



# IFRS 17 – a global perspective for general insurers

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ASHK 3<sup>rd</sup> General Insurance Seminar  
Friday, 19 October 2018

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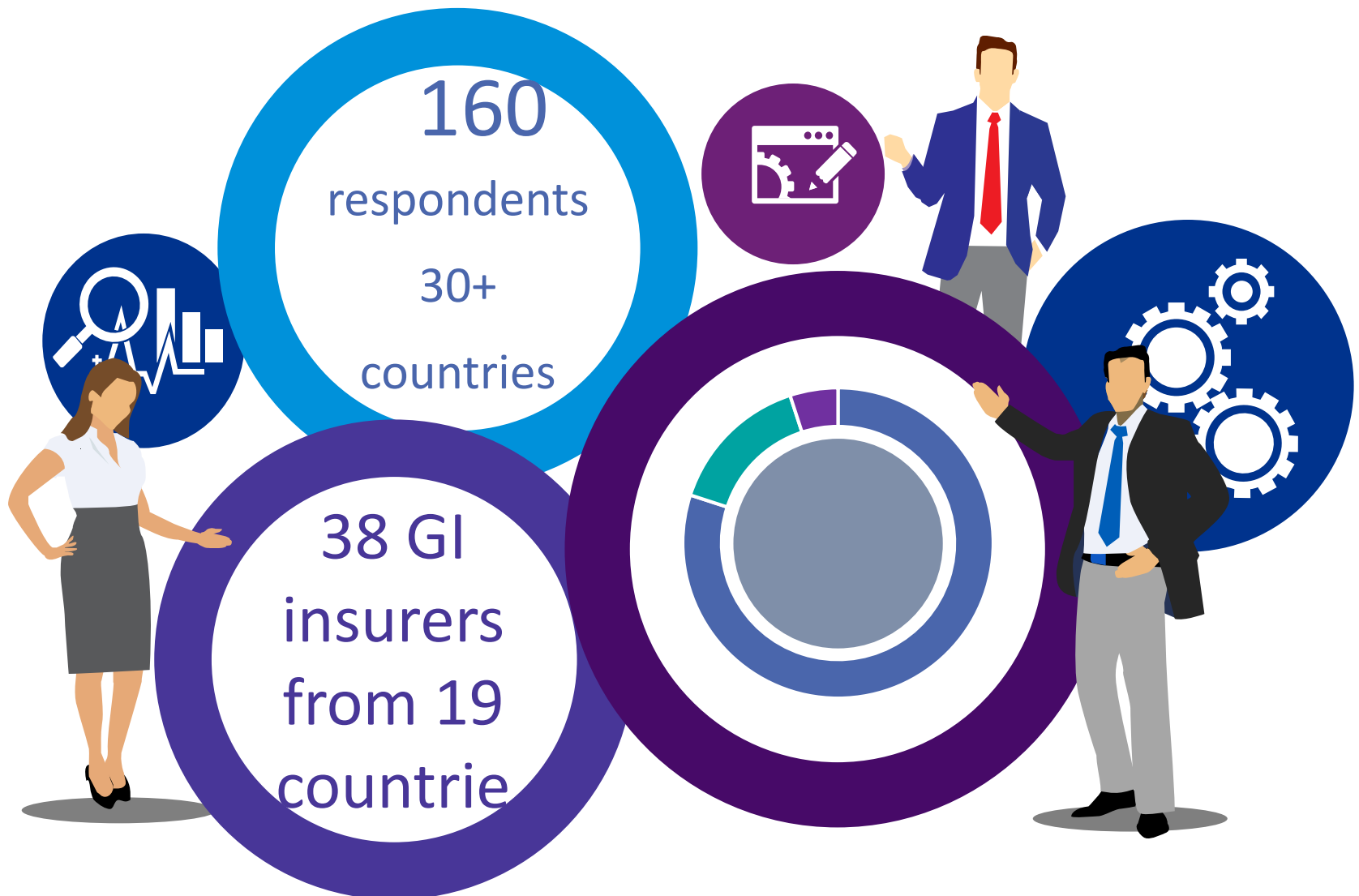


