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WHITE PAPER

Insurers' Strategic Response to IFRS 17

Rethinking the Calculus

A WHITE PAPER PREPARED
BY SHORELINE ASIA

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PUBLICATION OVERVIEW

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AT A GLANCE

- IFRS 17 may be strategic shift, not just an accounting change.
- Distribution models will likely migrate from tied agents to broader advisory ecosystems.
- Platforms, simpler products and digital capability become central strategic responses.
- Bancassurance economics, emerging-market strategy and legacy books may all need recalibration.

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EXECUTIVE SUMMARY

Executive Summary

"History doesn't repeat itself, but it often rhymes"

Mark Twain.

IFRS 17 represents a fundamental shift in the financial reporting framework for insurance contracts, altering how insurers recognize profit and manage capital. For many life insurers globally, this standard may compel a strategic reassessment of legacy product portfolios, distribution models, and advisor engagement practices. Drawing on lessons from mature markets such as Australia, insurers may need to prepare for significant operational, structural, and cultural transformation. This paper outlines a ten-part strategic framework that explores potential approaches insurers could adopt in navigating the transition.

STRATEGIC QUESTIONS TO CONSIDER

- How should insurers reconsider legacy savings products and distribution economics?
- What advisor, platform and product capabilities need to change?
- How will bancassurance and emerging-market strategies remain sustainable?

SECTION 01

Shrinking Agency Force and Talent Migration

When this transition occurred in Australia, the insurance industry initially resisted the shift away from traditional insurance savings products. This hesitation proved costly. Insurers rapidly found themselves without any meaningful distribution force, holding large legacy product books, with product development cycles that lagged behind market needs. New entrants in the managed funds and platform space moved swiftly to fill the gap, seizing customer attention and assets. Traditional insurers saw their brands diminished, their market power eroded, and their pricing influence compromised.

INSIGHT

The best analogy to then, and now, may be what the iPhone did to Nokia. Once-dominant institutions failed to anticipate the pace of change and lost their footing entirely.

A key consequence was a race to the bottom: unsustainable product features, excessive

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commission rates (often exceeding 110% up-front with only a one-year responsibility period, clearly a recipe for disaster....), and rapidly falling premiums in an attempt to maintain relevance. This short-term response only exacerbated long-term structural decline. The result was predictable —and painful.

The best analogy to then, and now, may be what the iPhone did to Nokia. Once-dominant institutions failed to anticipate the pace of change and lost their footing entirely.

Insurers facing the challenges of IFRS 17 must learn from this experience. Do not cling to old business models, agility, strategic clarity, and forward-leaning innovation will be essential to avoiding similar outcomes. The transition from high-margin, bundled savings products to more transparent, low-margin protection and

investment offerings could result in a considerable reduction in the tied agency force. This trend was already visible in Australia, where many advisors exited the industry, unable to sustain their income under the new remuneration realities.

To navigate this shift, insurers may need to reconsider their talent strategy. Retaining top performers, investing in reskilling programs, and creating flexible distribution options could help mitigate channel erosion. Recognizing that many experienced advisors may be drawn to competing distribution models offered by banks, platforms, or independent advisory firms, insurers will need to provide clear value in terms of tools, training, and partnership if they are to remain relevant distribution partners in a post-IFRS 17 world.

One risk to be alerted to is Insurers who make a strategic decision to retain a focus on long term savings plans as an important part of their business mix in order to poach agents. A practice that will probably back-fire but will not stop insurers who seek a short-term advantage.

SECTION 02

The Rise of ‘Buy Term and Invest the Rest’

As traditional insurance savings products become less viable under IFRS 17, insurers are increasingly focusing on selling pure risk products such as term life, total and permanent disability (TPD), critical illness, and income protection. In parallel, advisors will likely pivot toward managed funds and unit trust-based investment solutions to replace the lost savings plans . This creates a natural shift toward the popular financial planning model of ‘buy term and invest the rest,’ whereby clients are offered low-cost risk cover alongside long-term investment strategies.

INSIGHT

The problem with this evolution is that it is an Upper Middle/ HNW distribution model and query whether there are enough of these demographics to go round?

This evolution could push many career agents into financial planning territory. As advisors engage more deeply with asset

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allocation, fund manager selection, and long-term portfolio construction, the distinction between insurance agent and financial planner becomes blurred. For many advisors, the value proposition of being perceived as independent and holistic—rather than tied to a single product manufacturer—may become increasingly compelling.

