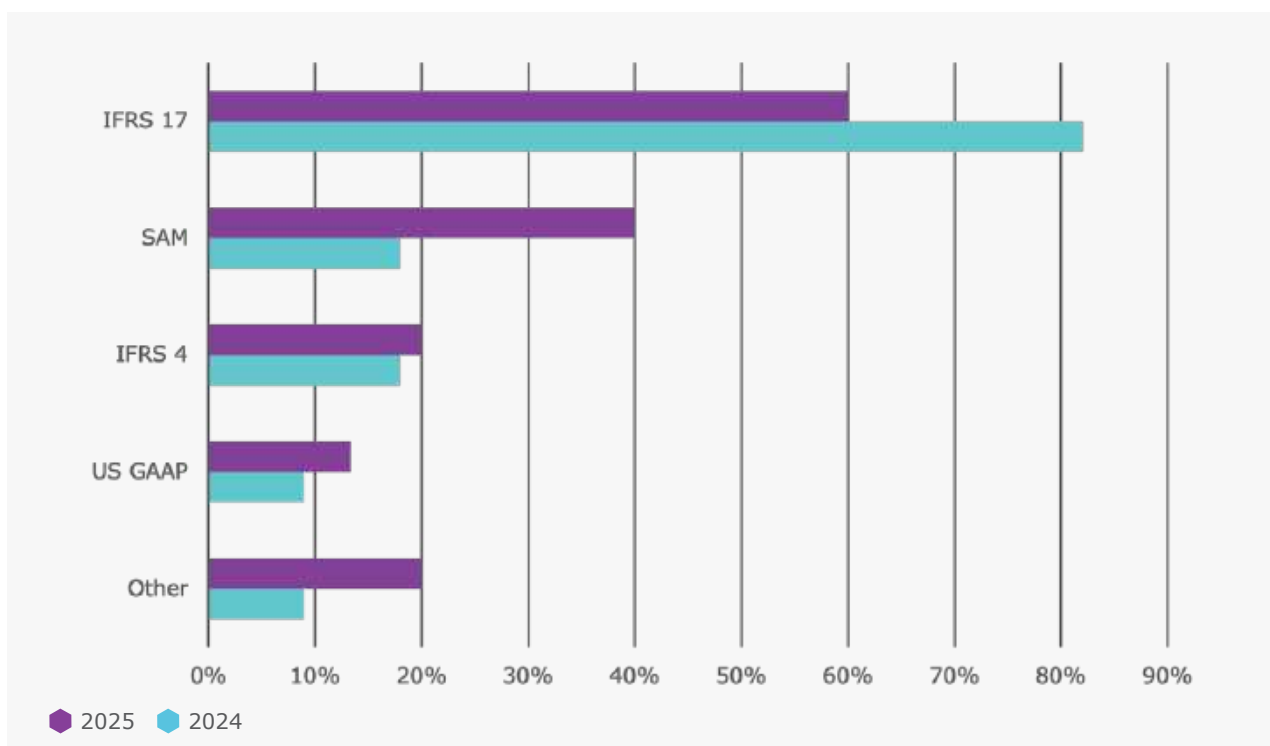
7. Reflections on the IFRS 17 Journey

Basis/standard used



Which basis/standard do you intend to use for management reporting for the foreseeable future?

BASIS/STANDARD USED



Most respondents – particularly those headquartered in South Africa – are now using IFRS 17, along with SAM as their bases for management reporting. Some are using alternative bases, such as IFRS 4, US GAAP or EV and intend on doing so for the foreseeable future.

Those who selected “Other” are either using EV/value reporting along with IFRS 17, IFRS 17 with zeroization, or SII – similar to SAM, but more transparent to the business for steering purposes.

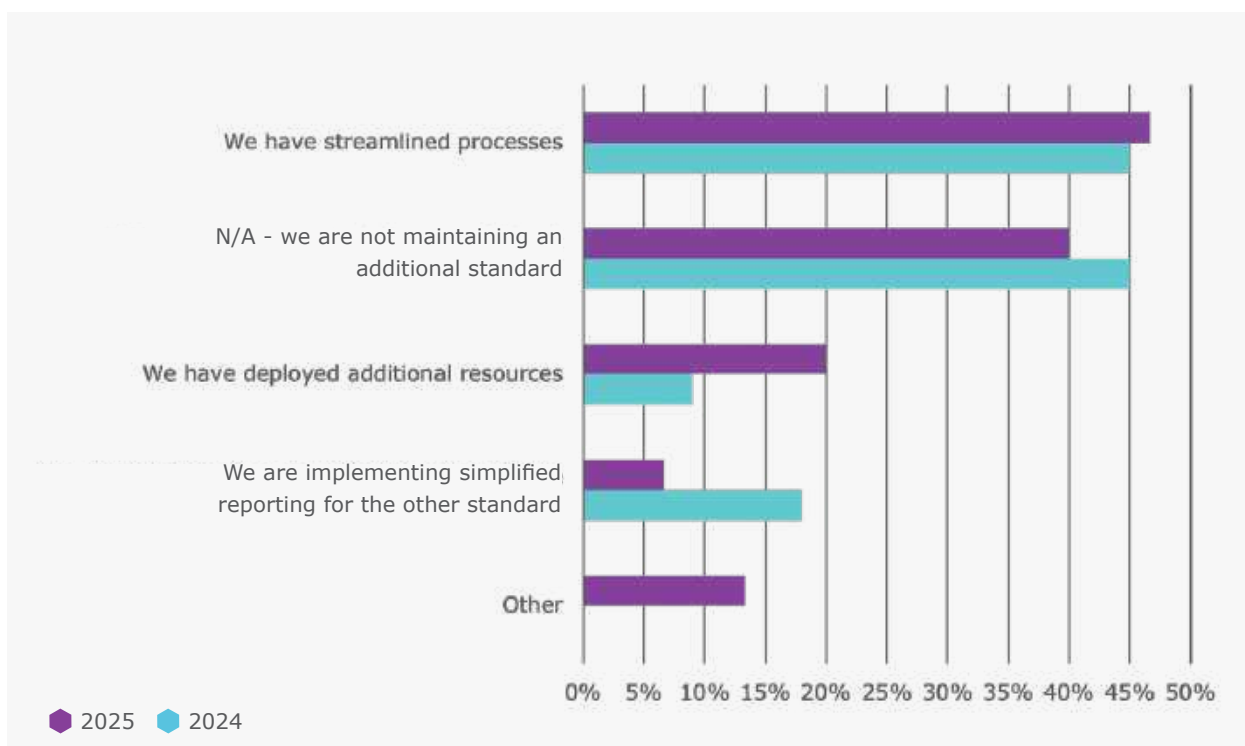


7. Reflections on the IFRS 17 Journey

Management/other stakeholder reporting

Q Where you are maintaining an additional standard for management/other stakeholder reporting, how are you managing the additional deliverables?

ADDITIONAL STANDARD



Almost 50% of respondents have streamlined processes to manage additional deliverables. Two respondents shifted in 2025 - from not maintaining an additional standard to adopting one. One respondent added EV/value reporting to their existing IFRS 17 framework, while another now uses IFRS 17 and SAM alongside their original IFRS 4 framework.

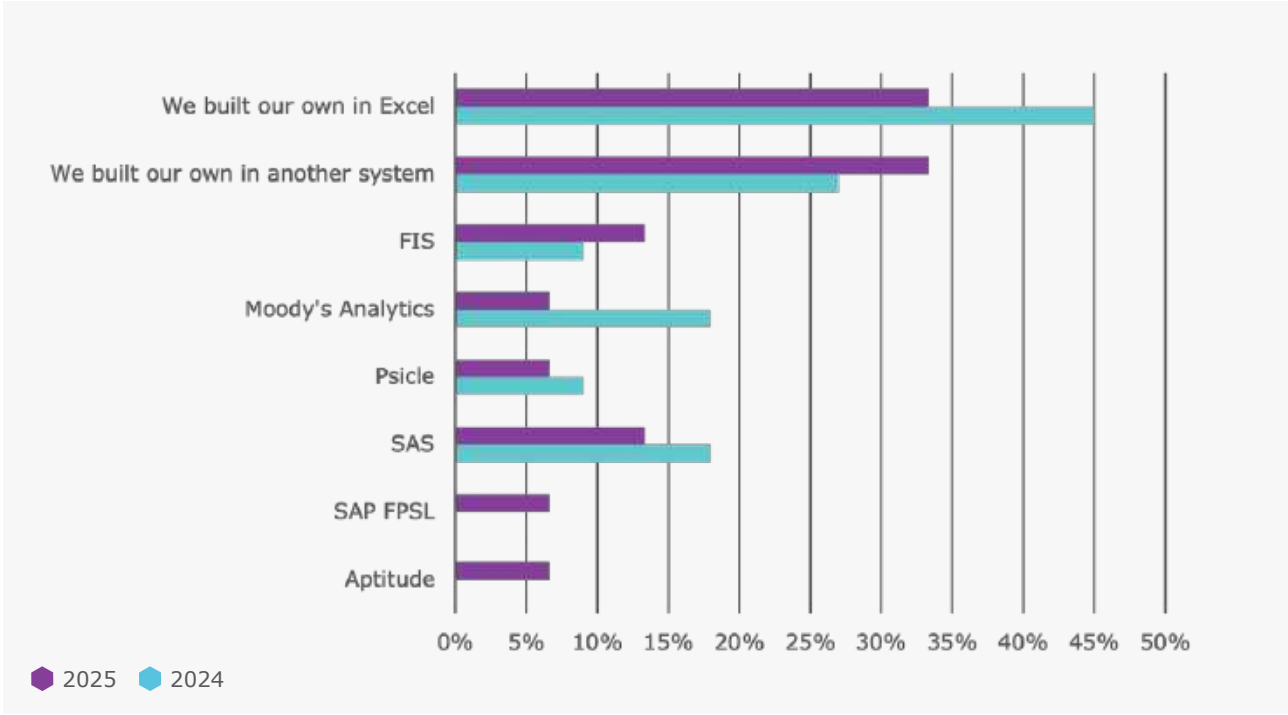
Those who selected "Other" stated:

- IFRS 4 is the main management reporting standard, SAM and IFRS 17 are additional deliverables running on separate processes; and
- IFRS 17 is their additional standard, they are currently doing IFRS 17 reporting solely for tax purposes.

IFRS 17 calculation engine

Q Which software solution are you using for your IFRS 17 calculations (excluding the calculation of future cash flows)?

