



Insights from year three of IFRS 17 reporting

We stay ahead of global trends so you can transform and outperform



September 2026



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Executive summary



Executive summary



Third year of IFRS 17 reporting

FY25 marked the third year of reporting under IFRS 17 in Australia. This publication compares the disclosures made by a selection of Australian life (8) and general (9) insurers, including both direct writers and reinsurance companies, in their annual financial statements for FY25. These statements were mostly published in the first quarter of 2026, while others with June year-end reporting were published in the second half of 2025.

This publication has been prepared exclusively using publicly available financial information. Its primary objective is to present the range of approaches adopted across the industry through a comparison of a selection of companies. This publication is purely informational and does not contain any opinions or subjective interpretations.



Post-Implementation Review (PIR)

The IASB has not officially begun its Post-Implementation Review (PIR) research phase of IFRS 17. However, presentations and research papers from various jurisdictions are already submitted to identify areas of concerns.

Drawing from previous experiences, such a review is unlikely to take place before 2027, particularly due to the significant changes IFRS 17 has introduced to insurance accounting, which may further delay the PIR.

In this publication, we explore the context surrounding a PIR and examine potential areas for enhancement, specifically for Australian life and general insurers. Outcomes from other PIRs suggest that significant changes to IFRS 17 would be unlikely.



Next steps (incl. finance transformation)

In FY25, insurers experienced a welcome period of accounting stability, allowing them to focus on performance and execution while further embedding IFRS 17 within their businesses. Many insurers have addressed the initial IFRS 17 reporting challenges, although some tactical workarounds remain.

Finance teams are increasingly evolving from compliance-focused reporting functions into strategic business partners that deliver real-time insights and business value. Success will depend on integrating AI-enabled automation, predictive analytics and workforce upskilling to improve decision-making, efficiency and business outcomes.



The third year of IFRS 17 reporting was notably smoother for most insurers, with the focus rightly shifting from accounting to performance. The challenge now is no longer implementation. The finance and reporting function is also undergoing changes driven by various AI-related initiatives, which, while enhancing efficiency, introduce risk. Thus, a strong focus on the interpretability and understanding of results remains important. As global leading practices continue to evolve, insurers that treat IFRS 17 as a reporting obligation risk missing the broader value of the capabilities they have built. The leaders are using IFRS 17 to strengthen planning, performance management and decision-making, while others risk being left behind. Looking ahead, finance teams are focusing on how they can effectively support business performance by leveraging data and technology and harnessing the experience and knowledge of their people. Any Post-Implementation Review of IFRS 17 is still some way off and experience from other reviews suggest that significant changes to IFRS 17 would be unlikely.



Antonie Jagga

PwC Australia
Insurance Leader

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Life insurance insights



Life insurance – IFRS 17 insight



Measurement model

We observed a consistent approach in the measurement model selected across life insurance companies in retail risk level premium business, lifetime annuities and retail risk reinsurance contracts. However, different approaches were used in retail risk stepped premium and group risk business with companies adopting either a GMM or PAA approach.

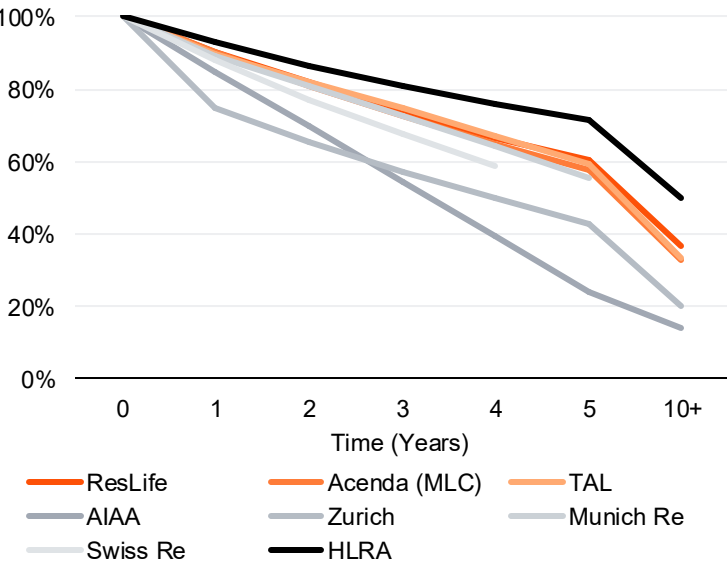
For each life insurer and line of business analysed, there has been no change in the measurement model adopted in the current year, **except for the group risk of AIAA (underlying insurance contracts and reinsurance contracts), whose measurement model has changed to PAA for group products from 2025.**

