BRIDGING THE POST-IFRS 17 STRATEGIC GAP

From Compliance Reporting to Dynamic Strategic Steering

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About the Speaker

John

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Specializes in advanced post-IFRS 17 actuarial methodologies with a strong foundation as a technical actuarial modeler.

Former Actuarial Consultant at EY Singapore, bringing deep practitioner-level expertise to the complex data and modeling requirements of the new valuation paradigm.

Work centers on assisting major insurers in overcoming structural reporting challenges—CSM roll-forwards, mutualisation impacts, and granular expense allocations—to enable robust and dynamic liability forecasting.

Presentation Abstract

IFRS 17 has established a granular, UoA-driven valuation paradigm—but introduced structural latency between valuation reporting and multi-year business planning.

Actuarial functions now need to dynamically project CSM roll-forwards, mutualisation impacts, expense allocations, and A vs. E variances across shifting strategic scenarios.

This session explores the core challenges and actuarial methodologies required to bridge this gap and drive agile enterprise insights.

AGENDA

01 **The IFRS 17 Implementation Reality**
What the transition delivered — and what it left behind

02 **The Strategic Gap**
Structural latency between valuation and business planning

03 **Core Methodological Challenges**
CSM roll-forwards, mutualisation, expense allocation, A vs. E

04 **The Data & Architecture Problem**
Granularity, cohorts, and multi-dimensional complexity

05 **Toward a Dynamic Planning Framework**
From batch cycles to real-time strategic steering

06 **Bridging the Gap — A Modern Approach**
How modern platforms close the loop

01

THE IFRS 17 IMPLEMENTATION REALITY

What the transition delivered — and what it left behind

What IFRS 17 Delivered

Granular UoA Framework

Portfolios, groups of contracts and annual cohorts provide unprecedented measurement granularity.

New Profit Recognition

The Contractual Service Margin (CSM) introduced a forward-looking, service-based profit recognition model.

Standardised Measurement

GMM, VFA, and PAA models create globally comparable insurance accounting.

Transparent Attribution

Experience adjustments, assumption changes, and financial variances are now separately disclosed.

But Implementation Focused on Compliance

Most IFRS 17 programmes prioritised Day 1 compliance over strategic capability.

Implementation Priorities

- Day 1 opening balance sheet
- Transition method selection (FRA/MRA/FVA)
- System vendor selection & integration
- IFRS 17 compliant disclosures
- Quarterly close process design

Deferred / Under-Invested

- Multi-year CSM projection capability
- Dynamic business planning under IFRS 17 lens
- Integrated scenario analysis
- Actual vs. Expected variance analytics
- Forward-looking capital steering

02

THE STRATEGIC GAP

Structural latency between valuation and business planning

The Structural Latency Problem

IFRS 17 Valuation

Granular, backward-looking quarterly close with complex UoA-level calculations.

THE GAP

Business Planning

Forward-looking, multi-year projections for strategic decisions.

Key Symptoms of the Gap

30+ hour batch cycles

cannot support agile re-forecasting

Disconnected models

Pricing, valuation, and planning operate in silos

Opaque logic

Black-box models hinder auditability and trust

Excel dependency

Manual processes limit scalability and consistency

From Passive Compliance to Active Steering

CSM

Contractual Service Margin

Margin Visibility

RoC

Return on Capital

Capital Efficiency

VNB

Value of New Business

Value Alignment

A unified focus on sustainable profit recognition and capital optimisation.

“We no longer just report what happened; we visualise the future before we decide it.”