IFRS 17 CALCULATION ENGINE

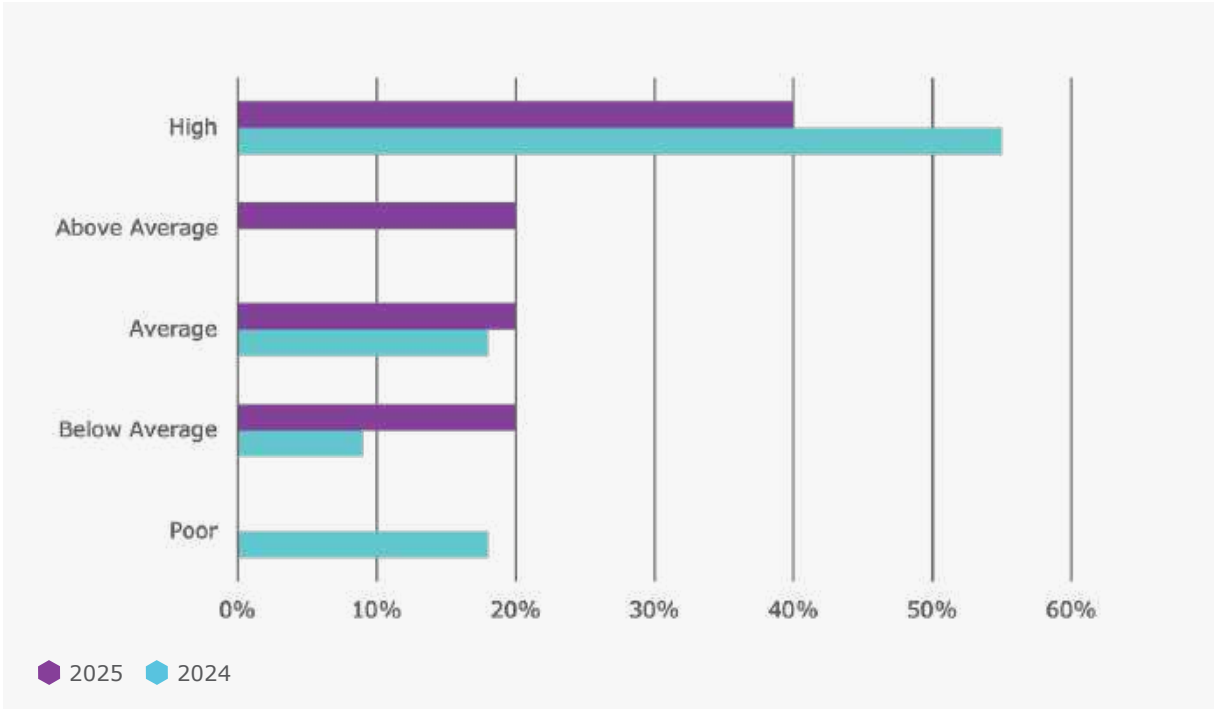


In 2025, most respondents built their own solution in Excel or another system. Only one switched from a different system to Excel.

Satisfaction with software used

Q How would you rate your level of satisfaction overall with your chosen software solution?

SOFTWARE SATISFACTION



In 2025, less than half of the respondents reported high satisfaction with their chosen software solution.

These respondents were predominantly those who developed their own system.

Two respondents (who both use third party solutions) expressed lower satisfaction with their software solution in 2025 compared to 2024.

SURVEY 3

Respondents' Choice

15 Respondents



8

Reporting and IFRS 17 as BAU

15 Respondents





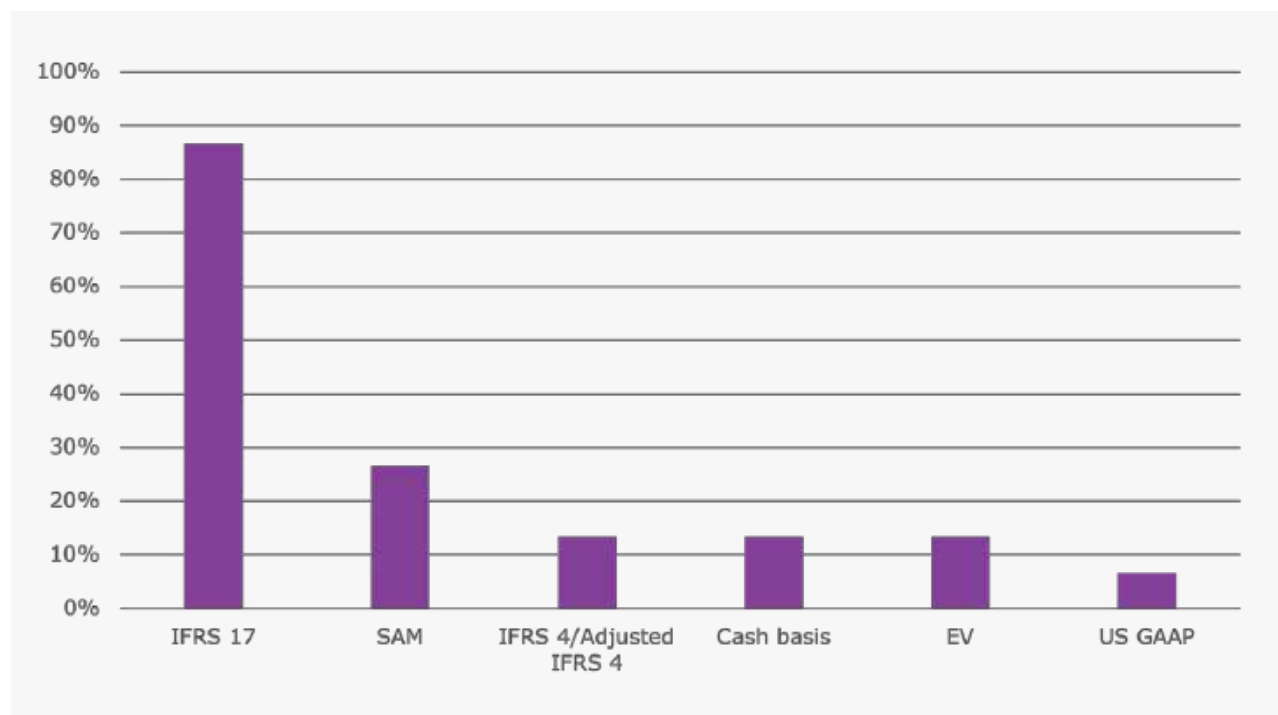
8. Reporting and IFRS 17 as BAU

Basis for performance metrics



Which basis/bases are you using for the performance metrics used for Board reporting and, in turn, upon which the Board is basing decisions?

BASIS USED FOR PERFORMANCE METRICS

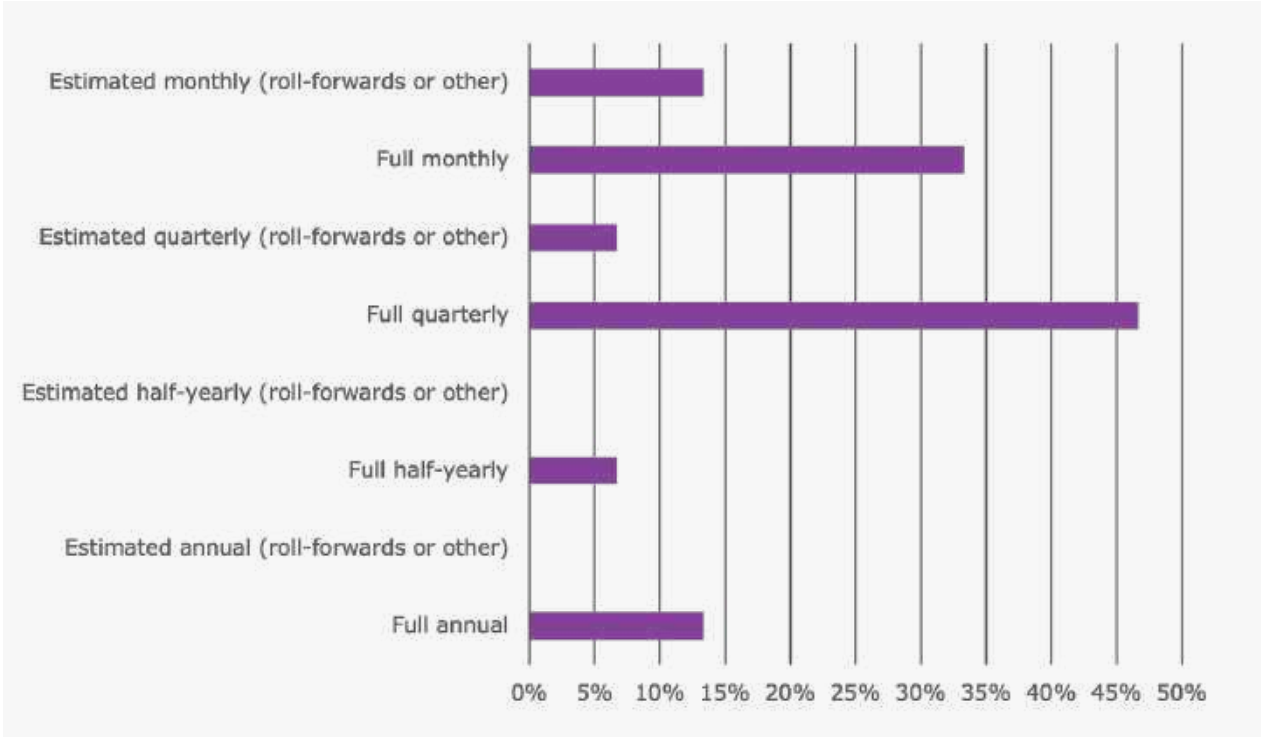


Almost all respondents have included IFRS 17 as one of their bases used for performance metrics. The respondents who are not using IFRS 17 at all are using either US GAAP or a cash basis.

IFRS 17 reporting frequency

Q What is your IFRS 17 reporting frequency?

IFRS 17 REPORTING FREQUENCY

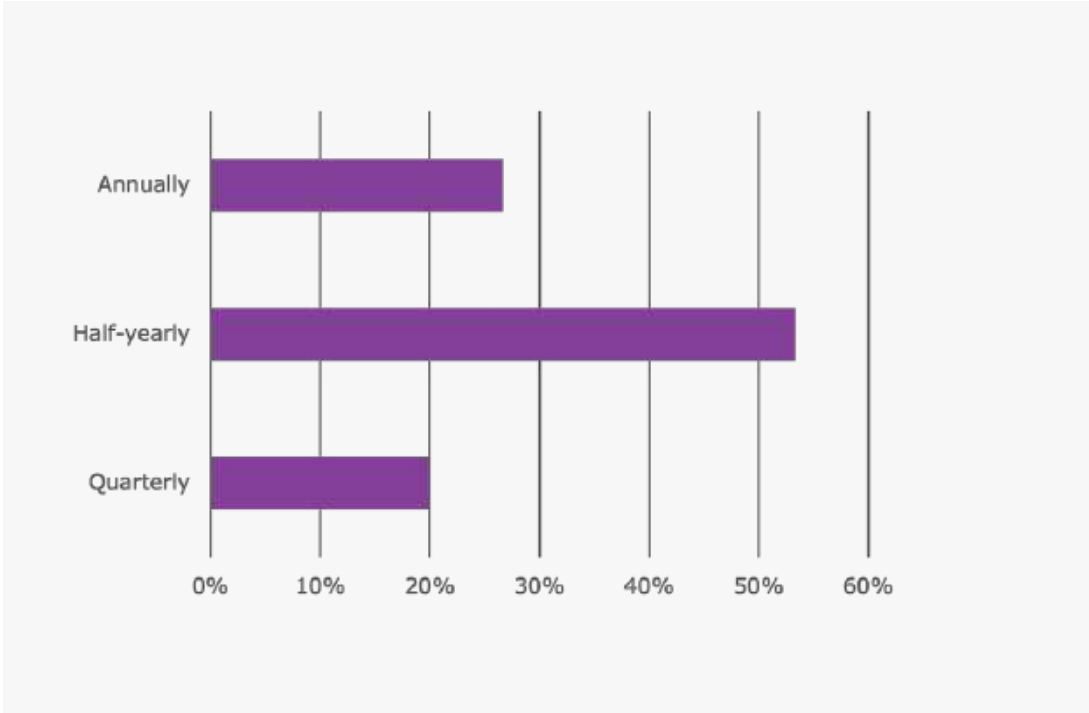


A substantial proportion of respondents are doing full monthly and/or quarterly IFRS 17 reporting.