Release of Contractual Service Margin (CSM)

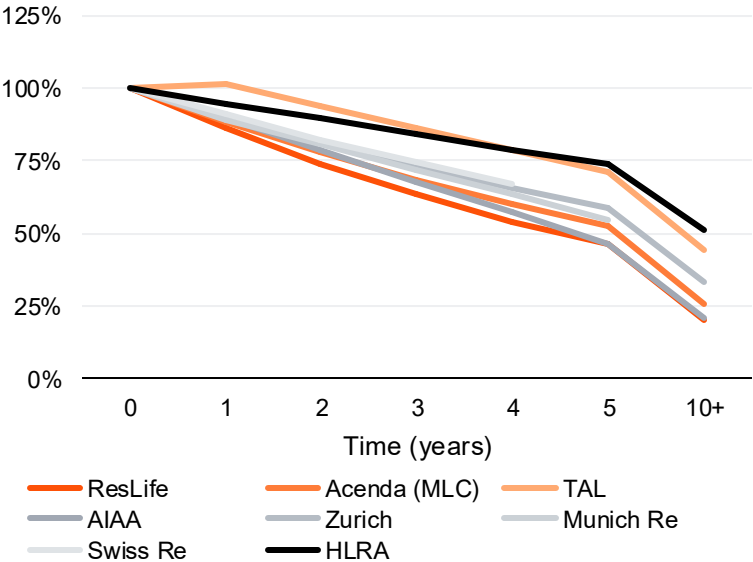
The charts below show the release of the Contractual Service Margin (CSM) over time on a gross of reinsurance basis and for reinsurance contracts held as at 31 December 2025 for the life insurance companies analysed, with the exception of TAL, whose release of CSM is as at 31 March 2025.

We observed variation in the pattern of CSM release over time on a gross of reinsurance basis, while it remained consistent for reinsurance contracts held except for the slower CSM releases of TAL and HLRA. We also observed that the CSM release of AIAA on a gross of reinsurance basis shows a smoother release over time compared with the previous year where the majority of CSM was expected to be released in the first 5 years, possibly due to the measurement model for AIAA's Group product from 2025 being changed to PAA and no CSM being held for this product.

CSM from (Re)insurance contracts issued



CSM from reinsurance contracts held



Source: PwC analysis of YE25 related external disclosures.

Life insurance – IFRS 17 insight (cont'd)



Risk Adjustment for non-financial risk

The Risk Adjustment (RA) for non-financial risk measures the compensation that an entity would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts for non-financial risk.

We note that the methods adopted remain unchanged and the VaR confidence interval adopted by life insurance companies have been relatively stable compared with the previous year, except for the following:

- TAL decided not to disclose their VaR confidence level this year; and
- Acenda (MLC) applied a different VaR confidence level for their insurance contracts (at 72nd) and reinsurance contracts held (at 73rd).



