LIFE ASSURANCE COMMITTEE

LAC Newsletter

2026 edition· Highlights from the committee and its subcommittees

ACTUARIAL SOCIETY OF SOUTH AFRICA
Advancing Actuarial Excellence



Nicky Patchett
Chair, Life Assurance Committee

FROM THE CHAIR

Welcome to the revived LAC newsletter

Thenewsletter is being revived to keep life actuariesoutside the committee informed about what LAC and the many subcommittees are working on, and where you can get involved. We plan to publish up to two issues a year.

This year the Committee has focused on the foundations of the life balance sheet: how the PA's yield curve is built and used, and how group solvency should be interpreted. On market conduct, we have kept the conversation going with the FSCA after the repeal of Directive 147, and contributed to National Treasury's thinking on unclaimed benefits. We have also set a regular review cycle for all LAC guidance and begun a full review of APN 106.

I am very happy to have welcomed Pamela Hellig (as Secretary) and Melusi Baloyi to the Committee, and Darroch Faught and Kayleen Moodley as new subcommittee chairs. My thanks go to Simon Louw (Chair of the APN 106 Subcommittee), Lafras Eksteen (Chair of the Market Conduct Subcommittee), Sphe Msane (LAC member and previous Secretary) and Sandy Govender (ASSA staff representative to LAC) for their service.

Much of our work depends on volunteers, so if any of the topics below interest you, please get in touch about joining one of our subcommittees.

Nicky Patchett

PRUDENTIAL

Rethinking the PA yield curve extrapolation

LAC set up a working group in March 2026, chaired by Colin van Zyl, to review how the PA extrapolates the nominal bond curve. The concern, borne out by experience at the end of 2025, is that small moves in thin long-dated bond yields can cause large swings in technical provisions and solvency ratios. The group will set out principles and various alternative approaches, with findings due to the PA by the end of 2027.

PRUDENTIAL

Group solvency

LAC has raised questions with the PA on how the group solvency framework should be interpreted. The PA is now planning a targeted thematic review with key insurers.

Until that is complete, the Group Solvency Subcommittee will perform a light review of APN 111 rather than issue new technical guidance.

PRUDENTIAL

APN 110: bespoke ESG curves versus the PA curve

The APN 110 Subcommittee is running an anonymised industry exercise to consider how insurers' ESG curves differ from the PA-published curve, and why.

Separately, a full review of APN 110 is planned for 2027 and may include guidance on private markets assets.

MARKET CONDUCT

PPFMs and value for money

Following the repeal of Directive 147, the FSCA has invited LAC to help shape possible non-binding guidance on PPFMs. The Market Conduct Subcommittee, now chaired by Kayleen Moodley, is also drafting guidance on value for money, building on case studies from South Africa and abroad.



A rare in-person moment: most of the LAC got together at the ASSA Convention.

MARKET CONDUCT

Unclaimed benefits

LAC has contributed to ASSA's response to National Treasury's discussion paper on unclaimed benefits.

Its input focused on where actuarial, product-design and governance expertise adds value, such as how benefits are defined, invested and traced.

GUIDANCE

APN 106 review

The APN 106 Subcommittee, now chaired by Darroch Faught, has started a fresh look at the note, with a revised draft expected for comment in the second half of 2027.

The subcommittee will be considering how to include liquidity risk as well as management actions in stress and scenario testing, amongst other topics. New members are welcome.

EMERGING ISSUES

Artificial intelligence

Melusi Baloyi and Zandile Gobe will represent LAC on ASSA's AI Committee. Any guidance that comes from the AI Committee will need to be reflected in LAC's own guidance, including APN 106.

AI is clearly a topic of interest to members, as the AI session was the highest-rated session at this year's LAC seminar.

EMERGING ISSUES

Climate change

The Life workstream of ASSA's Sustainability and Climate Change Committee has developed a stress and scenario testing framework for life insurers, with illustrative worked examples and scenario wording that can be used in ORSAs. The framework was presented at the committee's seminar and is now available on the ASSA website.

An industry survey found relatively low preparedness for climate-related disclosure and stress testing, and strong demand for practical guidance. The workstream is currently preparing case studies from South African life insurers who have progressed their climate risk journey, and welcomes volunteers.

COLLABORATION

Working with other committees

LAC and the Short-Term Insurance Committee (STIC) are producing a joint information note on IFRS 17 resources. LAC and the Investment Committee have agreed to share information regularly. The CSI Committee now has a regular slot on the LAC agenda as it moves its mortality studies to interactive dashboards.

PROFESSIONAL DEVELOPMENT

Congratulations to our new PC holders

October provided an opportunity to celebrate ASSA's newest Practising Certificate holders. The LAC would like to congratulate all the new Life Assurance PC holders on this significant achievement.

Obtaining a Practising Certificate is an important professional milestone, and we wish our newest PC holders every success as they embark on this next chapter of their careers.