03

CORE METHODOLOGICAL CHALLENGES

CSM roll-forwards, mutualisation, expense allocation, A vs. E

Challenge 1: CSM Roll-Forward Projection

CSM Component	IF Projection Challenge	Secondary Impact When NB Layer Added
New Business CSM	N/A for in-force — this is purely a NB item.	NB CSM depends on product mix, sales volumes, and pricing assumptions from the sales file. Each cohort adds a new CSM balance to manage.
Interest Accretion on CSM	Must project using locked-in rates (GMM) or current rates (VFA) consistently across all IF cohorts.	NB cohorts introduce new locked-in rates at inception — the blended accretion across IF + NB becomes harder to project and reconcile.
Changes in Estimates	Prospective unlocking logic varies by measurement model (GMM vs. VFA). Requires re-projection of fulfilment CFs.	NB changes the portfolio composition — assumption updates now cascade across a larger, more diverse cohort mix.
Experience Adjustments	Driven by A vs. E on non-financial assumptions (mortality, lapse, expense). Requires granular tracking per cohort.	NB cohorts have no experience history — initial A vs. E deviations can be volatile and introduce noise into IF patterns.
CSM Release (Service)	Coverage units methodology determines the release pattern. Sensitive to projection of remaining coverage.	NB adds to total coverage units denominator — this dilutes IF release and distorts the profit emergence pattern of existing business.
FX & Other Movements	Multi-currency portfolios require FX projections at cohort level for each reporting currency.	NB may introduce new currency exposures or shift the currency mix, adding projection dimensions.

The CSM roll-forward is already complex for in-force — layering NB from sales file assumptions compounds every component.

Challenge 2: Mutualisation & Loss Component

Mutualisation Impact

Participating products share surplus across policyholders, but IFRS 17 requires measurement at UoA level.

Projecting the interaction between asset share movements, bonus declarations, and CSM under VFA requires careful modelling of:

- Par fund asset share dynamics
- TVOG (Time Value of Options & Guarantees)
- Seed capital deployment & repayment strategy
- Bonus declaration triggers

Loss Component Tracking

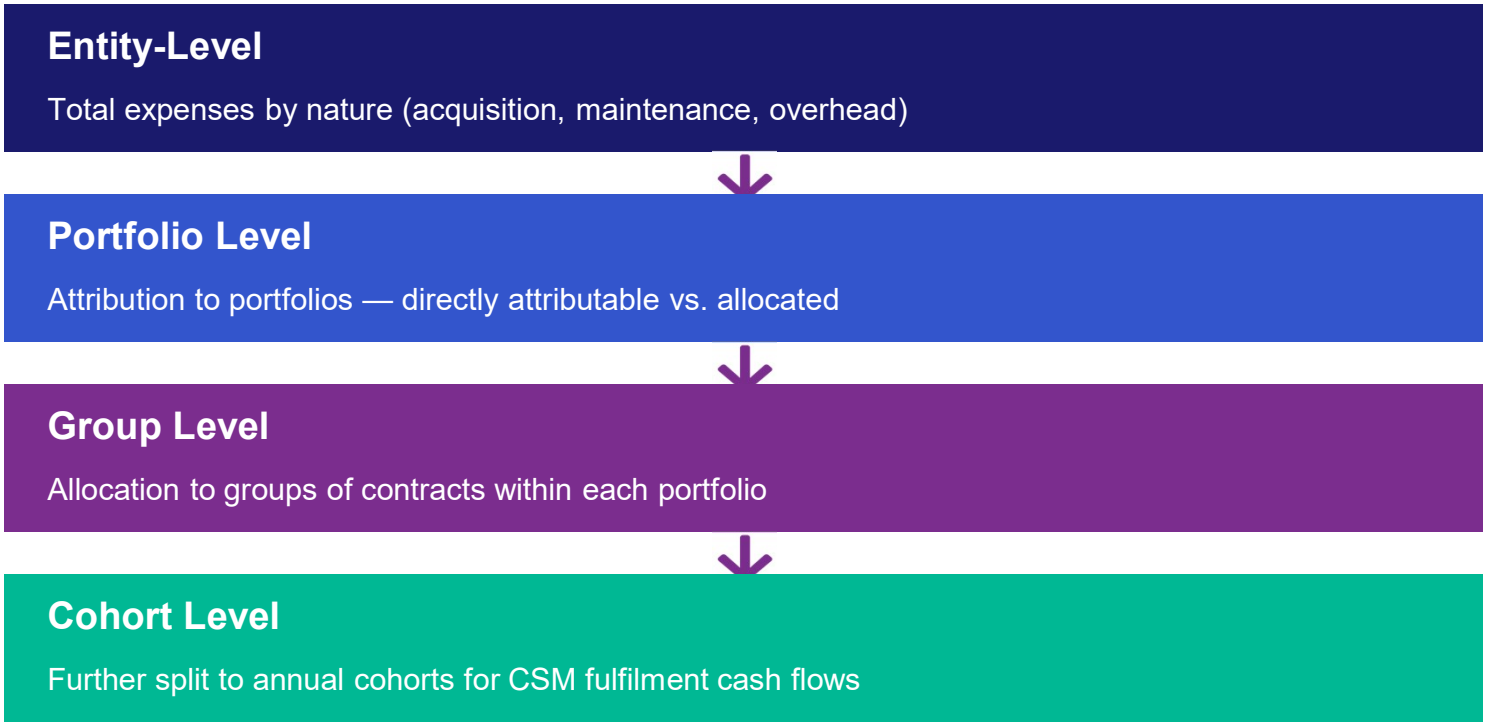
Groups identified as onerous at inception (or subsequently) require a Loss Component.