Consequently, there may be a rise in advisors seeking to leave their tied agency model to either establish their own financial planning firms or join independent advice practices. This shift could be accelerated by declining income opportunities within the traditional tied agency model, further weakening the insurer-controlled distribution channel and reshaping the advisory landscape.

The problem with this evolution is that it is an Upper Middle/ HNW distribution model and query whether there are enough of these demographics to go round?

Again, this does tend to point to an exodus of distribution as it becomes focused on an increasingly crowded and relatively limited market.

SECTION 03

Product Mix Realignment

The shift from bundled insurance-savings products to unbundled, modular offerings may not simply depress new business volumes temporarily—it may lead to a permanent reduction in life insurance inflows. This is especially likely in less developed markets, where insurance penetration has historically remained low, often stuck at around 2% of GDP. The removal of long-term savings plans, which were often the most popular and widely accepted insurance products in these markets, risks pushing that penetration even lower, possibly toward 1%.

INSIGHT

This raises a critical viability question for insurers: with more players chasing a significantly shrunken pie, how will competition remain sustainable?

This raises a critical viability question for insurers: with more players chasing a significantly shrunken pie, how will competition remain sustainable? The challenges, as mentioned above are further compounded by the limited size of the emerging middle class and high-net-worth (HNW) segments in these markets, which are the primary customer bases for unit trust and managed fund products.

As insurers increasingly look to managed funds as part of their IFRS 17 response, they find themselves operating in a far more crowded and competitive space. Unlike the relatively protected insurance market, the investment market is already populated by established local and international fund managers with strong brand recognition and distribution reach. Insurers entering this space must confront the reality that they are latecomers, and that success will demand

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differentiated propositions, stronger client relationships, and digital sophistication.

SECTION 04

Embracing Platform Dominance

We have discussed in this paper the marginalisation of insurers both in terms of the loss of distribution and the shrinking relevance of their traditional product set. In this context, platforms emerge not merely as technological tools but as the epicentre of distribution,

product delivery, and client engagement. Smart insurance strategists will quickly recognise that an early mover strategy on platforms can offer a path to reclaim centre-stage positioning. Those who act decisively could dominate the digital advisory space, becoming indispensable to both clients and advisors, rather than peripheral providers of commoditised insurance products.

The transformation brought about by IFRS 17 coincides with the rise of fintech and insurtech, both of which are increasingly shaping the broader financial services landscape. As insurers pivot away from traditional bundled savings products and toward unit trust-based investment solutions, many customers will find themselves navigating levels of complexity previously handled by the insurer. These complexities include selecting appropriate fund managers, understanding the implications of asset allocation, monitoring performance, and managing tax implications —none of which were front-of-mind under the insurance savings model, where the insurer effectively abstracted these considerations.

This increase in complexity necessitates the emergence of simplified, customer-centric digital solutions. Platforms will likely become the default mechanism through which insurers and financial advisors manage this new operating model. Platforms can consolidate product offerings, automate reporting, and provide clients with accessible tools to monitor and manage their financial positions. Importantly, platforms also enable integration of protection, retirement, and investment offerings into a unified experience.

INSIGHT

Platforms emerge not merely as technological tools but as the epicentre of distribution, product delivery, and client engagement.

The rise of platforms is not speculative. In Australia, platform-based investment models have grown to dominate the retail financial advice space, with more than AUD 400 billion in funds under management. This trajectory suggests that platforms will likely play an equally dominant role in other markets undergoing similar transitions. Their scalability, transparency, and customer-centric design make them the natural vehicle for a post-IFRS 17 world where insurers need to deliver value across a broader range of client needs and regulatory expectations.

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Insurers may explore building proprietary platforms or partnering with established technology providers to ensure they remain competitive in this evolving environment.

SECTION 05

Transitioning from Agent to Advisor

The broader shift toward holistic financial advice has implications for distribution models. Traditional insurance agents may need to evolve into financial planners capable of engaging clients in broader conversations about wealth, retirement, and protection. Insurers could support this evolution through tiered training programs, regulatory support, and planning tools that facilitate a shift from transactional selling to long-term advisory relationships.

SECTION 06

Replacing Actuarial Complexity with Simplicity

IFRS 17 places greater scrutiny on complexity in reserving and profit recognition. Insurers that rely heavily on opaque actuarial assumptions may face capital inefficiencies and reduced earnings predictability. Almost universally, the response has been to focus on low-reserve, transparent solutions such as simple term life, guaranteed income products, and platform-based investments that align better with the accounting framework.

INSIGHT

Almost universally, the response has been to focus on low-reserve, transparent solutions that align better with the accounting framework.