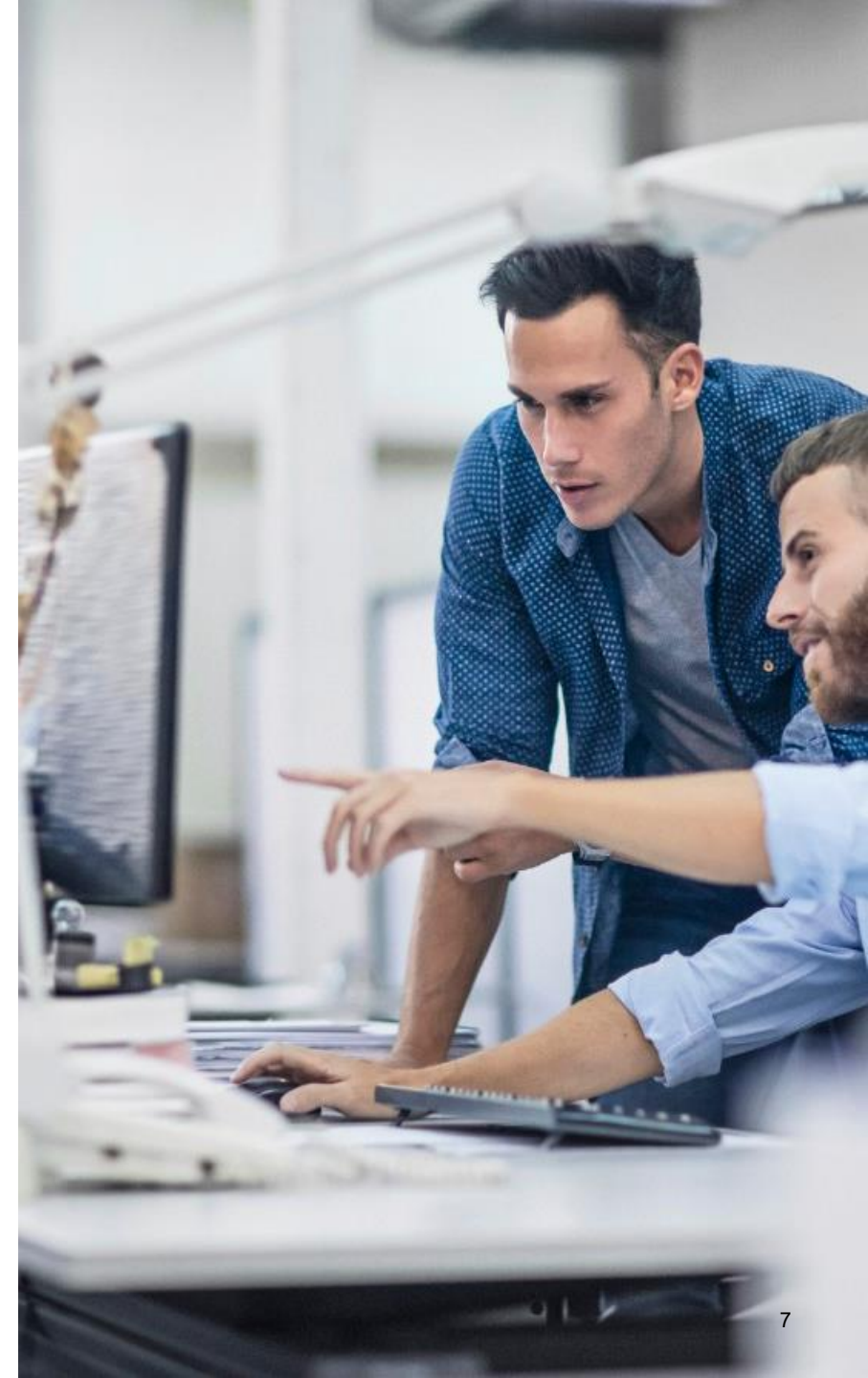
Discount rates (including illiquidity premium)

Overall, we noted that Australian life insurance companies generally choose Bottom-Up approach to generate their discount rate, **except for AIAA where Top-Down approach was adopted.**

We observed a range of techniques used to determine risk-free rates and the illiquidity premium (where relevant), along with significant variation in the level of disclosure between insurers.

Specific observations include:

- Some insurers disclose their risk-free rates and illiquidity premium vary by line of business, whereas others only provide a range at company level.
- For most insurers, the range of discount rates is wider and the overall discount rate curve has increased compared with previous year.



Life insurance – IFRS 17 insight on KPI

IFRS 17 has shifted the focus of financial reporting towards new profitability metrics, but there are limited changes to the KPI frameworks used by Australian life insurers following the transition to IFRS 17. While established performance measures continue to play a central role in Australian market disclosures of several life insurers, international reporting practices continue to evolve, with greater use of IFRS 17-based metrics and insights. As life insurers move beyond implementation, there may be greater opportunities to integrate IFRS 17 metrics into performance management and strengthen how financial performance is communicated to stakeholders.

The KPI Table has been prepared based on parent company disclosures, using investor presentations and annual reports as primary sources. The metric usage ratings reflect PwC's analysis of how insurers communicate performance to the market and are based on a qualitative assessment of those disclosures.