For business planning, this means:

- Forecasting which future cohorts may become onerous
- Modelling the impact on P&L timing — losses recognised immediately vs. CSM amortisation
- Capital repayment from par funds impacts solvency projections
- Accounting treatment must remain consistent with standards

Challenge 3: Multi-Level Expense Allocation

IFRS 17 requires expenses to be attributed to groups of contracts — creating a multi-dimensional allocation challenge.



Business planning must project expense allocations consistently with the valuation basis to avoid CSM distortions.

Challenge 4: Actual vs. Expected Variance

The IFRS 17 A vs. E framework is powerful for explaining past performance — but extending it into forward-looking planning requires a fundamentally different modelling approach.

Mortality / Morbidity

Projecting deviation from pricing vs. best estimate assumptions across cohorts

Lapse & Persistency

A vs. E on surrender rates directly impacts CSM unlocking and loss triggers

Expense Overrun

Actual maintenance costs vs. fulfilment CF assumptions drive CSM adjustments

Investment Returns

For VFA products, deviations flow directly to the CSM — critical for par projections

04

THE DATA & ARCHITECTURE PROBLEM

Granularity, cohorts, and multi-dimensional complexity

The Granular Data Challenge

Post-IFRS 17 reporting demands precision at scale — the exponential growth of GIC groups and cohorts requires a fundamental architectural shift.

5–10	×	20–50+	×	x Years	×	x 5–20+	×	x 3–10
Product Lines		Portfolios / GIC		Annual Cohorts		Scenarios		Projection Years

Result: Tens of thousands of data points per projection run — beyond what Excel or legacy batch processes can manage efficiently.

- Granular tracking of CSM movements at cohort level
- Assumption vs. experience attribution at cohort level
- Multi-currency, multi-territory data integrity

Post-IFRS 17 Metric Evolution

Capability Area	Traditional Workflow	Modern Integrated Workflow
Profit Recognition	Premium / Accounting Margin	CSM Accretion & Release Profile
Capital Management	Passive Monitoring	Active Steering & Efficiency Design
Time-to-Market	Weeks (Batch Review)	Days (Continuous Testing)
Data Granularity	Summary Aggregates	GIC & Cohort-Level Depth
Scenario Analysis	Limited Static Runs	Multi-Scenario Simulation
Collaboration	Departmental Silos	Integrated Biz-Fin-Actuarial
Response Cycle	Lagged & Reactive	Real-Time Monitoring & Alerts

05

TOWARD A DYNAMIC PLANNING FRAMEWORK

From batch cycles to real-time strategic steering

Core Value of Business Planning

Business planning is no longer an annual budgeting exercise — it is a core Board-level management capability.