SECTION 07

Recalibrating Bancassurance

In the era before IFRS 17, banks often enjoyed substantial financial benefits from distributing long-term insurance savings plans—regardless of the appropriateness of such products for many clients. These arrangements helped underpin profitable bancassurance relationships. However, as these savings products are withdrawn or become less viable,

the commercial logic of bancassurance partnerships will be fundamentally recalibrated.

INSIGHT

Indeed, Banks who do not already have a life license, but who are considering applying for one, may put their plans on hold and seek alternative value extraction through mechanisms such as cell captives or profit share.

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Banks may increasingly question whether a traditional bancassurance arrangement continues to deliver value. Some may choose to pursue alternative strategies such as applying for their own insurance licenses or establishing proprietary managed funds divisions. This pathway is particularly attractive because building a unit trust or asset management arm is more closely aligned with existing banking competencies. The regulatory and capital hurdles to setting up such operations are also less formidable than those associated with launching a life insurance company.

Indeed, Banks who do not already have a life license, but who are considering applying for one, may put their plans on hold and seek alternative value extraction through mechanisms such as cell captives or profit share.

As a result, insurers could find their bancassurance presence reduced to a narrow set of offerings—primarily credit life or basic general insurance for asset protection. If insurers do not adapt, their role in bancassurance may be relegated to a commoditized, low-margin proposition.

To remain competitive and embedded in the bank distribution ecosystem, insurers may need to make substantial investments in data analytics, full-stack digital marketing, and customer journey design on behalf of, or with, their Bancassurance partners. Embedding protection products into customer behavior and life events—through contextual, trigger-based marketing and seamless digital onboarding—could be key to sustaining relevance.

Consider how such an approach might work in practice: - For the customer, insurance could become a seamless part of their banking experience. When applying for a mortgage or auto loan, embedded insurance options could be presented with pre-filled data, personalized pricing, and simple, one-click activation. - For the insurer, deep integration with bank data and digital interfaces could improve underwriting accuracy, reduce acquisition costs, and generate a steady stream of leads driven by customer needs and triggers. - For the advisor or agent, contextual engagement supported by CRM prompts and smart nudges would shift the conversation from product-pushing to needs-based advising, improving trust and conversion rates.

In terms of distribution, Insurer, or even Bank, provided in-branch agents may no longer be viable after the withdrawal or restriction on the sale of savings plans. In such cases, the distribution model will need to be revamped to rely on generalist platform bankers. This is notoriously difficult to achieve.

Such investments are unlikely to be inexpensive, but the era of easy bancassurance profits has passed. Insurers who continue to rely on this channel must urgently recalibrate their strategies and upgrade their digital and data capabilities to remain viable and valuable partners to banks.

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SECTION 08

Actuarial-Led Transition of Legacy Savings Books

Insurers may explore actuarial reviews of their legacy savings portfolios to identify segments of customers who could benefit from transitioning to modern investment platforms. Such strategies might include inducements like transfer bonuses and simplified investment alternatives aligned with original policy goals. Advisors could be compensated for facilitating this process, ensuring continuity of service and maintaining customer relationships.

INSIGHT

If executed transparently and equitably, this actuarial-led migration strategy could unlock value across the ecosystem — while signaling a clear break from the constraints of the past.

Consider how this might work in practice: - For the customer, the insurer may offer a one-time bonus (e.g., 5% uplift) to transfer their savings balance to a comparable managed fund. This transition could provide greater transparency, lower fees, and the opportunity to access a broader range of investment options. - For the insurance company, such a move could reduce the capital strain of maintaining legacy liabilities under IFRS 17, simplify reporting obligations, and help accelerate the pivot to a new product model. From an actuarial perspective, the exercise would involve evaluating surrender values, bonus entitlements, lapse risk, and the expected lifetime profitability of the legacy versus replacement contract. - For the advisor, this initiative presents an opportunity to deepen engagement with long-standing clients, rebuild relationships under a new advisory model, and earn transition-related commissions. Advisors could also play a key role in communicating the benefits of the transition, handling objections, and supporting the client in selecting appropriate investment alternatives.

However, such a strategy is not without its risks. Regulatory approval or guidance may be required to ensure the fairness and transparency of the inducement and transition mechanism. Clients could be confused or concerned about moving from a guaranteed insurance-based product to a market-linked unit trust. For some, the perceived loss of guarantees may raise issues of trust or suitability, particularly for risk-averse policyholders. Additionally, the reputational risk of being seen to push clients out of existing policies must be carefully managed.