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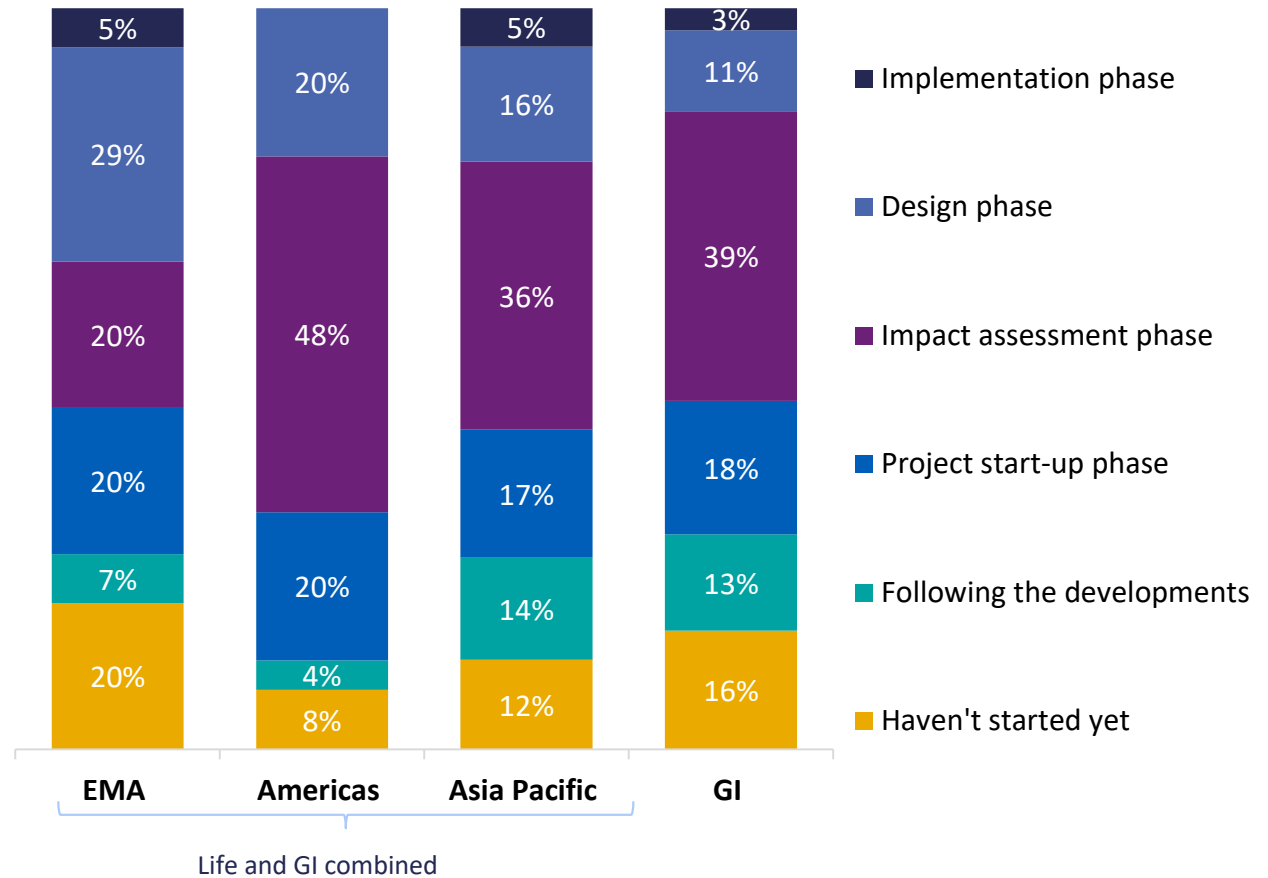
# We proudly present: Benchmarking 2.0



# Where are insurers on their journey to IFRS 17?

# Where are insurers in their IFRS 17 project?

- Insurers in Asia Pacific are further ahead with their impact assessments than those in EMA
- Most general insurers have started the project or are running the impact assessment