IFRS 17 forecasting

Q How often are you updating your IFRS 17 forecasts during the year?

UPDATE OF IFRS 17 FORECASTS



Most respondents are updating their IFRS 17 forecasts on a half-yearly basis.



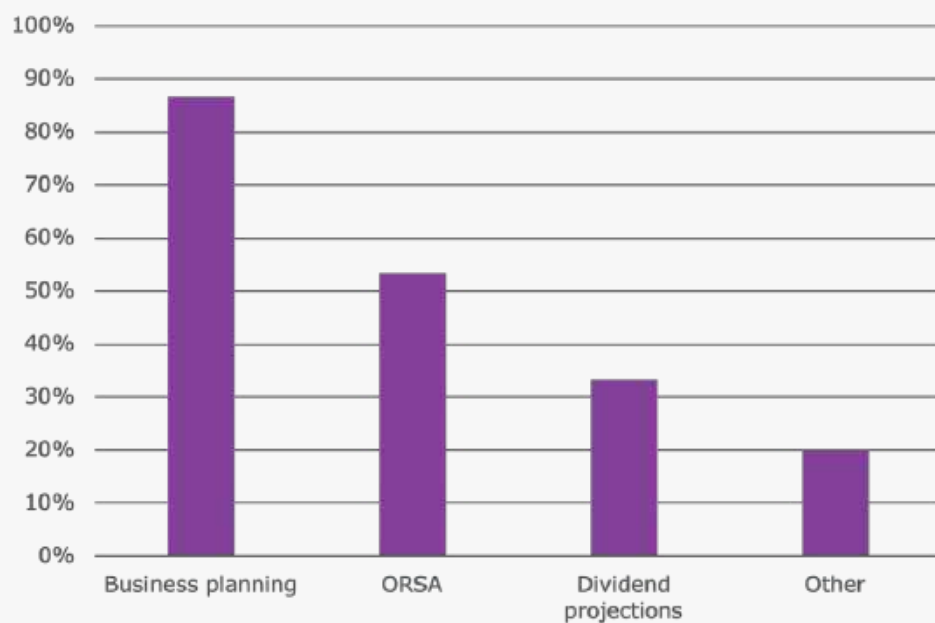
8. Reporting and IFRS 17 as BAU

IFRS 17 forecasting



For which purpose(s) do you use your IFRS 17 forecasts?

PURPOSE OF IFRS 17 FORECASTS



Most respondents use their IFRS 17 forecasts for business planning.

Respondents who selected “Other” provided the following purposes for which they use their IFRS 17 forecasts:

- Deferred Tax Asset recoverability
- Going concern calculations
- Financial Reporting



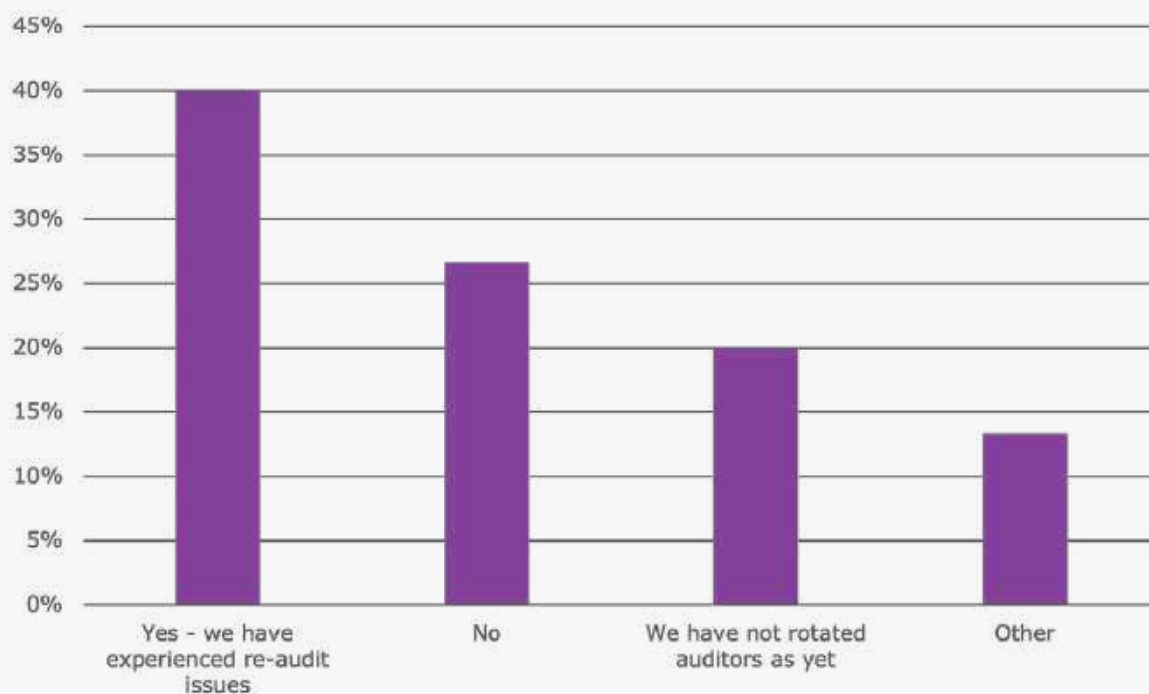
8. Reporting and IFRS 17 as BAU

External audit process



Have you found that external audit rotations have caused re-audit of transition and comparatives or other complications?

ISSUES WITH AUDIT ROTATION



Around 35% of respondents have experienced re-audit issues as a result of external audit rotations.

The respondent who selected "Other" stated the following:

- No real issues/disagreements on methodologies, implementation or transition. The complications have been more around what's considered prior year errors, and just getting new auditors up to speed and getting used to their way of working (rather than a function of IFRS 17 specifically).



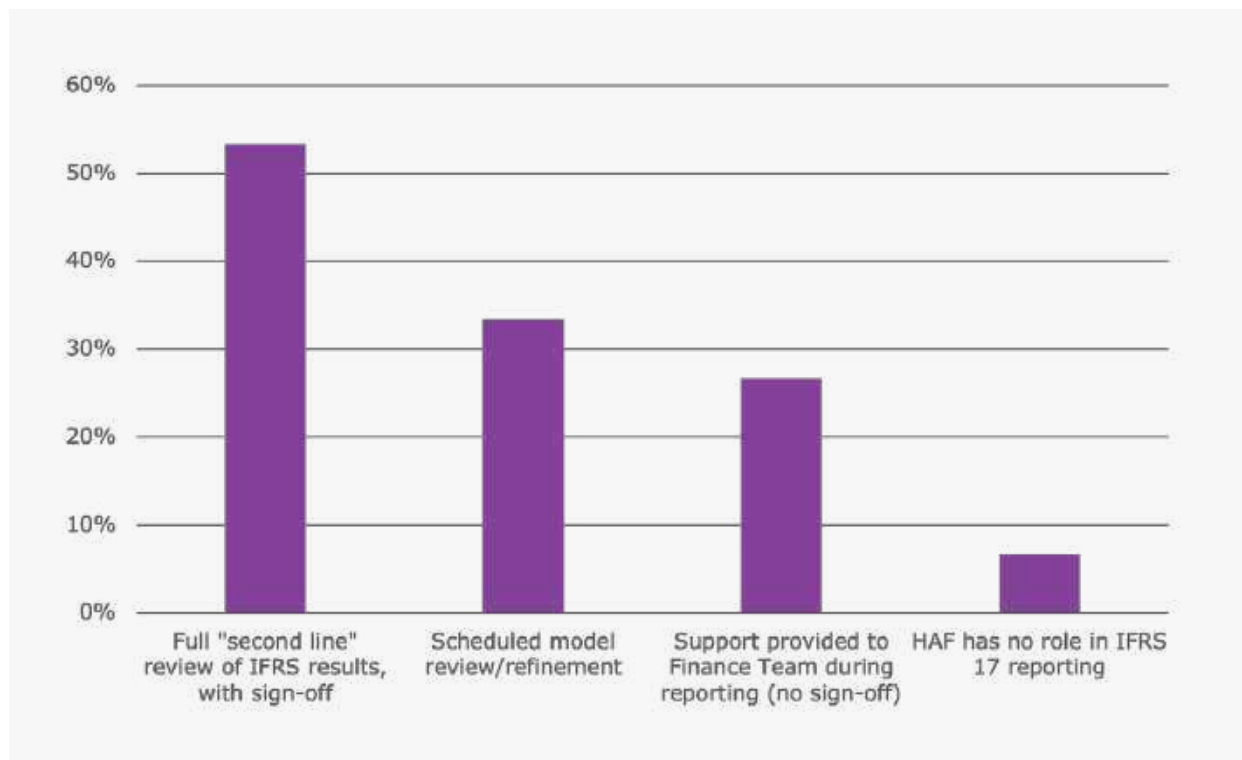
8. Reporting and IFRS 17 as BAU

Role of HAF in IFRS 17 reporting



How would you perceive the role of the HAF in IFRS 17 reporting?

ROLE OF HAF IN IFRS 17 REPORTING



The role of the HAF is traditionally associated with technical provisions and solvency capital requirements – when it comes to financial reporting the responsibilities of the HAF are less prescribed.