Clarify Strategic Direction

Translate growth, profitability and capital efficiency objectives into executable business plans.

Forward-Looking Decisions

Assess the impact of decisions on future profit, capital and risk before they are made.

Optimise Resource Allocation

Direct capital, assets and expenses to areas with the highest value-creation potential.

Strengthen Risk Governance

Identify risks through scenario analysis and stress testing before they materialise.

Continuous Performance Mgmt

Compare Plan vs. Actual continuously and adjust strategy in a closed-loop cycle.

End-to-End Integration: Pricing → Valuation → BP

Pricing

Long-Term Profitability

- Assess capital consumption and risk at product design stage
- Compare product structures and distribution strategies for capital efficiency
- Evaluate profit emergence under different economic scenarios

Valuation

In-Force Value & Performance

- Consistent measurement of in-force business value
- Transparent attribution to experience, assumptions, economic movements
- Establish a comparable in-force baseline for planning

Business Planning

Forward-Looking Enterprise View

- Integrate NB projections with in-force to forecast profit, capital and risk
- Translate strategic objectives into quantifiable multi-year plans
- Assess management actions via scenario analysis and stress testing

The Strategic Decision Loop

From lagging, passive responses to proactive planning and strategy updates.

01 Post-Sales Monitoring

Monitor A/E of risk factors and key metrics continuously.

02 Forecasting

Test different sales files, asset strategies, and management actions.

03 Identify Key Risks

Tracking analysis quantifies deviations; retrospective analysis provides strategic implications.

04 Adjust Strategy

Update product development, pricing/repricing, sales and investment decisions.

Case: Post-Launch Product Performance Monitoring

Key Monthly KPIs

- CSM / First-Year Premium
- New Business CSM
- Total CSM
- CSM / PV of Premiums

Key Risk Driver

Investment Return

For participating products, profitability is highly sensitive to investment return assumptions — directly impacting CSM.

Management Decisions

- Whether to adjust the product's sales strategy
- Whether to suspend or discontinue the product
- Whether to reprice or redesign the product

Dashboard monitoring of CSM indicators enables data-driven decisions on product strategy.

06

BRIDGING THE GAP

How modern platforms close the loop

What an Integrated Platform Must Deliver

Cloud & Centralised Data

Single source of truth — no more fragmented data across actuarial, finance and investment.

Predictive & Real-Time Models

Replace static, backward-looking reports with continuous, forward-looking projections.

Integrated Collaboration

Business, finance, and actuarial teams work within one unified framework.

Multi-Scenario Simulation

Test multiple assumptions simultaneously — respond to market changes in days, not weeks.