These risks, though significant, are manageable with appropriate mitigation strategies. Transparent communication, informed consent processes, rigorous financial needs analysis, and independent third-party actuarial validation can support the transition. Offering clients education and comparisons of the two product types can also reduce confusion and foster trust.

If executed transparently and equitably, this actuarial-led migration strategy could unlock value across the ecosystem—while signaling a clear break from the constraints of the past

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and a commitment to new business models built on simplicity, transparency, and client alignment.

SECTION 09

Opportunistic M&A Strategy

A complementary strategic consideration lies in the traditional actuarial principle of closing a legacy book of business to new entrants and allowing the embedded profits to emerge over time. Despite the capital strain imposed by IFRS 17, this approach remains viable under certain conditions. With a closed book, the absence of new business strain and reduced policy servicing costs can lead to gradually improving capital efficiency, particularly if the portfolio is stable, well-understood, and supported by robust in-force management practices. Profits can be released over time through better-than-expected experience or favorable unwinding of margins.

INSIGHT

M&A executed through this lens becomes not just a growth strategy, but also a mechanism to shape the competitive landscape in an era of post-IFRS 17 transformation.

However, not all insurers may be in a position to patiently run off their legacy books. Some may face greater pressure from declining new business volumes, weak balance sheets, or insufficient operational scale. In such contexts, consolidation becomes both a defensive and opportunistic play.

Insurers with stronger balance sheets and digital capabilities could consider establishing dedicated acquisition funds or investment vehicles to acquire peers unable to manage the transition. Distressed portfolios may be available at attractive valuations, offering the acquirer scale benefits, access to customer databases, cost synergies, and opportunities to migrate legacy blocks onto more modern platforms.

These transactions can also allow leading insurers to leapfrog competition by quickly building digital scale, expanding geographical reach, or gaining access to new distribution relationships. M&A strategies may focus on acquiring legacy portfolios for runoff, lifting out high-performing teams, or replatforming acquired blocks into modular risk and investment product ecosystems.

M&A executed through this lens becomes not just a growth strategy, but also a mechanism to shape the competitive landscape in an era of post-IFRS 17 transformation.

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SECTION 10

Repositioning to the Advisor Market

It is vital for insurers to avoid messaging that presents the regulatory shift as a threat with only negative connotations. Instead, the transition could be positioned as an opportunity to grow and evolve together with advisors. Communications strategies might emphasize long-term partnership, innovation, and support—encouraging advisors to embrace new business models with confidence and optimism.

INSIGHT

The transition could be positioned as an opportunity to grow and evolve together with advisors.

The centrifugal forces pulling advisors away from the traditional tied agency model may be more manageable if insurers adjust their distribution strategies. Rather than resisting the shift toward independence and holistic advice, insurers could acknowledge these market dynamics and actively support advisors through the transition.

One strategic option is for insurers to establish their own arm's-length independent financial planning firm. This entity could offer advisors the autonomy they seek while preserving the insurer's connection to distribution and client relationships. Such a firm would allow advisors to rebrand themselves as independent while still offering the insurer's risk and investment products, particularly through a proprietary platform.

By doing so, the insurer can maintain some influence over the client experience, prevent the loss of distribution to competitors, continue to generate flows to its own products, and ensure compliance and quality standards through structured onboarding and oversight. Importantly, the firm could serve as the preferred distribution channel for the insurer's platform-based investment offerings, reinforcing a vertically integrated yet flexible ecosystem.

Messaging should focus on partnership, empowerment, shared opportunity and a revitalized modern product set and distribution strategy: that the insurer understands the evolving industry landscape and is committed to helping advisors succeed within it. By positioning themselves as allies in this transformation, insurers may retain key advisor relationships and even strengthen loyalty in a post-IFRS 17 world.

SECTION 11

Tools and Resources to Enable Advisor Transition

To help advisors navigate this transformation, insurers may invest in a suite of enablement resources. These might include modular training programs in financial planning, CPD-accredited certifications, and access to digital tools for needs analysis, asset allocation, and goal

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tracking. A centralized advisor portal could offer calculators, marketing materials, and support services. Peer mentorship, transition incentives, and recognition schemes may also enhance advisor retention and performance.

INSIGHT

Insurers may invest in a suite of enablement resources, including modular training, digital tools and structured support services.

SECTION 12

Rethinking Emerging Market Strategies

Many leading international insurers have pursued aggressive expansion strategies into emerging markets such as Vietnam, Cambodia, and others across Asia and Africa. These moves were often premised on the belief that the expertise and scale developed in mature markets could be leveraged to unlock rapid growth in underpenetrated economies. In practice, this assumption has often proven flawed.