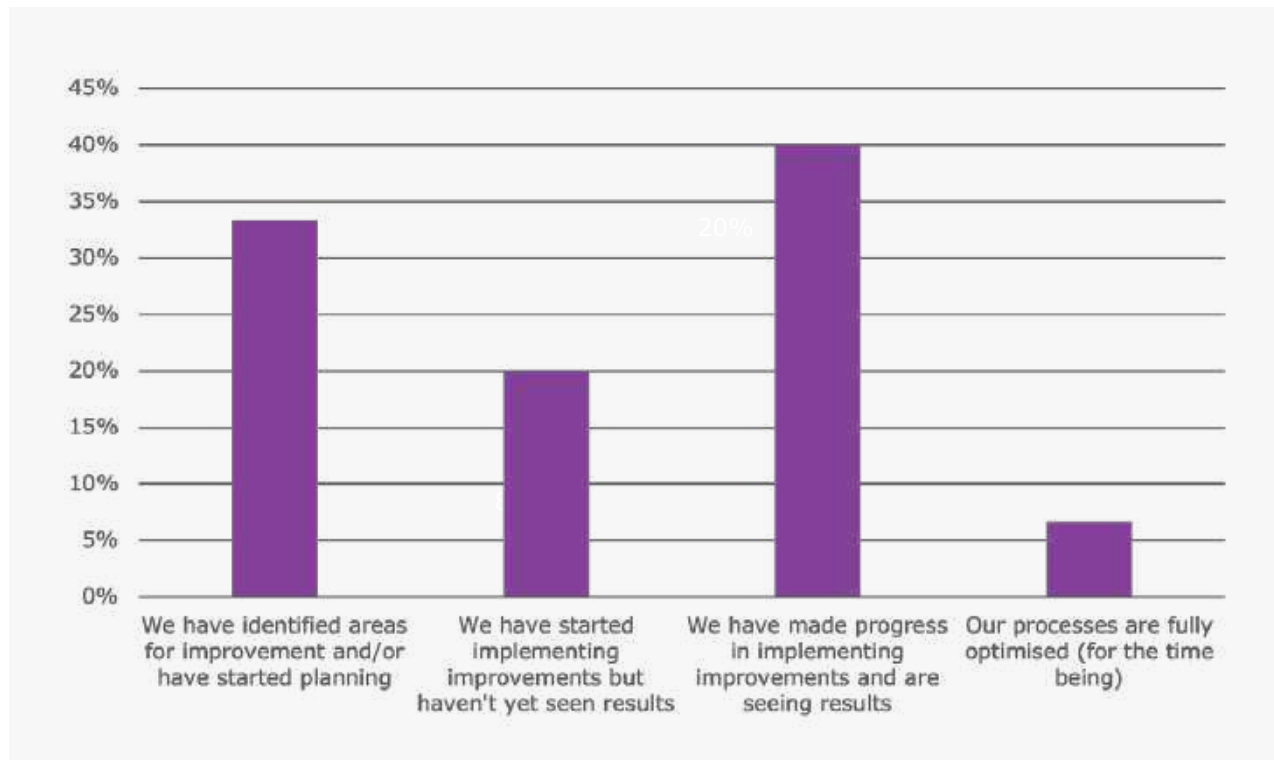
There were diverse views across respondents in terms of how the role of the HAF is perceived under IFRS 17, but in more than half of the entities, the HAF performs a full “second line” review, with sign-off.

Progress in optimising IFRS 17 processes



How much progress have you made in optimising your IFRS 17 processes?

PROGRESS MADE IN OPTIMISING IFRS 17 PROCESSES



While 2024 was about getting the first IFRS 17 reporting period over the line, respondents have used the time since then to improve and optimise their reporting processes.

Forty percent of respondents have made progress in optimising their IFRS 17 processes by implementing improvements and are seeing results.



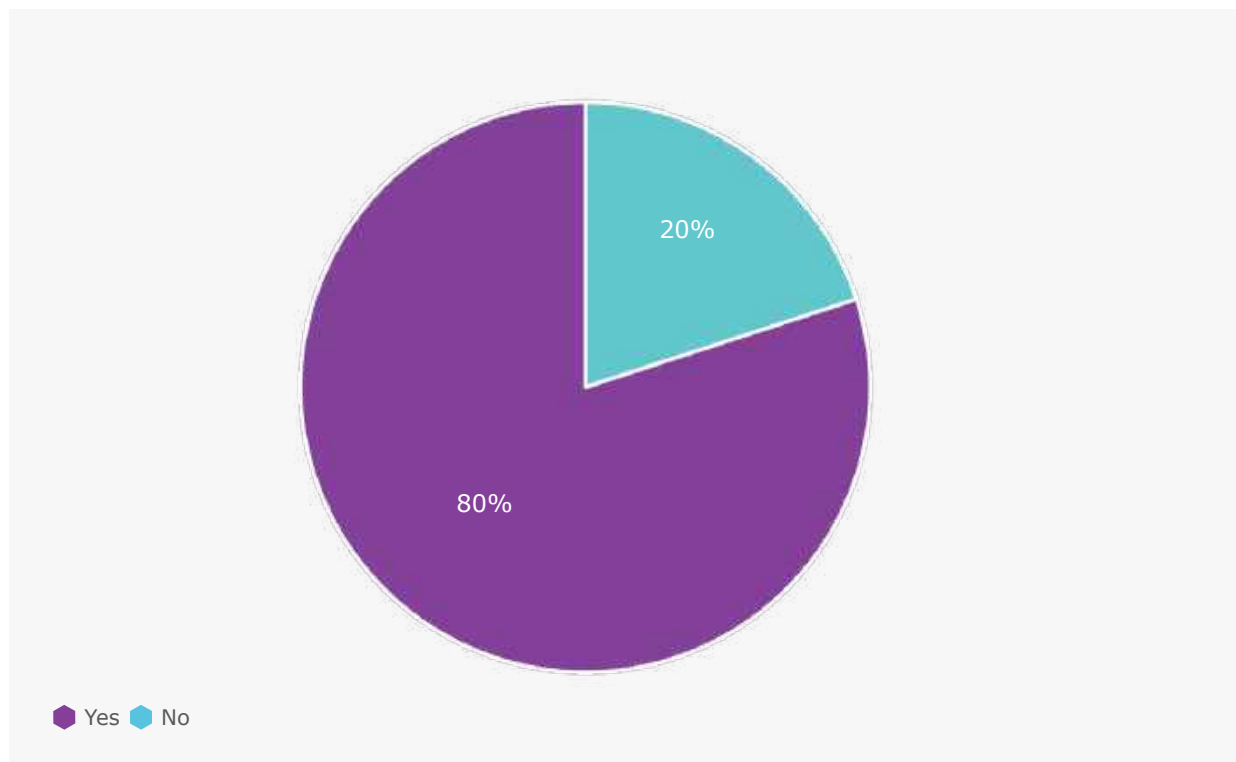
8. Reporting and IFRS 17 as BAU

Difficulties in populating new SAM template



Did you/your team experience difficulties in populating the new SAM template?

DIFFICULTIES IN POPULATING THE NEW SAM TEMPLATE



The Prudential Authority published a new quantitative reporting template for use from the Q1 2025 reporting period. Only three respondents reported difficulties in populating the new SAM template. When asked to elaborate, one cited the late notice of the template change as the main challenge, another noted that they had made assumptions and had not yet been challenged or questioned by the PA, while the third said that certain mappings and treatment of line items under the IFRS 17 balance sheet could not be mapped to the old IFRS 4 balance sheet easily.



9

Measurement

14 Respondents

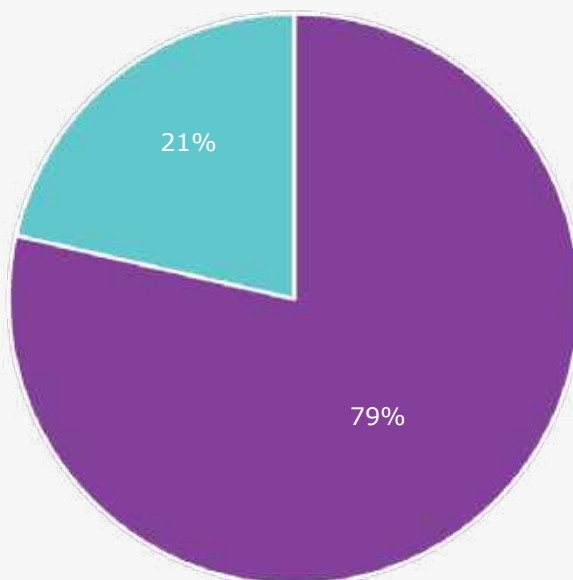


MEASUREMENT OF SHORT CONTRACT BOUNDARY BUSINESS

Q

Are you using the PAA or GMM for Life business with a contract boundary of less than 12 months?

ARE YOU USING THE PAA OR GMM FOR LIFE BUSINESS WITH A CONTRACT BOUNDARY OF LESS THAN 12 MONTHS?



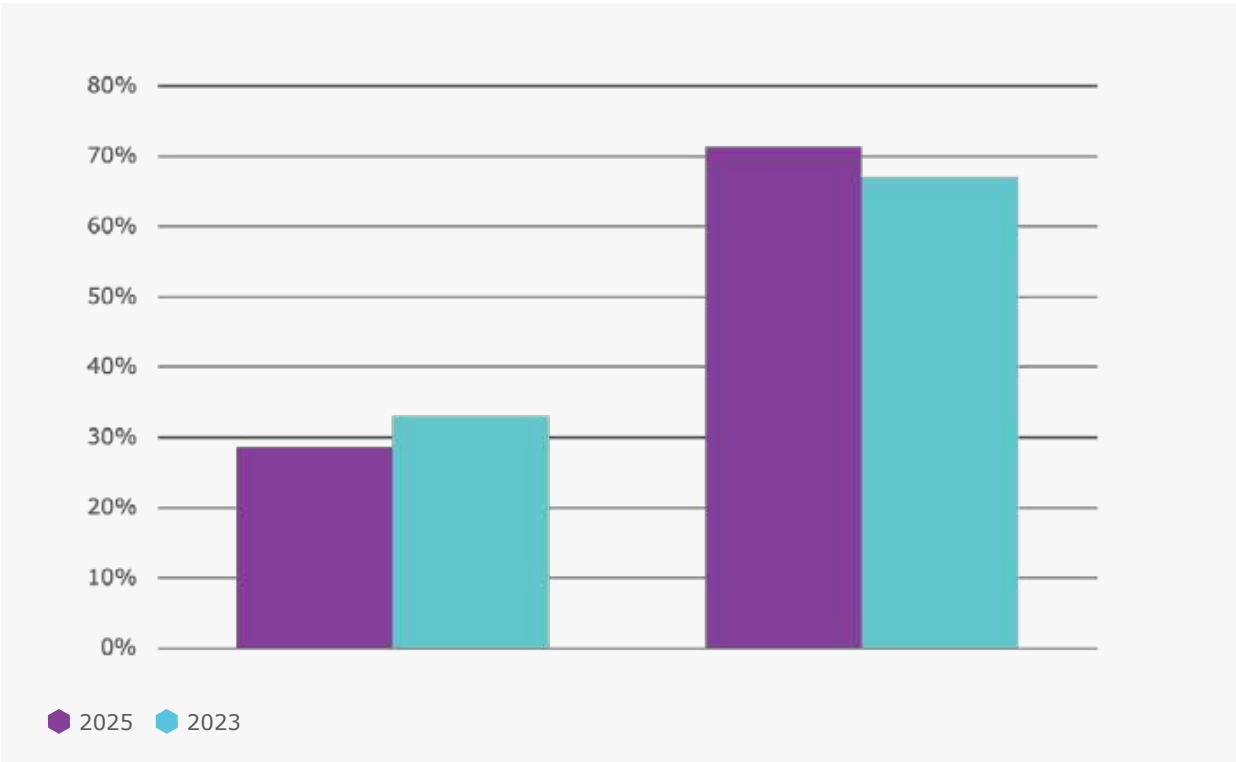
Yes No

Most respondents are using the PAA for short contract boundary business. Those who are using the GMM are doing so either for practical purposes (it makes sense for them to value all products using the same model and process) or because they are pre-empting a future change in contract boundary.

