



# IFRS 17 implementation

## Accounting standards for insurance policies

A fresh take on risk and valuation

Comprehensive yet pragmatic solutions for your major challenges

IFRS BALANCE SHEET MANAGEMENT

BUILDING TOOLS FOR INVESTMENT DECISION

UPGRADING ACCOUNTING SYSTEMS

DELEGATING NON-CORE MODELLING ACTIVITIES

IFRS 17 will apply as from 1 January 2023. The long lead time until January 2023 indicates the high complexity of implementation and should not be underestimated.

The new accounting standard changes the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 directly impacts how insurers value their insurance liabilities on their balance sheet and how they recognise profits in their Income Statement.

Depending on which stage of the IFRS 17 implementation process you are, Finalyse can help you with the gap analysis, the proof of concept, the development of the right tools and processes to meet the target operating model, your impact analysis, the parallel runs and the go-live launch.



For more information, visit [www.finalyse.com/ifrs-17-implementation](http://www.finalyse.com/ifrs-17-implementation)

## Benefits

- Leverage on our experience in areas beyond financial reporting, such as actuarial models, IT systems including data management and storage capacities, risk management including ALM and hedging, taxation, product design, business strategies and remuneration.
- IFRS 17 is a principle-based standard and, as such, it is subject to interpretation in a number of areas. Additionally, it provides for a number of options to be chosen by insurers from day one. It is, therefore, important that combinations of options and approaches are tested against carefully defined insurance and economic scenarios before taking any final decision.
- With the temporary exemption from IFRS 9 for insurers, you can bring the two standards into line and apply them together as from January 2023. Finalyse offers its experience in the parallel implementation of both standards.

## Motivation

We have a team of IFRS 17 subject matter experts, including actuaries, and a dedicated competency centre with significant hands-on experience in the development and implementation of target operating models for all aspects of financial reporting, including the integration of actuarial and accounting processes as well as the data management and quality processes.

AMSTERDAM

BRUSSELS

BUDAPEST

DUBLIN

LUXEMBOURG

WARSAW

# IFRS 17 Implementation

## Finalyse Client Cases

Preparing for and implementing IFRS 17 requires new or upgraded systems, processes and controls as well as coordination between functions such as Finance, Actuarial and IT.

Our actuaries, financial modelers and programmers have been providing support to our clients throughout their IFRS 17 journey, from scoping and planning to building and testing through designing business, functional and technical requirements and performing parallel runs and updating ALM strategies.

### IFRS 17 for insurers



Finalyse has been actively involved in the design, implementation and testing of IFRS 17 for a number of Life and Non-Life insurers in Belgium, Canada, France, Germany and Switzerland. Our actuaries and modellers have worked on providing advise and concrete solutions on a range of issues such as:

- Implementation and testing of all 3 approaches BBA, PAA and VFA for the valuation of insurance liabilities
- Data sourcing including data mapping, data dictionaries, data quality and governance
- Definition of business, functional and technical requirements
- Definition and implementation of insurance contract groups and cohorts
- Discounting: top down and bottom up approaches including illiquidity premium allocation
- Unwinding of Best Estimate Liabilities and Risk Adjustment
- Loss component recognition
- Recovery of insurance acquisition cash flows
- Carry forward of balances to next accounting period
- FX Translation and FX Adjustment accounting entries
- Results audits and documentation
- Sensitivity testing and ALM

### IFRS 17 for reinsurers



Finalyse has been appointed to contribute to the implementation of IFRS 17 for 2 large global reinsurers in Germany and France. Our teams have played a catalytic role and provided hands-on solution on issues such as:

- Reinsurance treatment under the BBA approach
- Treatment of Internal retrocession
- Offsetting of gains and losses of contracts within the same groups
- Recovery of insurance acquisition cash flows
- Treatment of cash flows outside contract boundaries for reinsurers
- Manual adjustments within the accounting process



SAS has developed a solution called SAS IFRS 17, an integrated environment for managing risk and financial data, including data collection, aggregation and allocation, calculation of IFRS 17 measures, and creation of accounting entries and disclosures. A team of experienced Finalyse consultants has been assigned to assist SAS to develop and enhance further a number of their tool's functionalities.