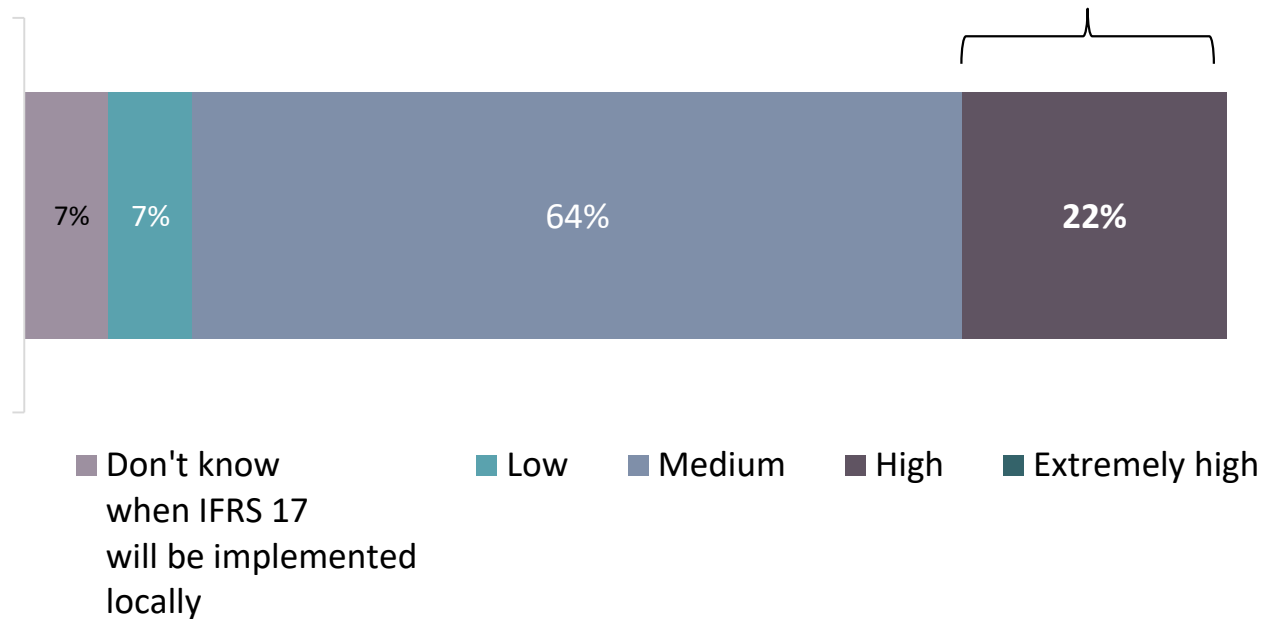


Source: KPMG In it to win it – Feedback from insurers on the journey to IFRS 17 and IFRS 9 implementation one year in – 2018 ©

# Time pressure is growing for GI insurers

## Challenge of meeting planned implementation date for GI insurers

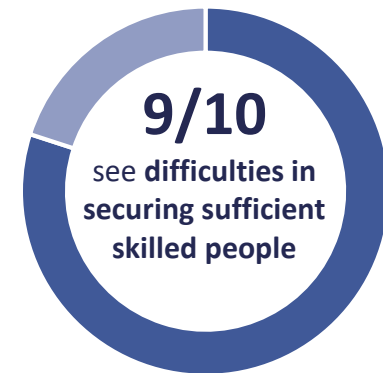
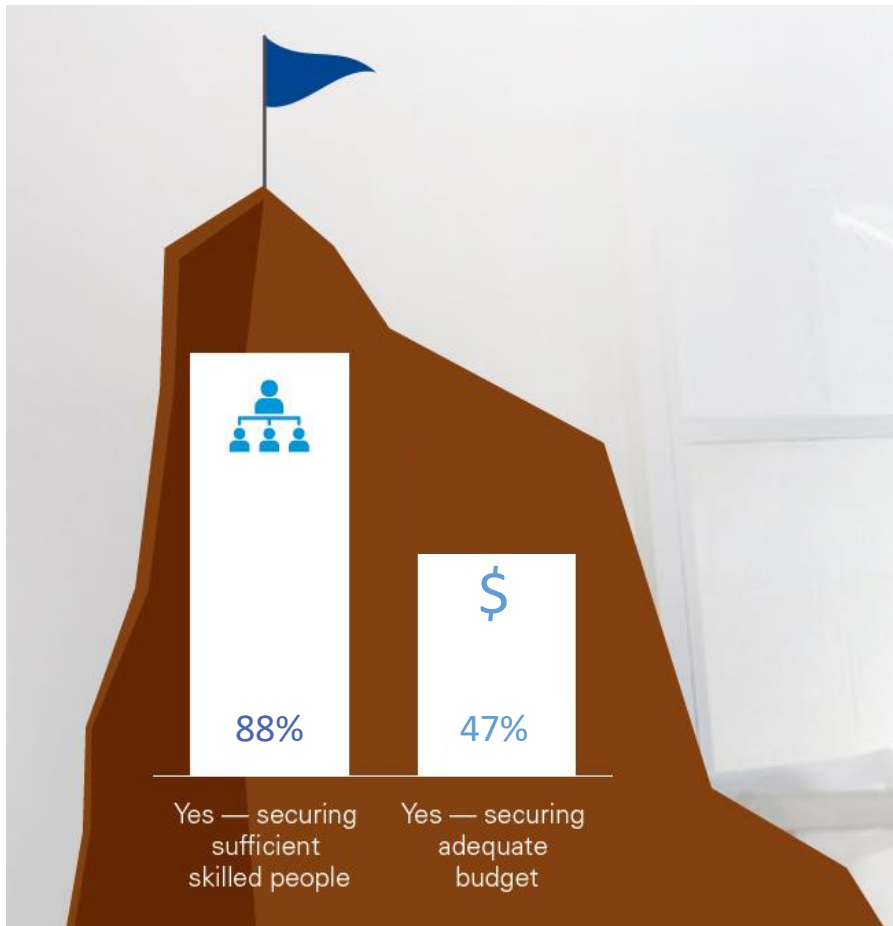
Over one-fifth of GI respondents expect a high degree of challenge in meeting planned implementation date