OCI Option?

Q How would you rate your level of satisfaction overall with your chosen software solution?

HAVE YOU TAKEN THE OCI OPTION?

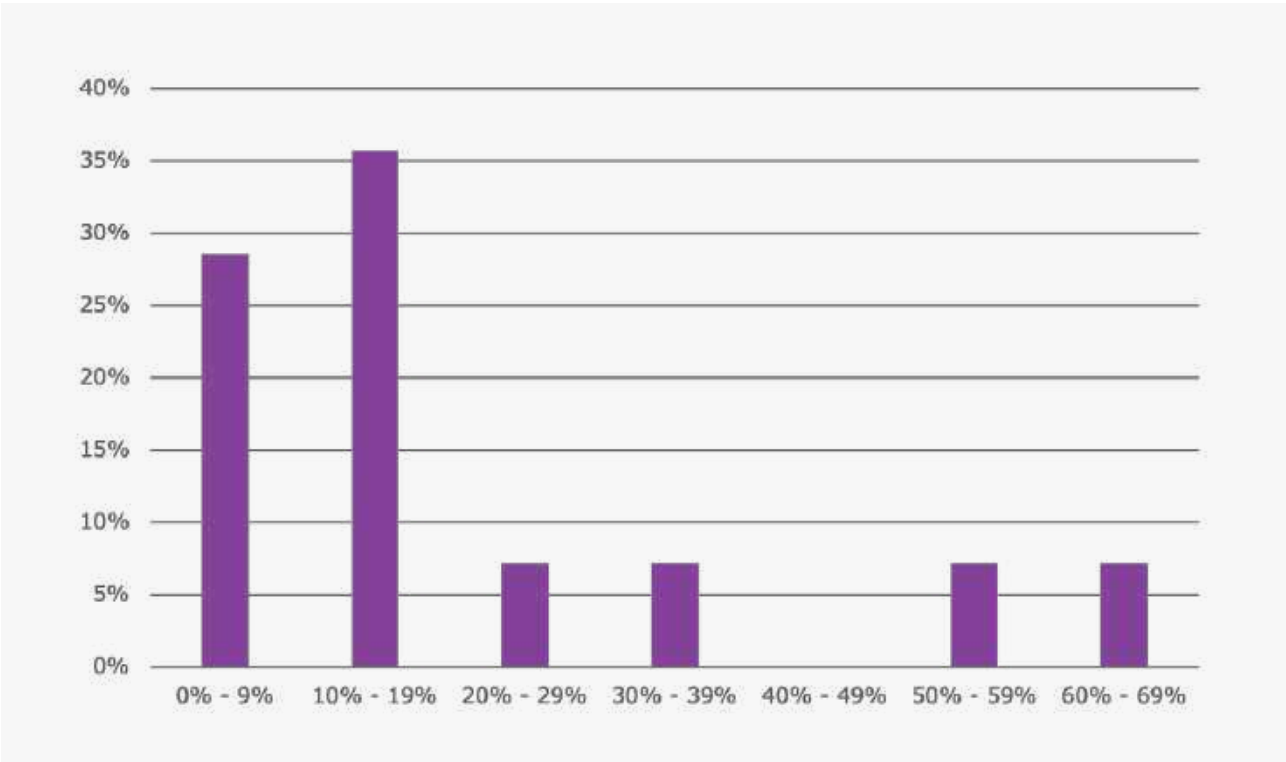


The IFRS 17 OCI (Other Comprehensive Income) option allows insurers to report some of the financial impact of changes in interest rates and other economic assumptions in OCI rather than in profit or loss (P&L), which helps reduce volatility in earnings. Similar to 2023, few respondents have chosen to take up the OCI option. All four previous respondents have maintained their choice in 2025. The respondents who had taken up the OCI option were either bancassurers or reinsurers.

Proportion of business that is onerous

Q What proportion of your business (as a % of APE, rounded to the closest 10%) is onerous as per the IFRS 17 definition?

PROPORTION OF BUSINESS THAT IS ONEROUS

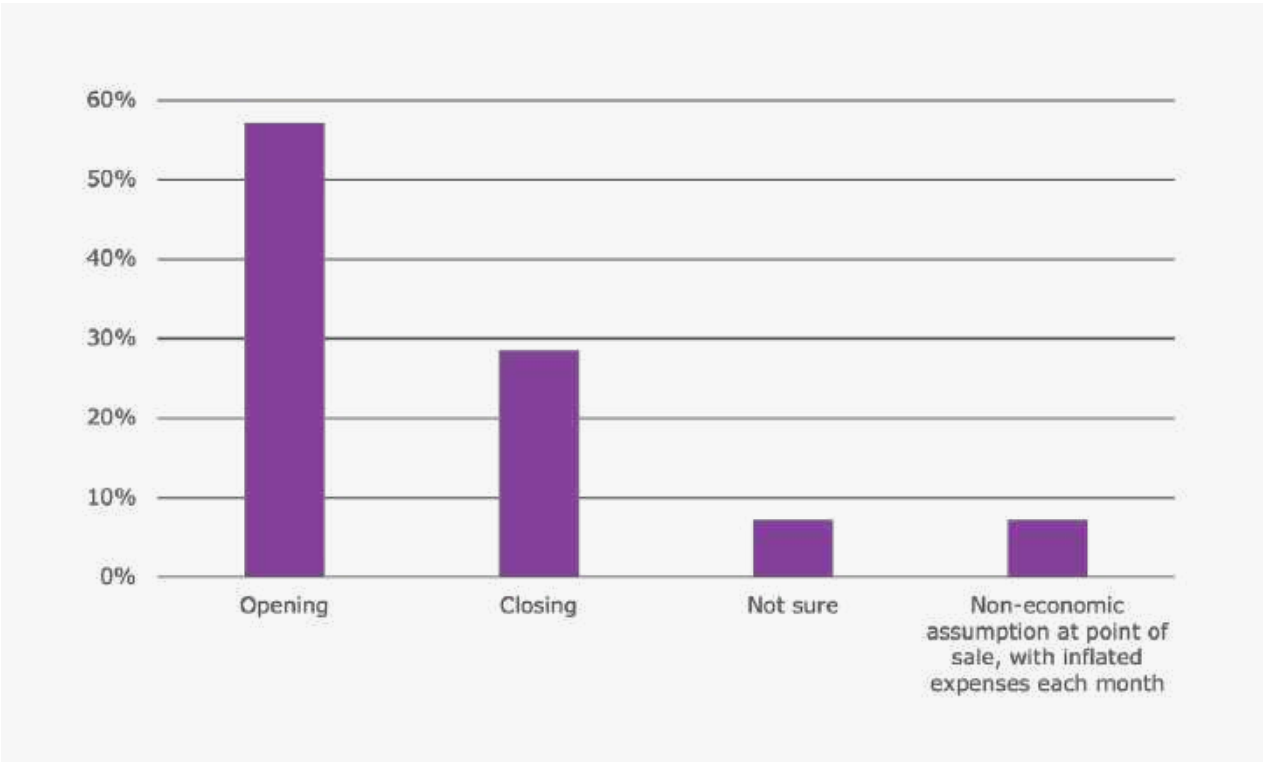


Most respondents classify less than 20% of their business as loss-making.

Non-economic assumptions

Q Which non-economic assumptions do you use at initial recognition?

WHICH NON-ECONOMIC ASSUMPTIONS DO YOU USE AT INITIAL RECOGNITION?



Most respondents use opening non-economic assumptions at initial recognition.



10

CSM and loss component

14 Respondents





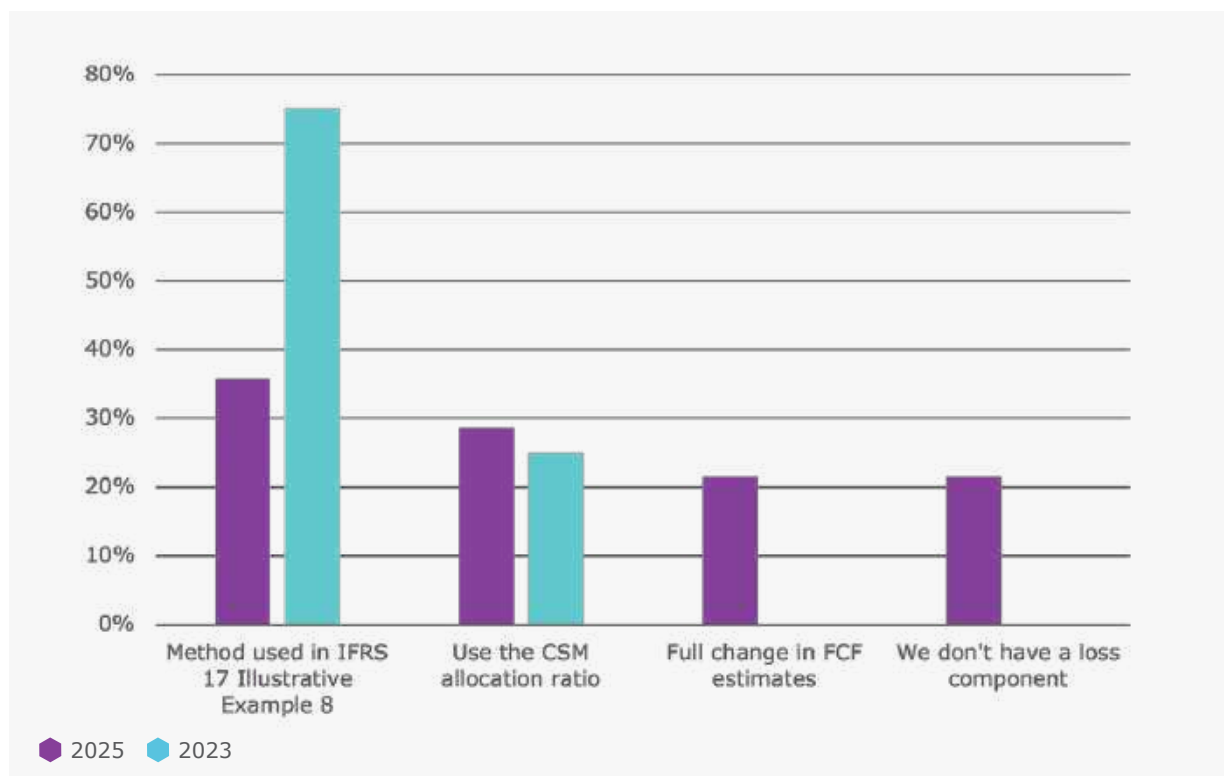
10. CSM & Loss Component

Reversal of loss component



Which method do you use for the reversal of the loss component?