Topic	Munich Re	Swiss Re	HLRA	AIAA	Zurich	ResLife	Acenda (MLC)	TAL
IFRS 17 key metrics used as KPI? (i.e. Insurance Service Result, Insurance Service Margin, etc.)	✓	✓	✓	✗	✗	✗	✗	✗
In CSM disclosed and elaborated?	✓	✓	✓	✓	✓	✗	✗	✗
Are IFRS 17 measures used for guidance/management targets?	✓	✓	✓	✗	✗	✗	✗	✗
Are legacy metrics still being predominantly used as the basis for KPI? (i.e. EV, VNB, ANP)	✗	✗	✗	✓	✓	✓	✓	✓
IFRS 17 KPI metric usage rating	High	High	High	Medium	Medium to Low	Low	Low	Low
Remarks	Group Management consider a wide range of IFRS 17 KPIs.	Group Management consider a wide range of IFRS 17 KPIs.	Group Management consider a wide range of IFRS 17 KPIs.	Both IFRS 17 KPIs and legacy KPIs are disclosed. Reporting metrics continued to place on established legacy performance measures.	Reporting metrics continued to place on established legacy performance measures, with CSM representing the primary IFRS 17 metric disclosed.	ResLife's Group reporting basis is based on J-GAAP (Nippon Life). Therefore, reporting continued to focus on established legacy performance measures.	MLC's Group reporting basis is based on J-GAAP (Nippon Life). Therefore, reporting continued to focus on established legacy performance measures.	TAL's Group reporting basis is based on J-GAAP (Dai-ichi Life). Therefore, reporting continued to focus on established legacy performance measures.

Source: PwC analysis of YE25 related external disclosures.

03

General insurance insights



General insurance – IFRS 17 insight



Measurement model

Under IFRS 17, insurers using PAA for long-term contracts must ensure that the simplification is not reasonably expected to result in a materially different measurement of the Liability for Remaining Coverage (LfRC) compared to those produced under GMM. In this third year of IFRS 17 implementation, we observed that this process is still maturing and there are minimum automation or streamline process being established. This practice may lead to greater operational risk, impacting the accuracy and reliability of financial reporting under IFRS 17. Under the standard, insurers may apply GMM to any group of insurance or reinsurance contracts without meeting any eligibility requirements.

For each general insurer and line of business analysed, **there has been no change in the measurement model adopted in the current year, where all general insurers adopt the PAA measurement model.**



Profit and shareholders' equity

Profit

We have observed that most insurers have reported year-on-year growth, which is mainly driven by increases in net insurance results.

Additionally, we have observed differences in the level of disclosures for the other income and expenses component.

Shareholders' equity

The top four insurance companies with the highest shareholder equity – Suncorp, IAG, Allianz Australia and QBE Australia – are acknowledged as the major players in Australia's general insurance market. Shareholder equity remained broadly stable across the market, reflecting another year of strong profitability, dividend payouts and capital management activity.

With all insurers using the PAA method (except where ADC reinsurance contracts have been written), the LIC disclosures in the financial statements provide good information on the drivers of profitability and performance. In practice, however, investors continue to draw insights on a broader suite of disclosures, including investor presentations and supplementary metrics (some of which are not IFRS 17 aligned), to assess insurer performance.



General insurance – IFRS 17 insight (cont'd)

Risk Adjustment and reinsurance non-performance risk

Risk Adjustment

There are different approaches that can be taken to calculate the risk adjustment under IFRS 17. Of the general insurers included in our sample, there is an even mix of cost of capital methodology and confidence level approach, with disclosed confidence levels ranging from 55% to 85%. While the methodology used generally remain consistent year to year, disclosed confidence levels may vary over time as insurers assess assumptions and respond to changes in risk and capital settings. Disclosures may also reflect judgement involved in translating the risk adjustment methodology into informative confidence level measures. Our observation suggests that it is possible that such approach refinements occur periodically, however the frequency and extent of calibration is not typically disclosed.

For each general insurer analysed, there has been no change in the risk adjustment methodology adopted in the current year.

Reinsurance non-performance risk

For each general insurer analysed, disclosures relating to the quantum and measurement methodology of reinsurance non-performance risk were not consistently provided. Compared to FY24, we did not observe any significant changes in the approaches applied across the market. We observed that some insurers choose not to disclose non-performance risk separately in FY25 and this is to put greater focus on information considered material to users of the financial statements..

Discount rates

The level of detail within the notes to the financial statements varies as regulatory requirements do not mandate extensive disclosures.

Some of the insurers analysed disclose more information around the term structure of insurance contract liabilities and yield curves used; some disclose weighted average terms by short- vs. long-tail classes, whereas others disclose a single weighted average term and discount rate for the entire company. In addition, not all companies disclose information on superimposed inflation and illiquidity premiums.