Real-Time Monitoring & Alerts

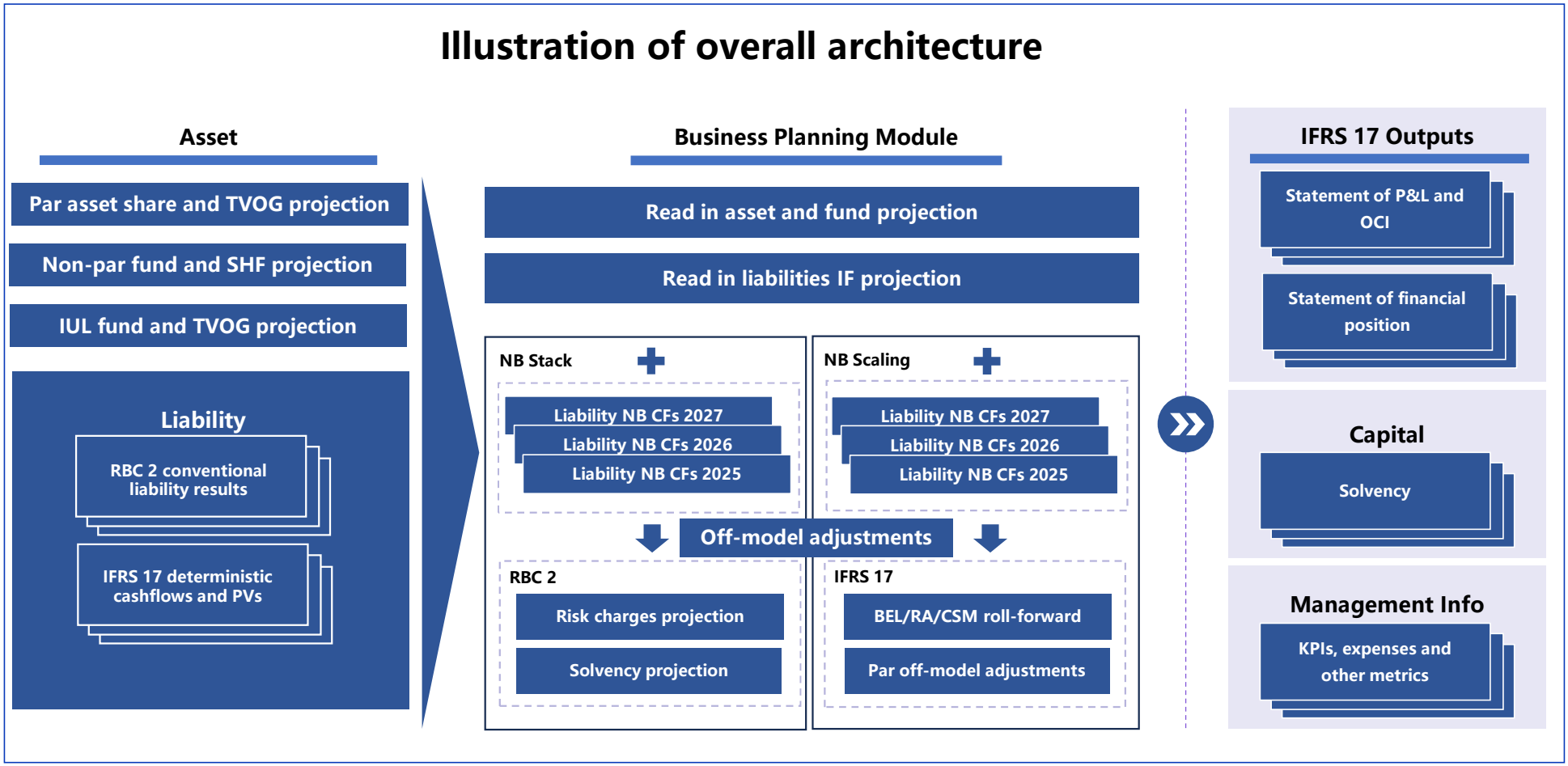
KPI tracking with root cause analysis when actuals deviate from plan.

Open Connectivity

Python/R integration, API-first ecosystem, seamless GL & BI connectivity.

Business Planning Architecture based on Solvency and IFRS17

Illustration of overall architecture



Key Takeaways

01 IFRS 17 created the measurement granularity — but implementation focused on compliance, not strategic capability.

02 A structural gap exists between quarterly valuation reporting and dynamic multi-year business planning.

03 CSM roll-forwards, mutualisation, expense allocation, and A vs. E variance must be projected forward — not just reported backward.

04 The data dimensionality challenge (GIC × cohorts × scenarios × projection years) demands structured, scalable architecture.

05 Modern actuarial platforms can transform business planning from a reactive exercise to a Board-level strategic capability.

The Future is Holistic.

VISUALISE THE FUTURE BEFORE YOU DECIDE IT.

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Q & A

Thank you for your time.