

# IFRS 17 IMPLEMENTATION UPDATE IPEC ICAZ WEBNAR



Presented by

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# PRESENTATION OUTLINE



- Background & timelines
- Generic implementation roadmap
- Results from industry survey
- Detailed review of industry progress
- Key learnings and challenges
- Proposed way forward
- Discussion

# BACKGROUND & TIMELINES



2021

2022

2023

2024

Set up & build

Dry run

Parallel Reporting

IFRS 17 Reporting

## TIMELINES

- Very tight, manageable?
- IFRS 17 become effective on or after 1 Jan 2023

## IFRS 4

Currently IFRS4 refers to local accounting practices:

- Variety of practices
- Of which FSV is one

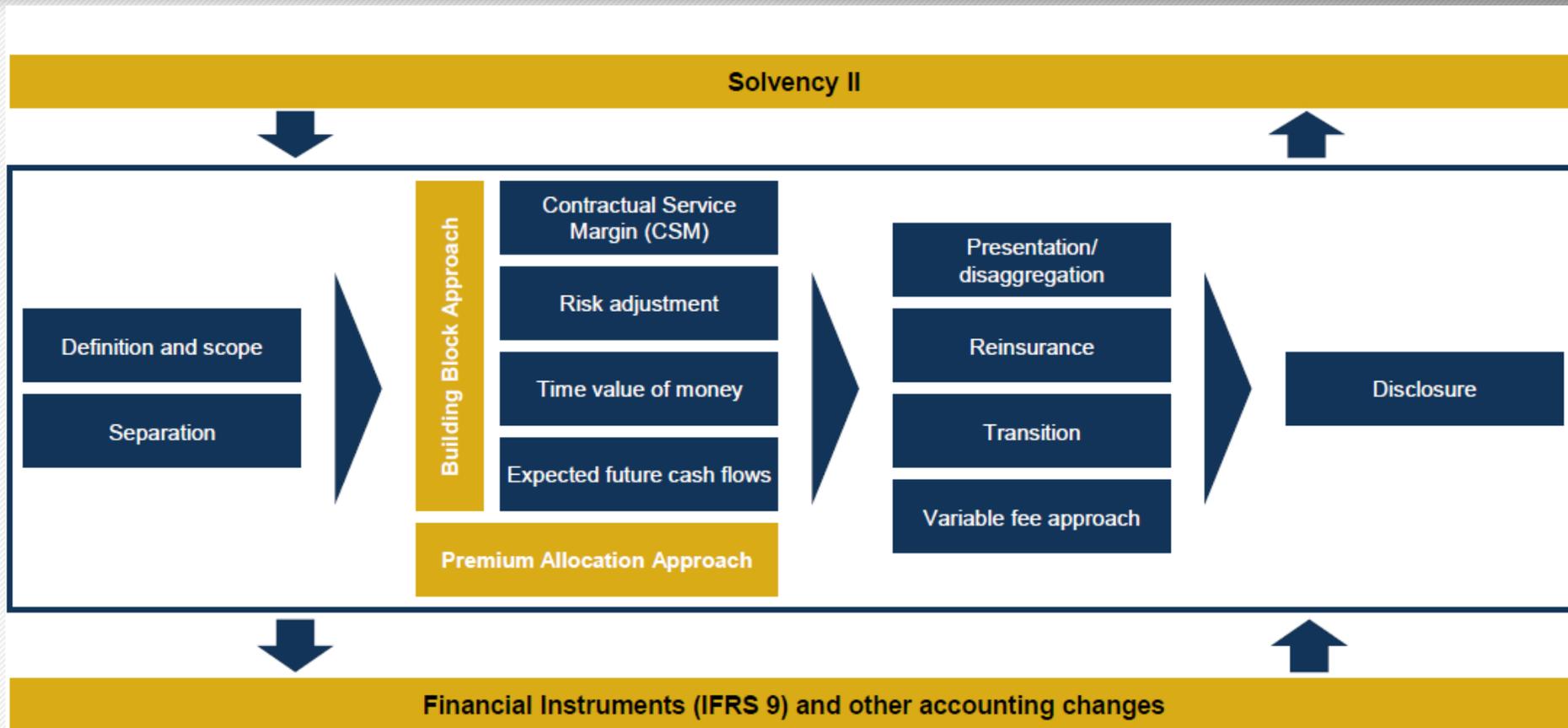
## IFRS 17

Introduced to standardise:

- Rate of profit recognition over the term of insurance contracts.
- Degree of conservatism (allowance for risk) in assumptions.

**Comparability, uniformity, consistency reporting & transparency about sources of profits**

# IFRS 17, 9 & ZICARP



# GENERIC IMPLEMENTATION ROAD MAP



## Key phases & activities from a business architecture perspective

### STRATEGY & ASSESS

#### Impact assessment

- Identify high level impact of IFRS17
- Define high level TOM & project plan

#### Strategy & Architecture

- Define the scope of the initiative, plan for detailed GAP analysis

### DESIGN

#### High level design

- Understand & design requirements
- Identify systems capabilities to acquire
- Prepare detailed project plans, resources & budgets

#### Detailed design

- Business requirements specs
- Functional & technical specs

### CONSTRUCT & IMPLEMENT

#### Parallel runs

- Simulation of the P&L, BS as if IFRS17 is already in effect

#### Construct & test

- Build and test the changes to the TOM

### OPERATE, REVIEW & DEPLOY

#### Transition

- Adjust the opening balance sheet of the comparative period disclosed

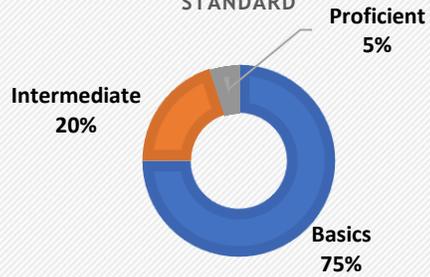
#### Business as usual

- Ensure continuity and flexibility in the quarterly disclosure

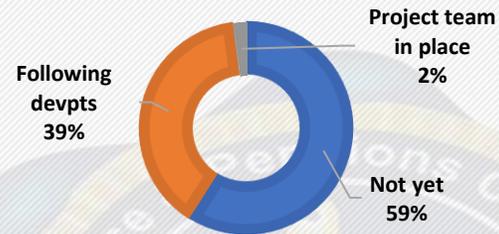
# RESULTS FROM INDUSTRY SURVEY



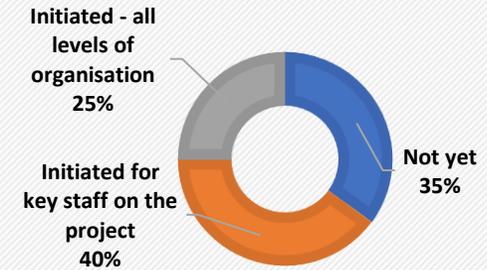
UNDERSTANDING OF IFRS 17 STANDARD



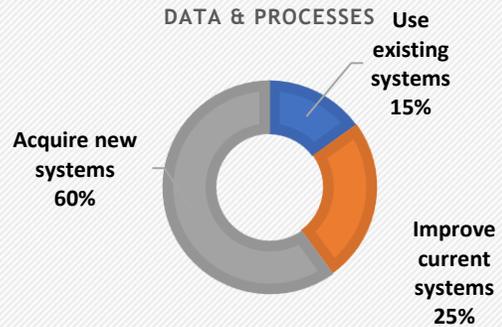
IFRS 17 PROJECT TEAM



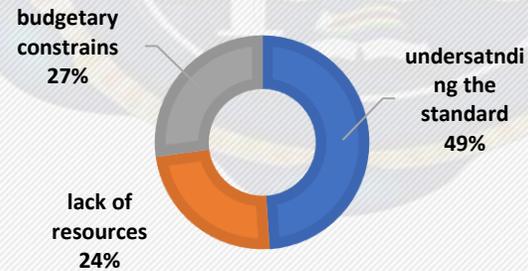
IFRS 17 TRAINING



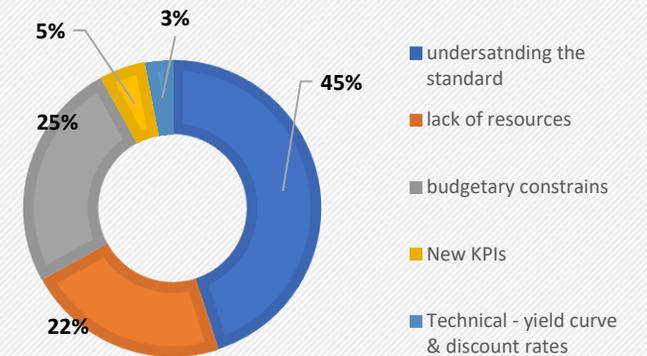
DATA & PROCESSES



IFRS 17 EXPERTISE



BIGGEST CHALLENGES



- undersatnding the standard
- lack of resources
- budgetary constrains
- New KPIs
- Technical - yield curve & discount rates