Overall, the methodologies and approaches disclosed by insurers remained broadly consistent with prior years. We also observed **greater alignment of qualitative discount rate disclosures across reporting entities within some insurance groups, improving consistency in the description of illiquidity premium methodologies.**

Use of OCI across IFRS 9 and IFRS 17

Similar to the previous year, Allianz Australia and Zurich Australia elected to use the OCI option under IFRS 17, disaggregating insurance finance income or expense between profit and loss (P&L) and other comprehensive income (OCI). This is achieved through a systematic allocation of the expected total insurance finance income or expenses over the duration of their groups of insurance contracts. More broadly, a small number of insurers have adopted OCI accounting treatments for financial assets under IFRS 9, although this does not necessarily extend to an OCI election under IFRS 17.

Across the insurers included in our sample, OCI elections remain relatively uncommon. However, the insurers adopting OCI-based approaches tend to be part of larger international insurance groups, suggesting that global reporting practices and a desire for greater alignment between asset and liability measurement may influence accounting policy choices despite the additional operational complexity involved.



Source: PwC analysis of YE25 related external disclosures.

General insurance – IFRS 17 insight on KPI

We observed limited changes to the KPIs disclosed by Australian insurers following the transition to IFRS 17. While established performance measures continue to play a central role in Australian market disclosures, international reporting practices continue to evolve, with greater use of IFRS 17-based metrics and insights. As insurers move beyond implementation, the focus may increasingly shift towards how these capabilities can enhance performance management and stakeholder communication.

The KPI Table has been prepared based on parent company disclosures, using investor presentations and annual reports as primary sources. The metric usage ratings reflect PwC's analysis of how insurers communicate performance to the market and are based on a qualitative assessment of those disclosures.

Topic	Allianz	QBE Australia	IAG	Suncorp	Zurich Australia GI	Youi	Chubb Australia
IFRS 17 key metrics used as KPI? (i.e. Insurance Service Result, Insurance Service Margin, etc.)	✓	✓	✗	✗	✗	✗	✗
In insurance revenue used alongside or instead of Gross Written Premium (GWP)?	✓	✓	✗	✗	✗	✗	✗
Are IFRS 17 measures used for guidance/ management targets?	✓	✗	✗	✗	✗	✗	✗
Are legacy metrics still being predominantly used as the basis for KPI? (i.e. COR, GWP, Loss Ratio, Expense Ratio)	✓	✓	✓	✓	✓	✓	✓
IFRS 17 KPI metric usage rating	Medium	Medium	Medium to Low	Medium to Low	Low	Low	Low
Remarks	Both legacy and IFRS 17 KPI metrics are disclosed and discussed in the management report. However, legacy metric remained the main metric used for management result	Both legacy and IFRS 17 KPI metrics are disclosed and discussed in the management report. However, legacy metric remained categorised as the “key metric” used for management result	Both legacy and IFRS 17 KPI metric are disclosed in the management report. However, legacy metric remained the main metric used for management result	IFRS 17 metric are disclosed as part of the reconciliation exercise with the management result Legacy metric remained the main metric used for management result	Reporting metrics continued to place on established legacy performance measures, with CSM representing the primary IFRS 17 metric disclosed.	Only legacy metric is disclosed for management result	Chubb's Group reporting basis is based on US-GAAP. Therefore, only legacy metric is disclosed for management result

04

Post implementation of IFRS 17



What are the expectations for a Post-Implementation Review?

The framework and experience of Post-Implementation Reviews



Framework and experience of Post-Implementation Review

The IASB has not officially begun its Post-Implementation Review (PIR) research phase of IFRS 17. However, presentations and research papers from various jurisdictions are already submitted to identify areas of concerns.

Based on experience from other standards, such as IFRS 16, it suggests that a review will likely not occur before 2027. Given the fundamental changes IFRS 17 brought to insurance accounting, the review could **conceivably be later** to allow a greater body of experience across preparers and users.

The [IASB website](#) outlines the process for PIRs with the objective **‘to assess whether the effects of applying the new requirements on users of financial statements, preparers, auditors and regulators are as intended when the IASB developed those new requirements.’** Additionally, the IASB considers both *‘contentious matters’* during the development of new standards and how subsequent market developments are being addressed in practice. The PIR does not automatically lead to a revised IFRS standard and is not intended to resolve every application question.

Significant PIRs in Europe:

- In the UK, the UK Endorsement Board (UKEB) has [stated](#) that it will conduct a review of the impact of adopting IFRS 17 and publish its conclusions by **1 January 2028**. Following its February 2026 Board meeting, the UKEB published [its Project Initiation Plan \(PIP\)](#) on March 2026 to prepare for the IFRS 17 PIR.
- The European Commission is [scheduled](#) to review the optional EU exemption from the IFRS 17 annual cohort requirement by **31 December 2027**, taking into account the AASB PIR.