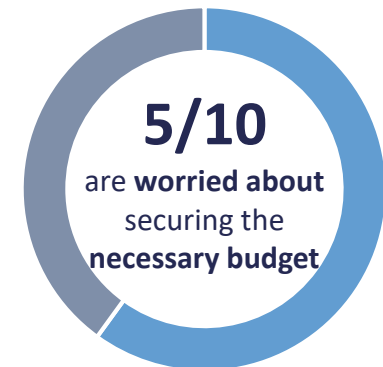
Source: KPMG In it to win it – Feedback from insurers on the journey to IFRS 17 and IFRS 9 implementation one year in – 2018 ©

# Securing the right people is key ...

## Expected resource challenges in implementation



Companies that are further along are **more concerned with securing skilled people** and **less concerned about securing budget**



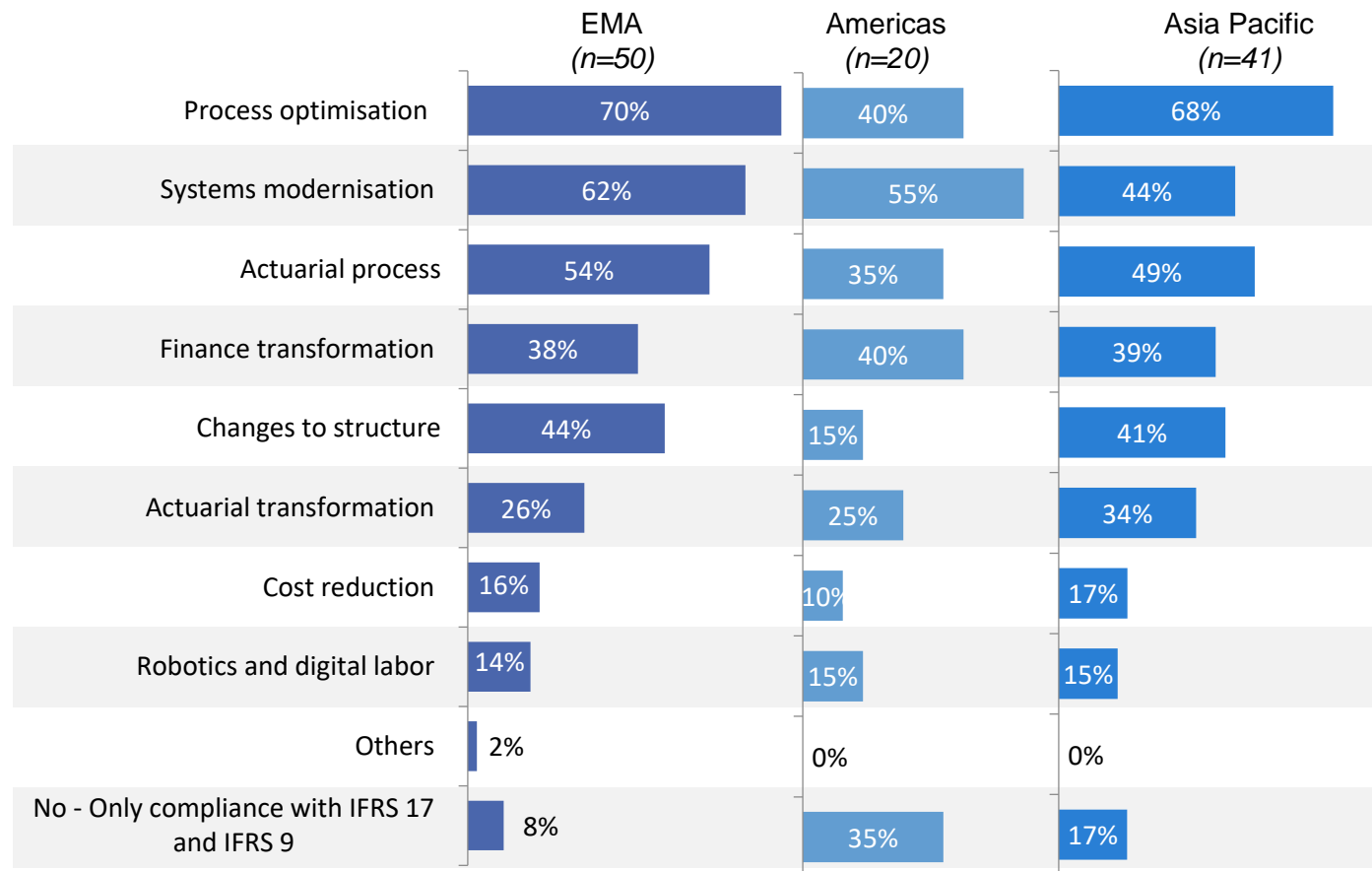
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How are insurers addressing  
business & commercial  
challenges they face?