# DETAILED REVIEW OF INDUSTRY PROGRESS



- IPEC internal committee responsible for the successful implementation of the standard
- Constituted IFRS 17 Implementation Working Committee made up of IPEC, industry representatives and ICAZ
- 4 sub-committees to spearhead implementation of the project:
  - Stakeholder Awareness;
  - Capacity Building;
  - Actuarial & Accounting and
  - Disclosure & Policies sub-committee
- Sub-committees are currently developing their TORs and deliverables in view of tight implementation deadline
- Industry players are urged to second staff members to the project

# KEY LEARNINGS AND CHALLENGES



## Financial and operational implications of adoption will vary by insurer

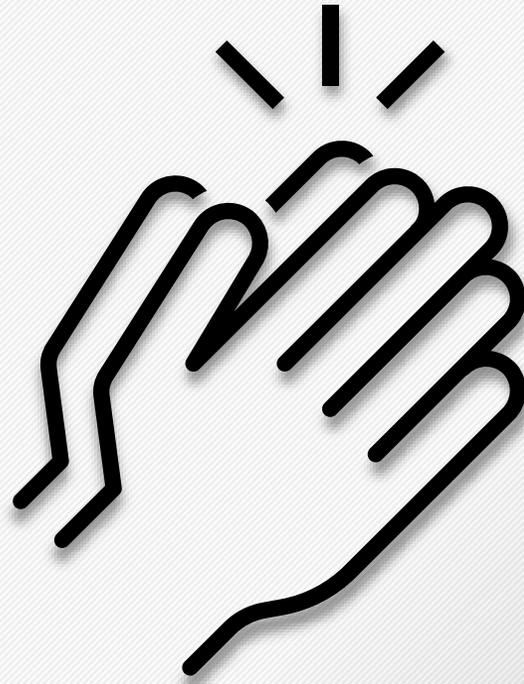
- Lack of understanding of the standard - need for deliberate extensive awareness & training
- Resources planning & budgetary constraints - issue of prioritisation
- Length of implementation project - underestimation of the scale of work
- Challenges to year end reporting timetables
- Data collection and storage - capabilities & forex to acquire
- System implications across wider Group - spend some time in strategy and architecture phase
- Lack of knowledge and lack of certainty over interpretation
- Other areas of the business will be impacted such as product design, remuneration policies and business planning.
- Managing market expectations before and after adoption is crucial - impact on other stakeholders
- Informing policy choices and options
- Need for buy-in from the top - boards & committees

# PROPOSED WAY FORWARD



- Speed
- Holistic approach
- Training
- Educating stakeholders - Boards, management, users of the financial statements
- More regular engagements - conscientize





# Discussion