PIR in Canada: CASB’s research on contracts acquired during claims settlement period

The CASB sought the views of analysts in Canada who have reviewed the cost-benefit of the current approach and found the information generated is potentially confusing. Therefore, CASB is urging IASB to review this area.

[IFRS 17 implementation exercise](#)

Recent experience

IFRS 16

IFRS 16 **Leases** is issued in 2016 and is effective from 1 January 2019. The IASB commences the PIR of IFRS 16 in June 2024.

In March 2026, IASB decided to explore the feasibility of reducing costs relating to **remeasurements and discount rates**. However, by April 2026, IASB decided to reject the idea of making any substantive changes on the basis that IFRS 16 accounting is embedded in preparers’ system and is deemed to be too costly to ‘undo’.

By October 2025, IASB request for information for comment with the objective of assessing whether effects of applying IFRS 16 on users, preparers, auditors and regulators are as intended when IFRS 16 was developed.

IFRS 18

IFRS 18 **Presentation and Disclosure in Financial Statements** is issued in 2024 to replace the IAS 1 **Presentation of Financial Statements** effective from 1 January 2027.

In 2025, [IFRIC](#) confirmed the scope of the requirement to disclose expenses by nature in IFRS 18, which may have operational implications for some insurers.

How could we enhance IFRS 17?

Based on three IFRS 17 reporting cycles, the Australian Accounting Standards Board (AASB) has identified some areas that arepotentially relevant for consideration in a PIR. These areas have been summarised below.

Type of issues	Source	Issues being considered by the AASB
Issues emerging from non-routine transactions (when insurance contracts cover occurred events with yet uncertain financial effect)	AASB TRG	How acquisitions of contracts during their settlement period are accounted for (i.e., Adverse Development Cover).
Issues emerging from routine transactions	AASB TRG	- Non-distinct investment components (NDIC) and amounts contingent on claims; - Determination of coverage units; - Identifying inflation that is part of Insurance Finance Income or Expense (IFIE); - Determining the extent to which aspects of IFRS 17 apply to the PAA; and - The extent to which recognition and measurement requirements are applied - ‘Group of Contracts’ or “Contracts” level.
	AASB Public Sector Focus Group	- Risk Adjustment, particularly related to reinsurance contracts held, and the impact of highly-skewed distributions on those adjustments; and - Illiquidity Premiums, Government Guarantees, and more guidance on what constitutes an insurance contract.

“Barriers” to the issuance of PIR and changes to IFRS 17

High ‘barriers’ observed:

- ‘Routine’ transactions that are deeply embedded within firms’ existing systems.
- Areas that would require fundamental revisions to underlying recognition and measurement models.

Low ‘barriers’ observed:

- ‘Non-routine’ transactions, where viable alternative solutions already exists.
- Issues that are commonly observed across multiple IFRS jurisdictions – boarder alignment to support change.

Closing thoughts

- In our experience many insurers continue to embed IFRS 17 within processes, controls, systems and broader business and financial planning. Similar to prior year, the third year of IFRS 17 reporting for Australian insurers has generally shown a stable accounting basis, with the focus rightly on business performance and strategic delivery.
- The scale and magnitude of adjustments required to produce the actual IFRS results – more so than in prior periods – further highlights the practical barriers associated with potential changes to IFRS 17. Accordingly, there is a need to carefully prioritise areas for further amendments, to ensure that future changes are both practical and proportionate, given the effort required for implementation.

Source:

- AASB 17 Transition Resource Group (October 2024). IFRS 17 Post-Implementation Review: emerging issues from the Australian and New Zealand markets.
- AASB 17 Public Sector Focus Group (February 2025). IFRS 17 Illiquidity Premium and Risk Adjustment – emerging practices in the public sector

05

Finance modernisation: Moving beyond implementation



Global leading practice keeps moving, but Australian insurers are not progressing at pace

Global finance is moving from reporting to real-time advantage through....



Evolving finance role

Leading finance teams have moved beyond reporting and cost control to become strategic partners, using richer enterprise data and digital tools to deliver insight the business can act on.



Agentic transformation

Complex, end-to-end finance processes are being automated with AI agents, reducing manual effort, accelerating cycle times, and freeing teams to focus on higher-value analysis.