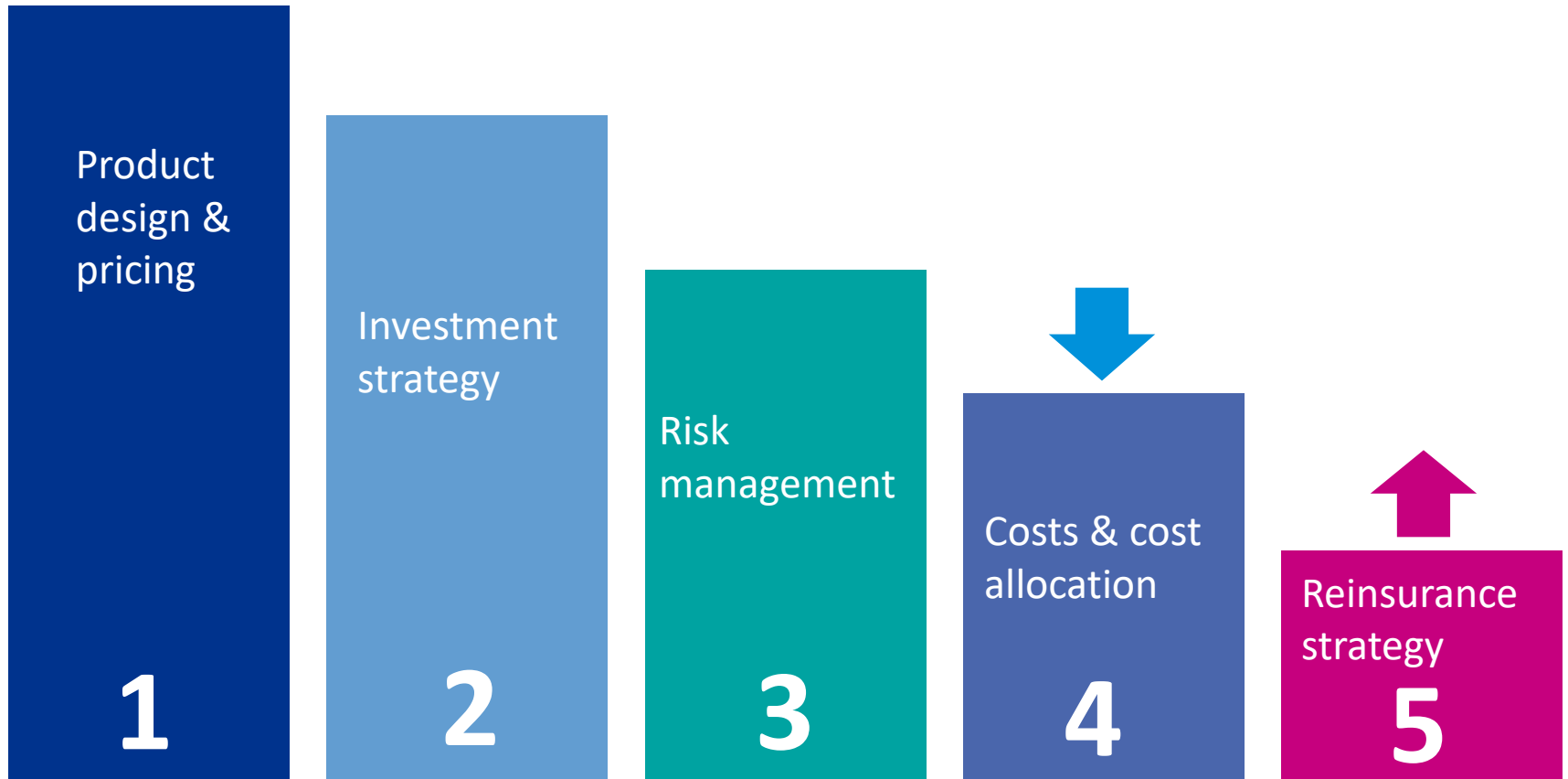
# Many still see this as an opportunity beyond mere compliance ...