INSIGHT

Is it worth maintaining a presence in these markets if they do not meet capital model hurdle rates? Should we exit, or reposition as patient capital players?

Rather than entering with the patience required for long-term, strategic investments that align with local economic development trajectories, many insurers seemed to have bought into a business case that emphasised a short-term scramble for market share and premium growth. This resulted in intense internal pressure on local teams to deliver results that were simply not realistic, given the limited purchasing power, financial literacy, and economic maturity of many of these markets. The consequences were severe.

In Vietnam, for example, the push for aggressive sales growth led to widespread mis-selling practices, reputational damage, and a wholesale erosion of public trust—not just in individual insurers, but in the broader concepts of life insurance, banking, and bancassurance. Regional offices that prioritized gross written premium (GWP) and superficial market share indicators, while neglecting value creation, sustainability, and local market conditions were left scrambling for a response.

Now, in the wake of IFRS 17 and the loss of premium inflows from savings products, head offices are refocusing on value of new business (VNB) and capital efficiency. The underlying problem becomes stark: emerging markets are offering a much smaller pool of risk-only insurance opportunities, and many global insurers are now competing for the same limited slice.

In such an environment, questions are being raised in boardrooms around the world: Is it worth maintaining a presence in

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these markets if they do not meet capital model hurdle rates? Should we exit, or reposition as patient capital players willing to accept years of modest returns in exchange for longer-term optionality?

This recalibration is already underway. Global insurers may increasingly choose to concentrate resources on higher-growth, higher-efficiency markets while downsizing or exiting emerging markets that cannot deliver immediate returns. For those who remain, the strategic posture must change—from expectations of rapid expansion to a patient, long-term investment philosophy rooted in local trust-building, digital infrastructure, and culturally informed product design.

Importantly, this change in posture may also result in a significant slowdown—or even permanent halt—to the previously ambitious expansion plans many insurers had for frontier markets such as Africa. The shift in capital allocation priorities under IFRS 17, combined with the challenging operating environments and limited short-term upside in these regions, could lead many insurers to put these plans on indefinite hold. Unless a clear pathway to sustainable returns emerges, the frontier opportunity may no longer justify the investment.

SECTION 13

Product Strategy in a Post-IFRS 17 Landscape

Product strategy will likely coalesce around a few core insurance offerings that are simple, transparent, and capital efficient. Chief among these will be term life insurance—often bundled with total and permanent disability (TPD) and critical illness coverage. Bundling is preferred over stand-alone products due to pricing advantages that emerge from risk pooling and operational efficiency. These products also provide the flexibility to address varying customer needs while maintaining a unified underwriting and servicing framework.

INSIGHT

The platform may well become the core around which all other product strategies are built.

Group life cover, especially where linked to large pools of retirement savings, will remain a valuable tool for insurers seeking scale and embedded distribution. Similarly, embedded and contextual insurance—coverage automatically offered at the point of sale for financial products, digital services, or lifestyle purchases—presents a promising avenue for integrating protection into the customer journey.

Health insurance will continue to emerge as a key component of the risk-based product portfolio. As healthcare costs rise and government systems face strain, private health coverage is likely to see increased demand, particularly in urban middle-class segments.

Perhaps most notably, general insurance (GI) sales are likely to take on greater strategic significance. As traditional life insurance products contract and margin pressures persist, GI offers a more transactional,

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diversified revenue base. This shift will require many life insurers to upgrade their GI distribution capabilities and explore hybrid agency-digital models to drive scale.

We can also see a much greater focus on micro insurance, parametric insurance and niche insurance products and products focused on accessing the informal sector. The issue here is whether insurers have the appetite, skill set and the distribution capacity for such products.

Finally, as discussed in Section 4, the development of proprietary or white-labeled platforms may become the most strategically valuable 'product' that insurers offer. These platforms can serve as the gateway for a holistic financial relationship with the customer—encompassing investment, protection, retirement, and health needs. Platforms will also reinforce ecosystem stickiness, improve data capture, and facilitate cross-sell and upsell opportunities. In a world where transparency and integration are paramount, the platform may well become the core around which all other product strategies are built.

CONCLUSION

Conclusion

IFRS 17 is more than a regulatory change—it is a strategic inflection point for the life insurance industry. Insurers that respond with agility, customer-centric product design, digital platforms, and advisor empowerment could emerge as winners. While the path forward requires investment and transformation, it also offers the chance to build a more sustainable, transparent, and resilient insurance model fit for the future.

INSIGHT

IFRS 17 is more than a regulatory change — it is a strategic inflection point for the life insurance industry.

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