Predictive, persona-based analytics

Finance teams are using predictive forecasting, real-time analytics, and AI-enabled data interaction to provide faster, more accurate, and role-specific decision support.



Talent upskilling

Leading organisations are investing in digitally fluent finance teams, creating a workforce that can collaborate with AI, adapt quickly, and deliver more strategic value.

However, insurers' modernisation journey remains stagnant due to....



Compliance has crowded out ambition

- Insurers risk anchoring IFRS 17 to compliance while global peers turn finance into a source of insight and advantage.
- Finance remains a cost centre, distant from the business rather than shaping decisions.
- IFRS 17 reporting and the close consume capacity, leaving little room for strategic advisory work.



Fragmented reporting and systems

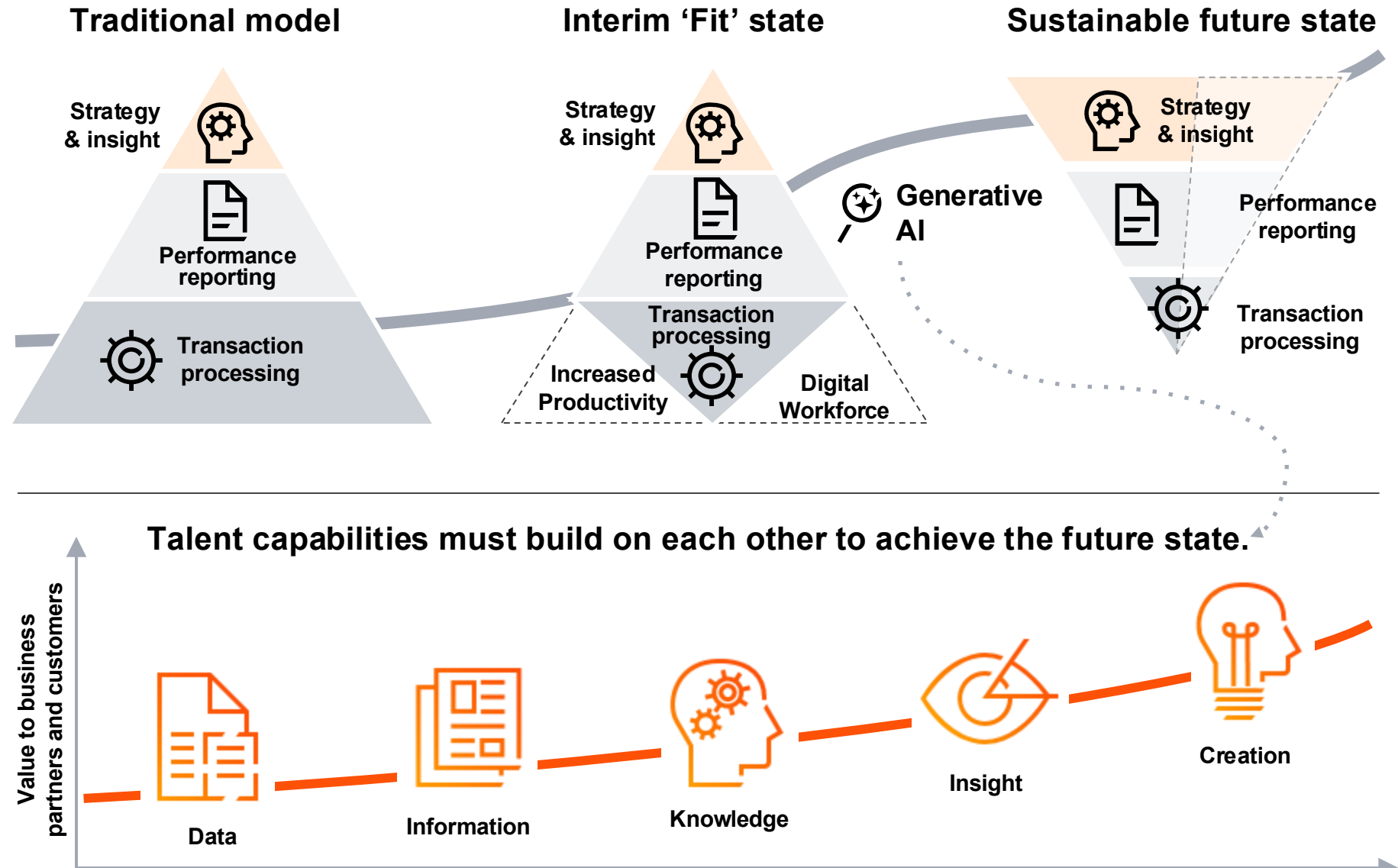
- Limited progress on AI and agentic capability.
- Management and statutory reporting stay disconnected, with limited granular drill-down and misaligned KPIs.
- Manual reconciliations, siloed actuarial and accounting measurement, and ageing ERP/EPM entrench inefficiency.