- **2/3 of all insurers are keen to seize the opportunity to transform their business.**
- **Smaller insurers tend to focus on solely compliance**



Source: KPMG In it to win it – Feedback from insurers on the journey to IFRS 17 and IFRS 9 implementation one year in – 2018 ©

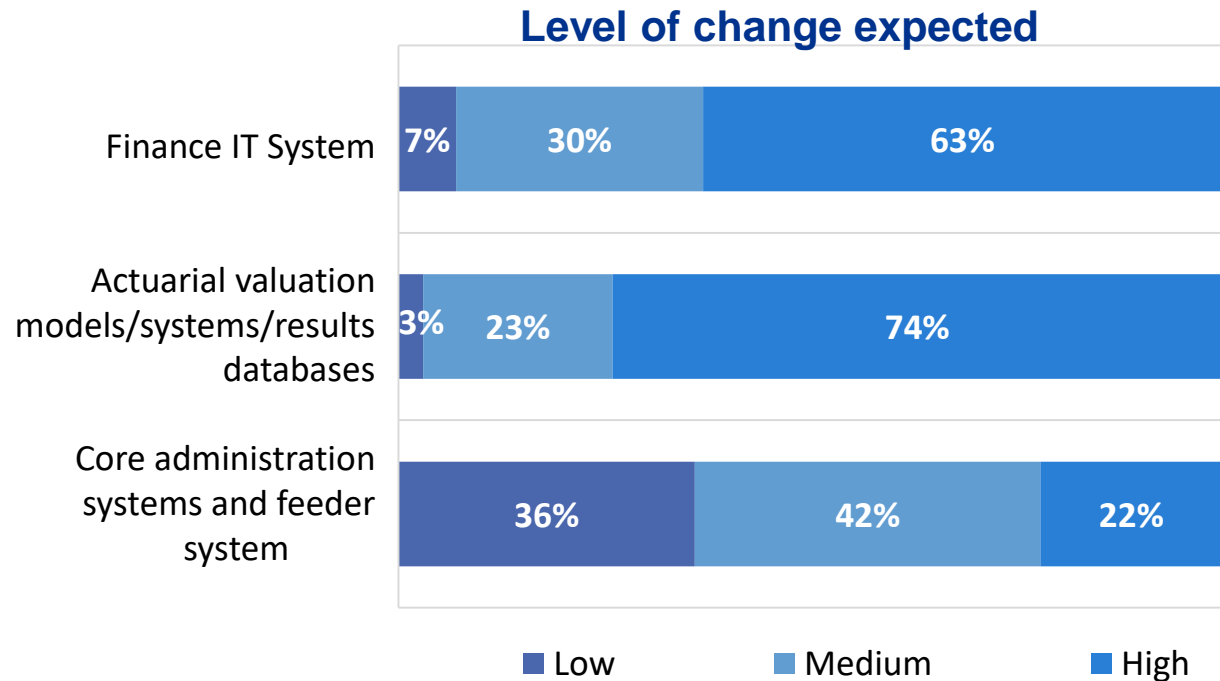
# Top 5 business impacts



Source: KPMG In it to win it – Feedback from insurers on the journey to IFRS 17 and IFRS 9 implementation one year in – 2018 ©

# The impact on systems is now better understood ...

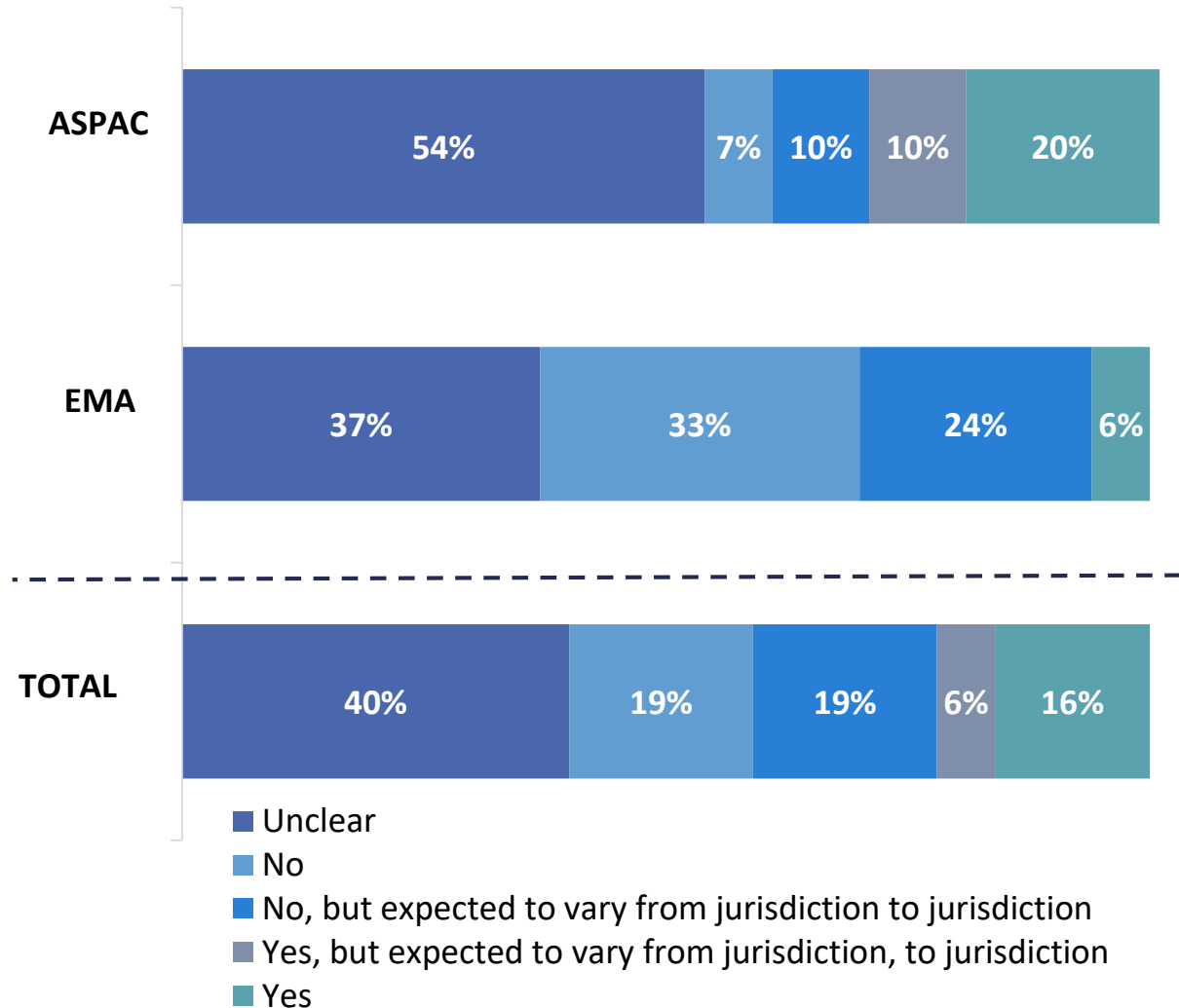
- The expected level of change for core administration systems is clearly lower than in 2017
- 93% expect material changes to actuarial systems