LOSS COMPONENT REVERSAL METHOD



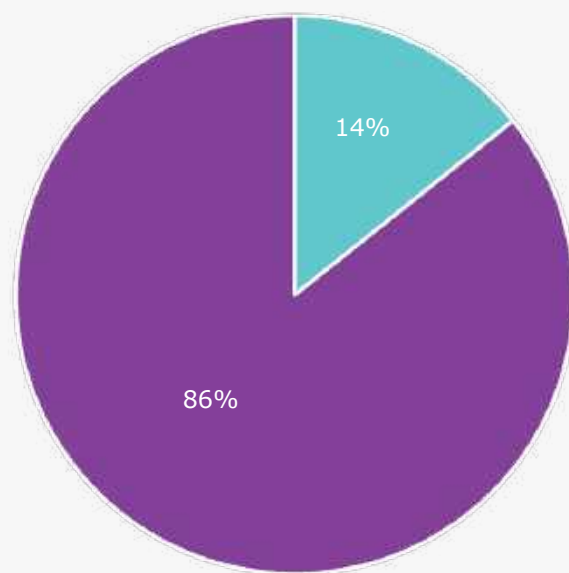
The highest number of respondents still use the method used in IFRS 17 Illustrative Example 8 for the reversal of loss component, although there is also more use of other methods compared to 2023. Two respondents changed their previous approach - one shifted from using the CSM allocation ratio to applying IFRS 17 Illustrative Example 8, while the other moved from using Example 8 to allocating 100% of claims, expenses, and risk adjustment release in each period.

Appropriate definition of coverage units



Are there any products for which your company is concerned about the appropriate definition of coverage units?

ANY PRODUCTS FOR WHICH YOUR COMPANY IS CONCERNED ABOUT THE APPROPRIATE DEFINITION OF COVERAGE UNITS?



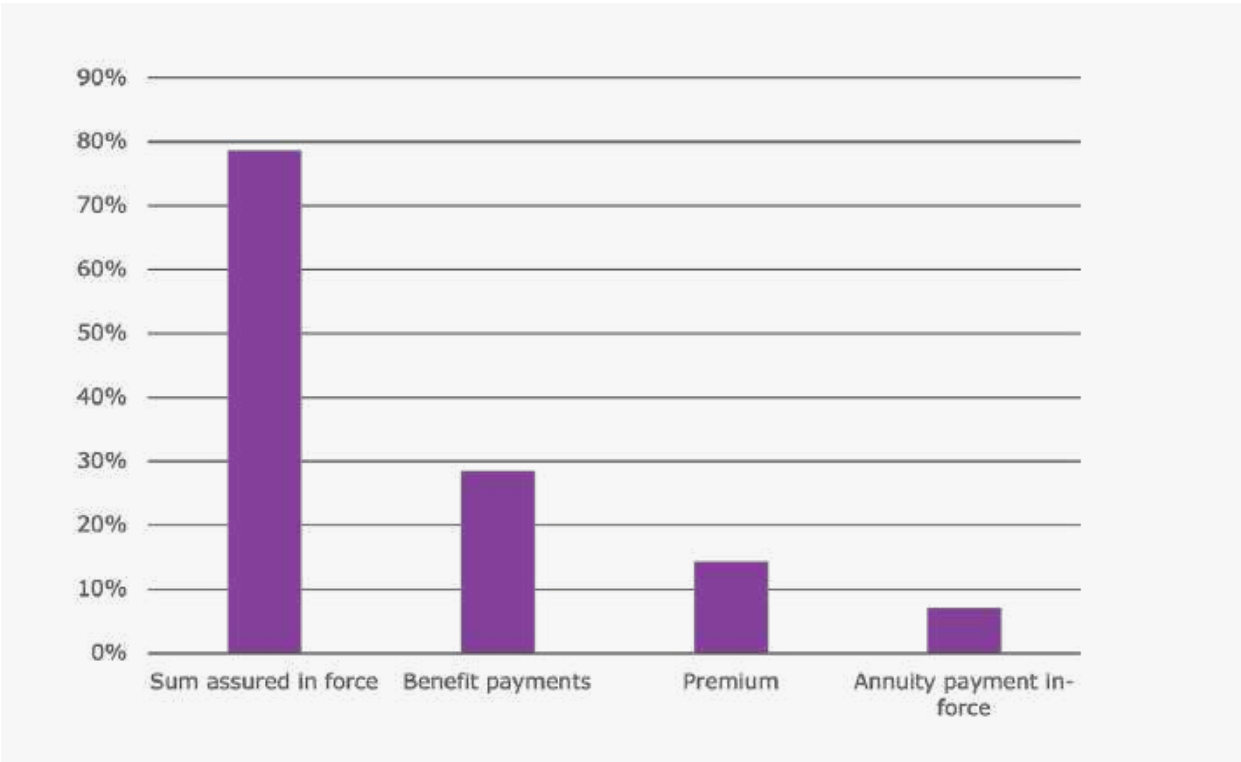
Yes No

Just under 90% of respondents indicated that there are no products for which their company has concerns about the appropriate definition of coverage units.

Top measures to calculate coverage units

Q Which is (are) the top measure(s) you use to calculate coverage units?

TOP MEASURES TO CALCULATE COVERAGE UNITS



Most respondents use sum assured in force as their top measure to calculate coverage units.



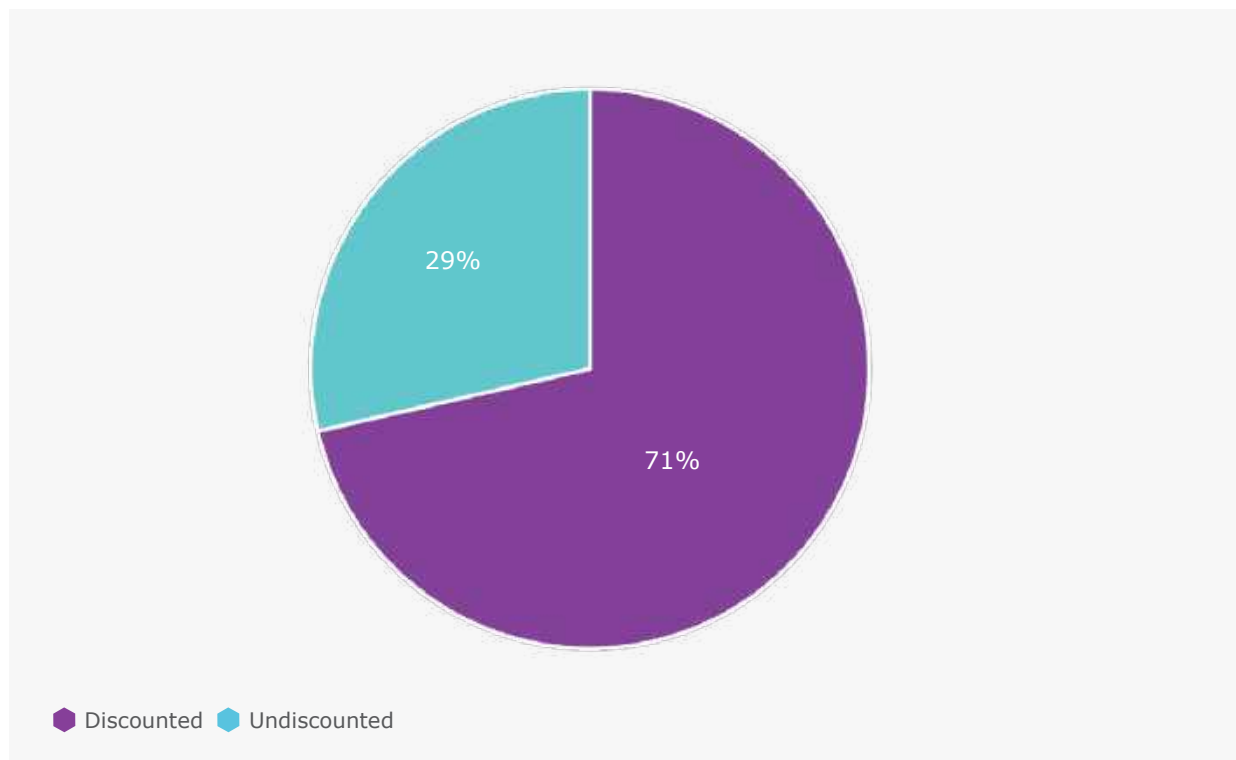
10. CSM & Loss Component

Discounted or undiscounted coverage units



Are you using discounted or undiscounted coverage units?

ARE YOU USING DISCOUNTED OR UNDISCOUNTED COVERAGE UNITS?



More than 70% of respondents use discounted coverage units.

SURVEY 4

Closing the Gap [Part III] Automation & Systems

11 Respondents



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11

Automation & Systems

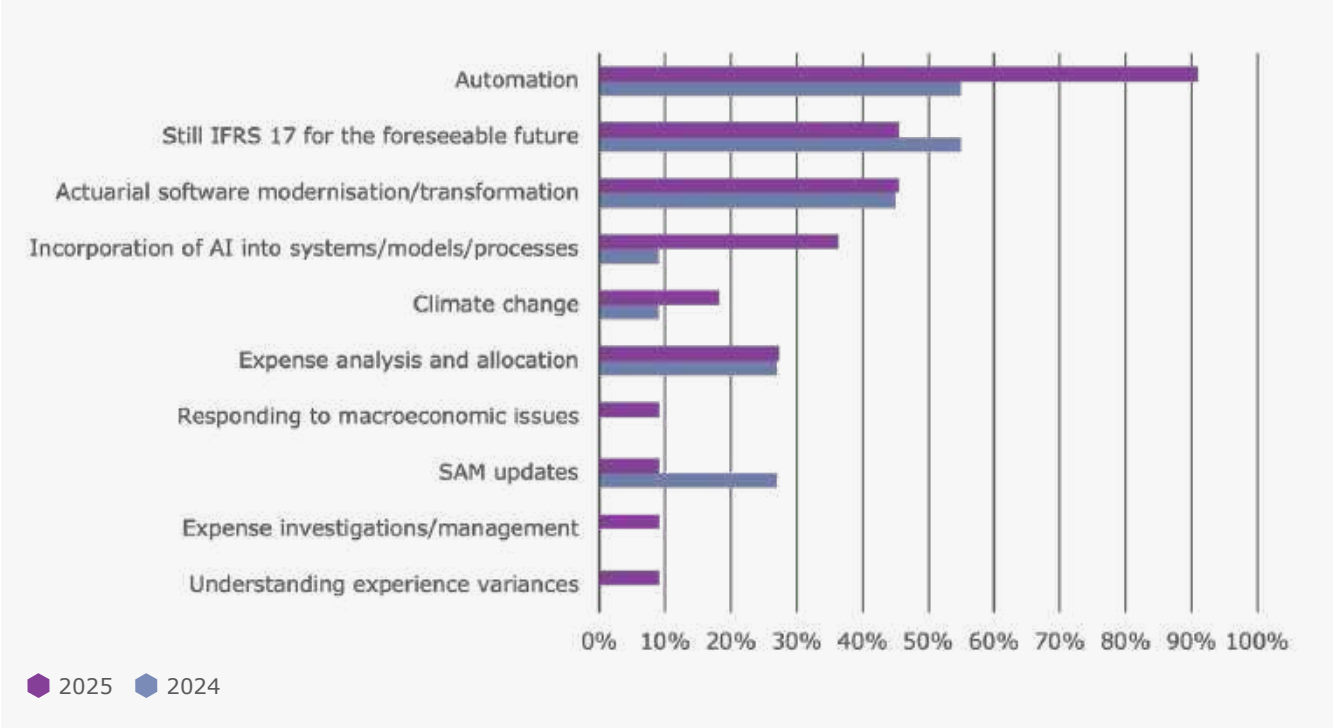
11 Respondents



Next focus areas

Q What do you expect to be the next major focus area(s) for actuarial teams at your company following IFRS 17 implementation?