Capability gaps and close constraints

- AI and agentic capabilities have advanced little since last year's reporting cycle.
- Continued underinvestment in processes, talent, and people experience leaves finance reactive.
- Slow ledger close cycles delay business insight.

(Gen) AI can supercharge the journey to becoming a significantly more strategic, efficient and effective finance function



An example of how organisations are thinking about AI in finance is Autonomous Close

What is Autonomous Close?

Autonomous Close streamlines the month-end financial close by significantly reducing the need for direct finance team involvement. It leverages a combination of **Generative AI** and **Agentic AI** to:

- **Minimise manual intervention** by finance teams.
- **Automate repetitive tasks** and decision-making.
- **Enhance accuracy** of financial data.
- **Accelerate time to close**, improving overall efficiency.

By integrating intelligent automation, Autonomous Close shifts the finance function to proactive oversight, enabling faster, more reliable financial reporting.

Autonomous Close foundations



Touchless, streamlined data availability



Accurate, reliable and timely data



Well defined, documented processes



Strategic placement of automation and AI within workflows



Future-focused upskilling and capability mapping

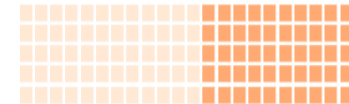


Understanding of risks, controls and mitigants

Where AI Agents make the biggest impact in finance



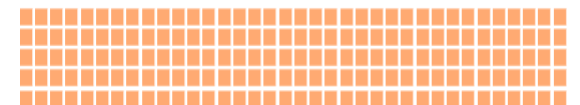
Finance Manager



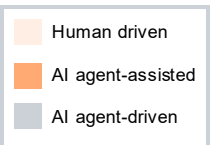
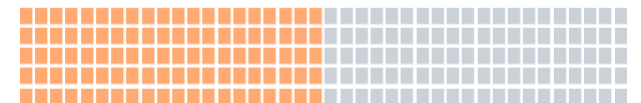
FP&A Analyst



GL Analyst



Transaction processor



Source: PwC analysis.



06

Contacts

Contacts



Antonie Jagga

Insurance Leader
PwC Australia
+61 477 278 475
antonie.a.jagga@au.pwc.com



Scott Hadfield

Partner
PwC Australia
+61 418 211 331
scott.hadfield@au.pwc.com



Jessica Lane

Partner
PwC Australia
+61 431 292 670
jessica.b.lane@au.pwc.com



Stuart Morris

Managing Director
PwC Australia
+61 435 777 662
stuart.morris@au.pwc.com



Chao Qiao

Director
PwC Australia
+61 434 193 062
chao.qiao@au.pwc.com



Paddy McEvoy

Director
PwC Australia
+61 478 042 692
patrick.mcevoy@au.pwc.com



Contributors

Thank you to the dedicated PwC team who contributed to the publication of this report, including:

- Jenny Zhang, Senior Manager
- Kate Hilton, Senior Manager
- Emma Leach, Manager
- Francisca Angkola, Manager
- Pinky Huang, Manager
- Vanessa Lie, Manager
- Vincy Chew, Manager
- Tobby McCann, Associate
- Robert Zheng, Associate

PwC Australia thanks other network firms who contributed to the thought leadership presented in this publication.



07

Appendices



Companies included

01

Life insurance

- Resolution Life Australasia Limited
- MLC Limited
- AIA Australia Limited
- Zurich Australia Limited
- TAL Life Limited
- Munich Reinsurance Company of Australasia Limited
- Swiss Re Life & Health Australia Limited
- Hannover Life Re of Australasia Limited

02

General insurance

- Allianz Australia Insurance Limited
- Auto & General Insurance Company Limited
- Chubb Insurance Australia Limited
- The Hollard Insurance Company Proprietary Limited
- Insurance Australia Limited
- QBE Insurance (Australia) Limited
- AAI Limited
- Youi Proprietary Limited
- Zurich Australian Insurance Limited

Thank you

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