Source: KPMG In it to win it – Feedback from insurers on the journey to IFRS 17 and IFRS 9 implementation one year in – 2018 ©

# Will IFRS 17/9 change capital regimes?

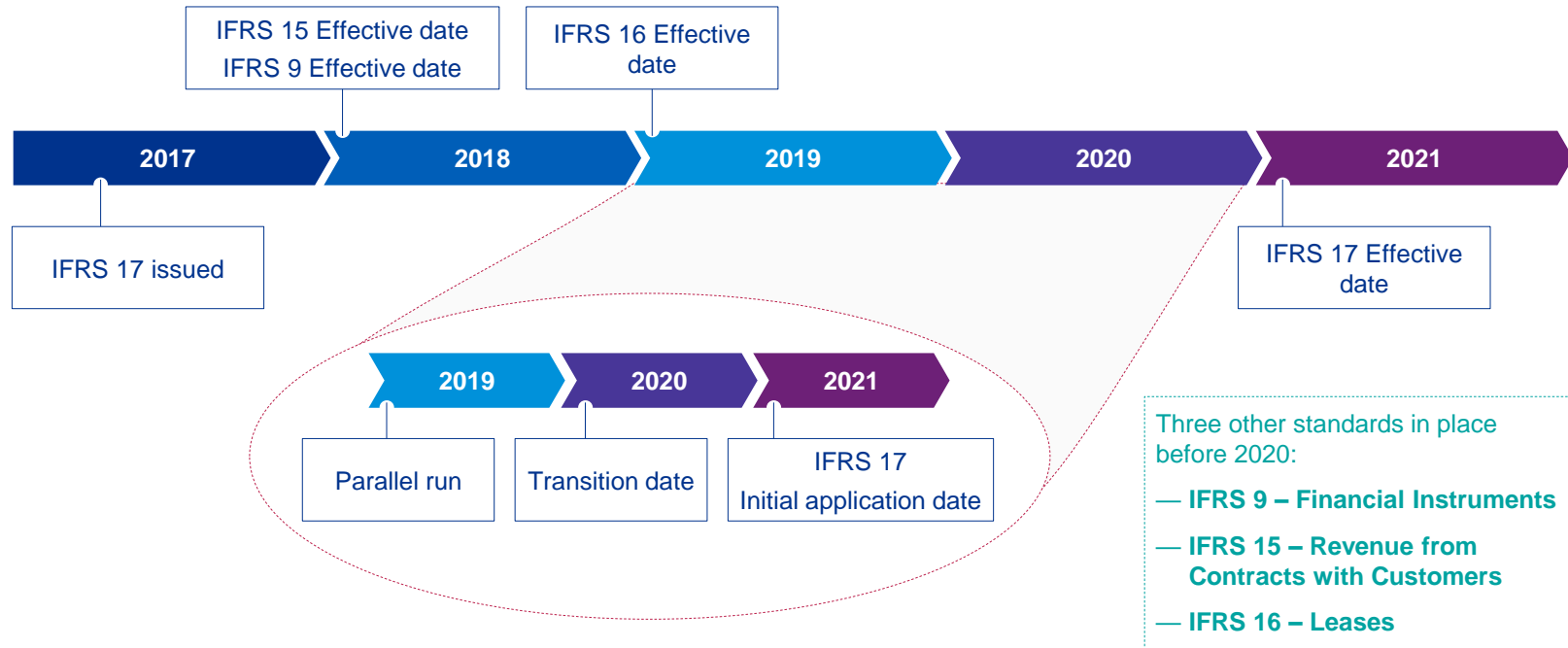
- Respondents in the ASPAC region are unsure about potential changes to capital requirements
- Note that EMA is wider than the European Union where Solvency II determines regulatory capital