FOCUS AREAS



While IFRS 17 will still be a focus area for the foreseeable future for many entities, a strong theme of automation and modernisation has emerged.



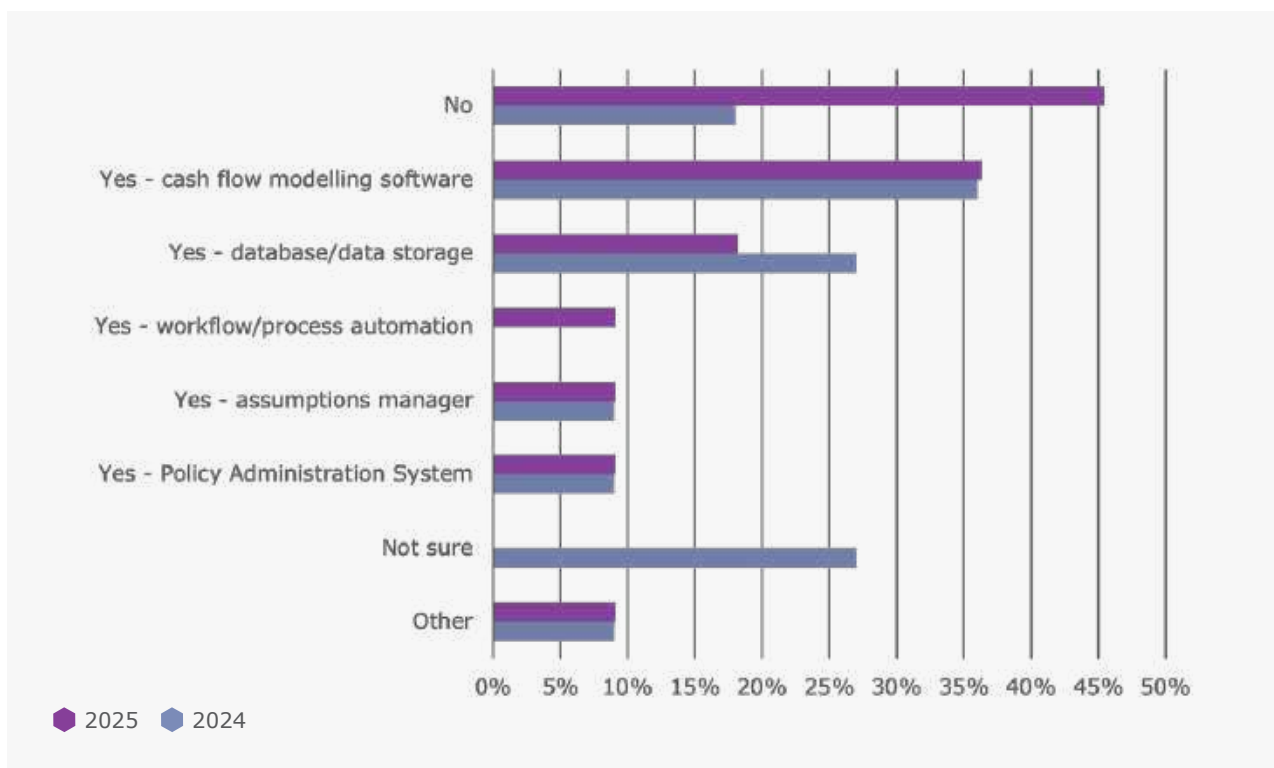
11. Automation & Systems

Change in actuarial software



Is your company contemplating a change in your actuarial software landscape within the next five years?

CHANGE IN SOFTWARE



While systems improvements and automation are very much front of mind, there's a marked decrease in the number of respondents contemplating changes in their actuarial systems landscape. Discussions revealed that teams are more likely to focus on the automation, optimisation and orchestration of their current systems and processes rather than consider large-scale migration projects

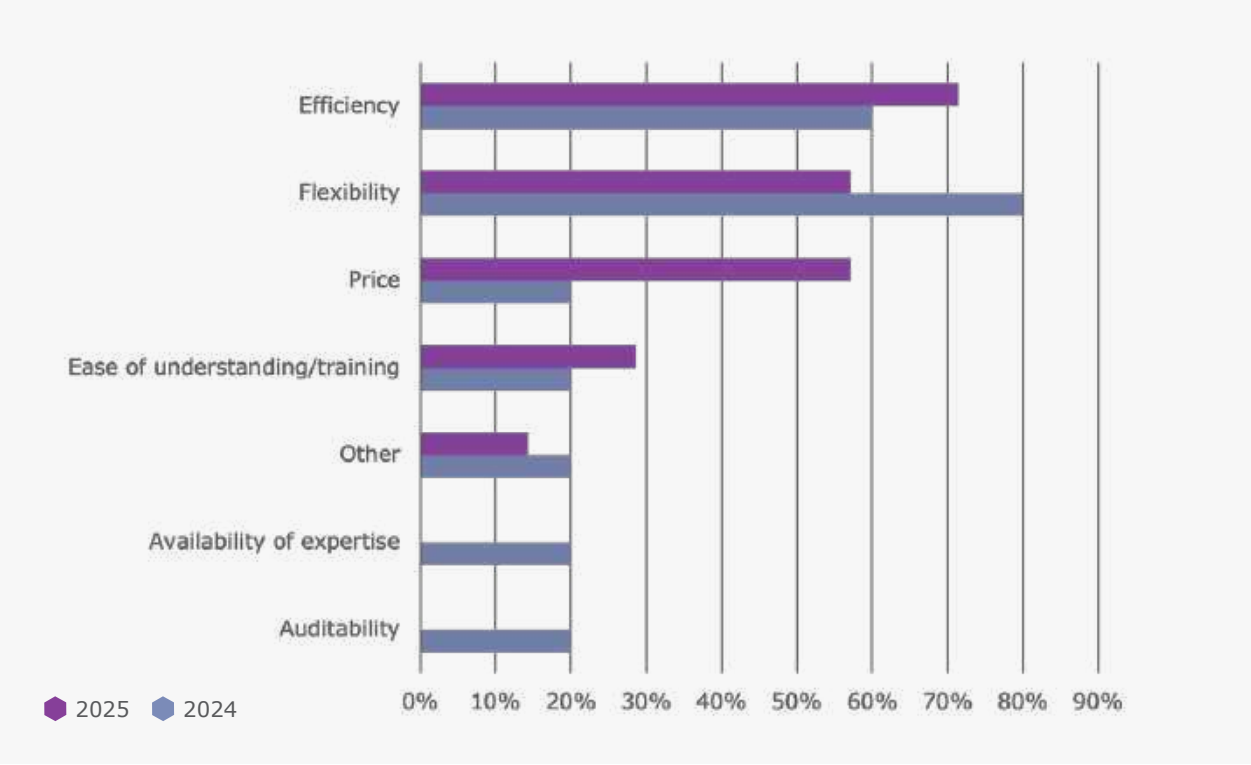
The respondents that selected "Other" stated:

- There is always some level of change happening in the business. They are not planning on making material changes to software.

Reasons for migration

Q If you answered yes to the previous question, what are the reasons for the foreseen migration?

REASONS FOR MIGRATION



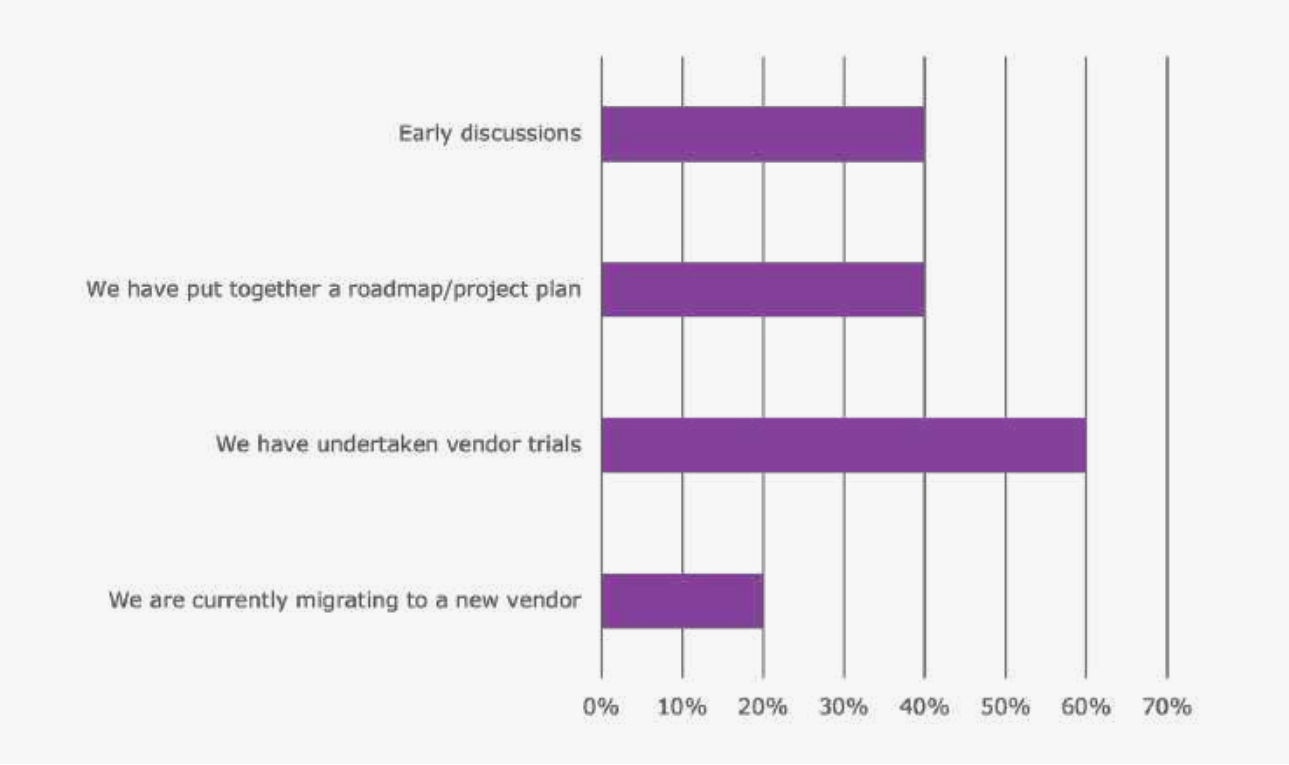
Similar to 2024, most of the respondents who are considering a change in their software, are doing so due to increased flexibility and efficiency. The respondent who selected “Other” changed their response from flexibility to being consistent with other regions.