Source: KPMG In it to win it – Feedback from insurers on the journey to IFRS 17 and IFRS 9 implementation one year in – 2018 ©

# Could IFRS 17 be delayed?

# IFRS timeline – a reminder



Some insurers can **defer** the implementation of IFRS 9 to better manage accounting mismatches and two big accounting change projects.

# What's happening in Europe

## What is the TRG?



- Transitional Resource Group
- A forum for public discussion of implementation questions
- To inform the Board
- NOT a standard-setting body
- NOT a complaints committee

February 2018

May 2018

September 2018

First TRG Meeting

Second Meeting

Third Meeting

*I wonder how this will really work?*

*That's a relief – no damage done!*

*Topics seems to be more straight forward*

## European endorsement process



EFRAG (body responsible for advising on adoption of IFRSs in Europe) is writing **draft endorsement advice to EU**



**CFO forum** (European industry group) has reported on field testing and asked for **extension** of implementation date



Current **Political landscape** difficult to read

# Possible deferral scenarios



## IFRS 17 deferral scenarios

No deferral or max 1 year of delay

Stick to project plan and use extra time to alleviate project pressures and to better understand the numbers

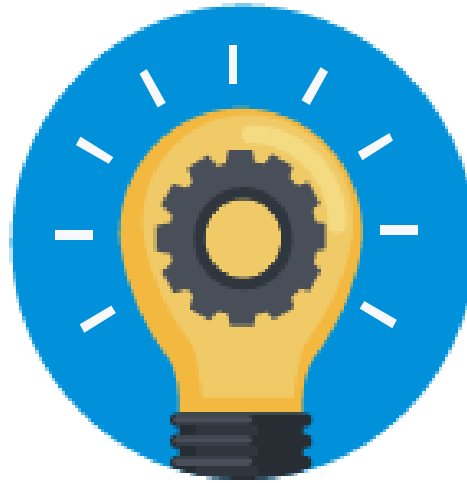
More than 1 year of delay

- Consider if you can re-plan fundamentally
- Do not delay or push out critical activities
- Re-map project dependencies
- Give yourself more time to understand your numbers and how they move
- See if you can bring Day 2 activities into the implementation timeline

IFRS 9 is not expected to change!



Q&A





Thank you

# Your presenters this morning were



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# KPMG publications to help you



## “Illustrative disclosures for Insurers”

Guide to annual financial statements IFRS 17 and IFRS 9



## “first impression Insurance contract”

Detailed description of all the elements of IFRS 17

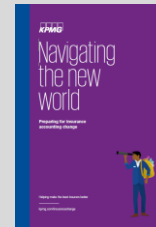


## “Lessons for the future”, April 2017

Feedback from the front-line of implementing IFRS 17



**In it to win it, feedback from insurers on the journey to IFRS 17 and IFRS 9 implementation**  
Benchmarking 160 insurers on their progress and critical decisions



## “Navigating the new world”, Oct 2016

A comprehensive capabilities brochure explaining KPMG’s point of view on planning for the forthcoming IASB insurance contracts standard.



The ‘Viewpoint’ series covers specific technical issues and potential business implications of the forthcoming standard and IFRS more widely.



[kpmg.com/insuranceaccountingchange](https://kpmg.com/insuranceaccountingchange)

# And further background material

To learn more, contact any of your presenters today or your regular KPMG contact in your country, or visit [kpmg.com/insuranceaccountingchange](https://kpmg.com/insuranceaccountingchange)

## **webcast recordings:**

1. **Key highlights: IFRS 17 final standard has arrived!**
2. **IFRS 17: Scope and measurement**
3. **IFRS 17: Variable Fee Approach**
4. **IFRS 17: Preparing for transition**

Plus much more that has been published since. Use the Insurance Accounting Change (IAC) Practice guide to navigate the wealth information that is available to you.



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