6 Respondents

Progress in migration journey

Q If you are considering a change to your actuarial systems landscape, where are you in your modernisation/transformation/migration journey?

PROGRESS IN MIGRATION JOURNEY



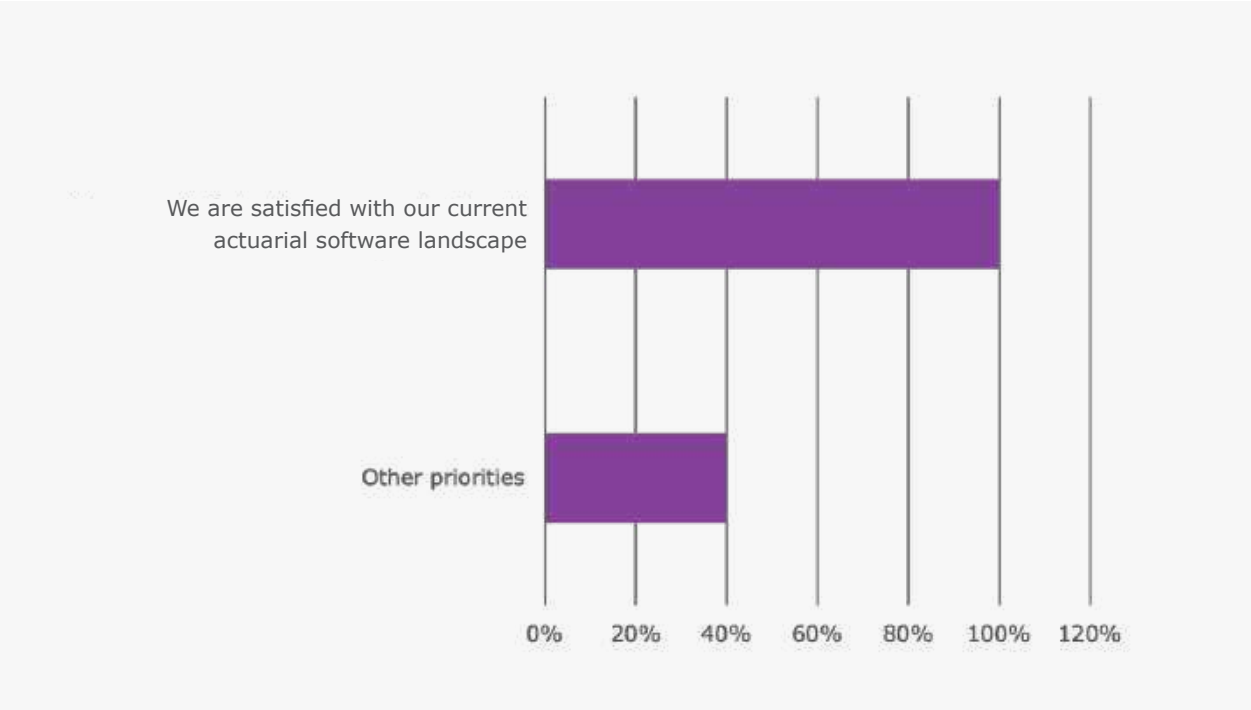
Respondents who are embarking on changes to their systems landscape are at various stages of the journey, ranging from early discussions to already migrating to a new vendor.

6 Respondents

Why are you not contemplating a change to your actuarial software?

Q Why is your company not contemplating a change in your actuarial software landscape within the next five years?

REASONS FOR NOT CHANGING



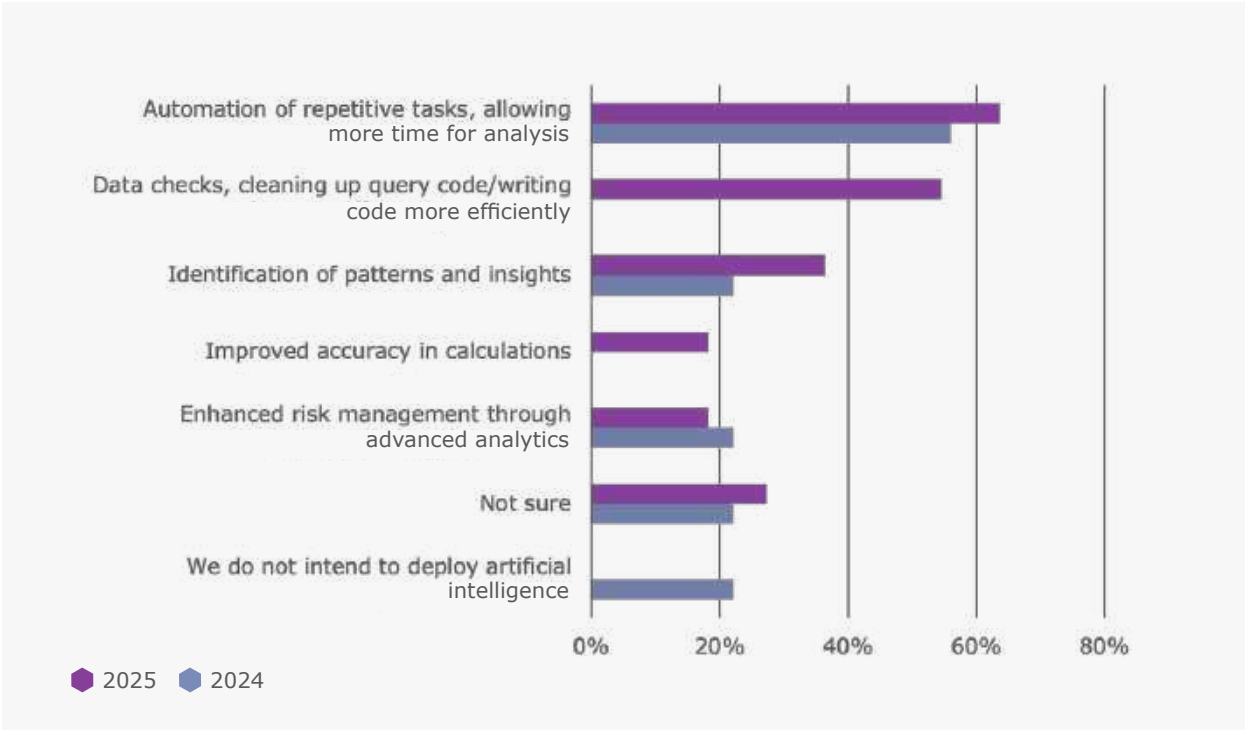
All respondents who answered no are satisfied with their current actuarial software landscapes. Some also indicated that they had other priorities to focus on.

5 Respondents

Future intended use of AI

Q If your company intends to deploy some form of AI in future, what do you expect the benefits to be?

BENEFITS OF AI DEPLOYMENT



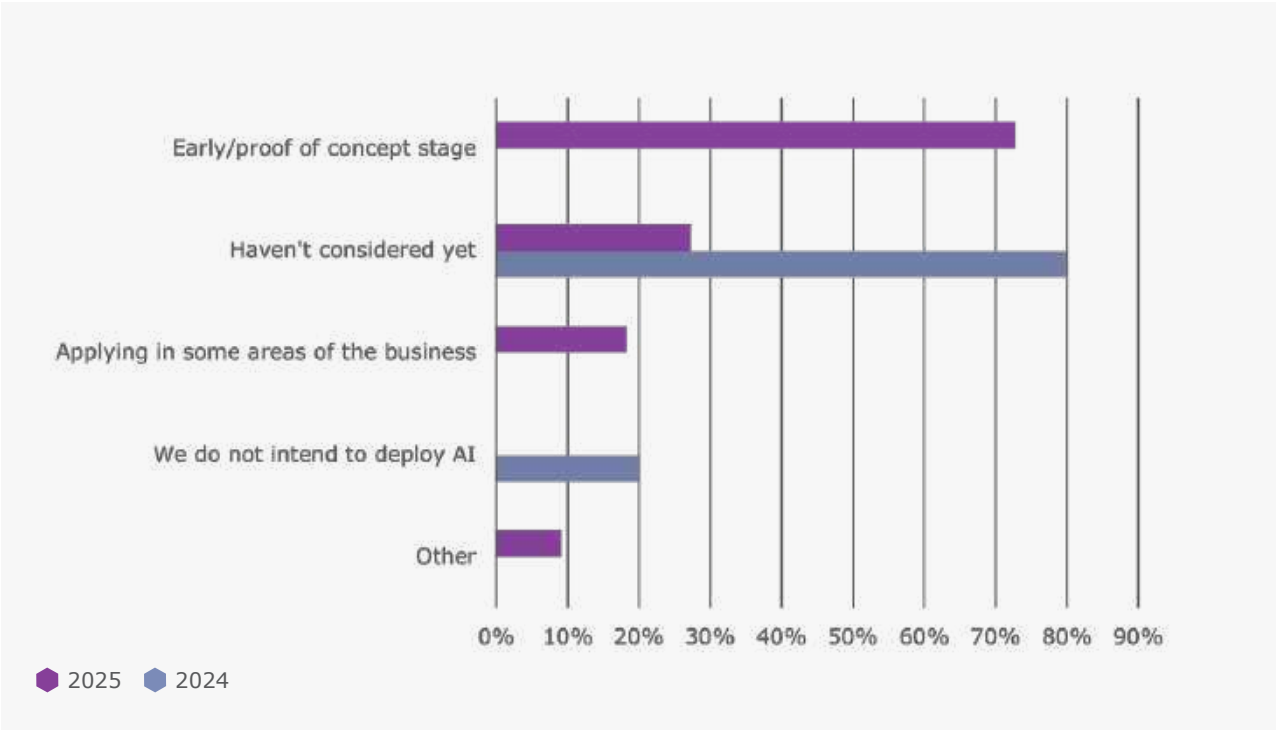
In the same vein as automation, modernisation and systems optimisation, the deployment of artificial intelligence (AI) is a talking point for most insurers.

Our discussions revealed that most are at early/proof of concept stages of AI deployment and are experimenting with various AI tools to figure out how the technology might best be applied to their business.

Future intended use of AI

Q At what stage of AI deployment is your finance/actuarial team?

STAGE OF AI DEPLOYMENT



Like in 2024, the majority of respondents expect future AI deployments to automate repetitive tasks.

The respondent that selected "Other" stated that they are using AI to ask "how to" questions from chatbots with no other usage yet.

IFRS 17 Benchmarking Survey

Series 4

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