



Society of Actuaries in Ireland

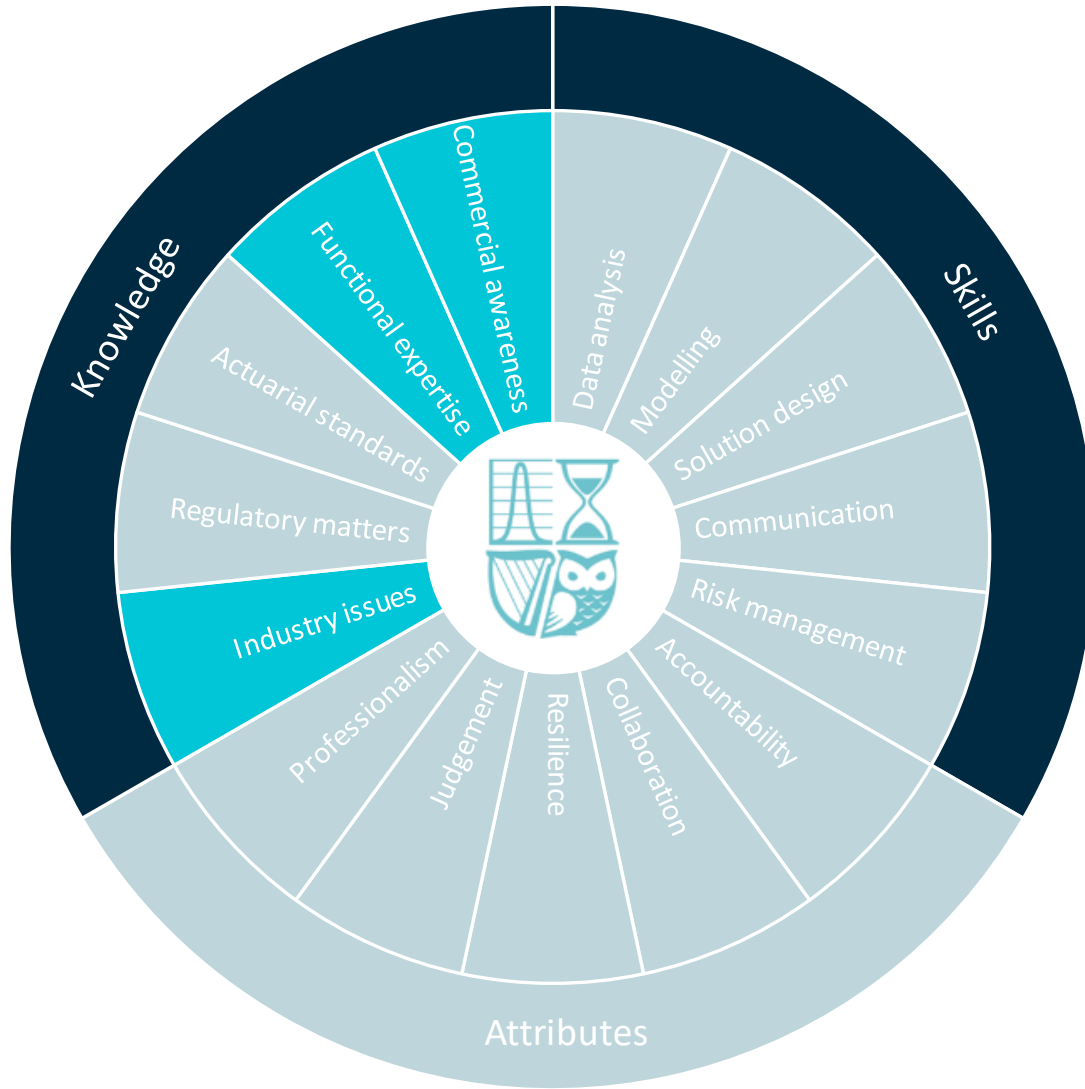
**IFRS 17:
Panel discussion**

27 November 2020

Disclaimer

The views expressed in this presentation are those of the presenter(s) and not necessarily of the Society of Actuaries in Ireland or of their employers.

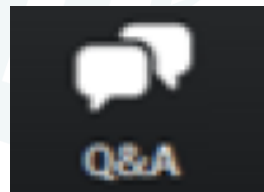
Competency Framework



Agenda

- SAI IFRS 17 Working Group and activities
- Timeline and recent developments
- Member survey results and panellists views
- Q&A – please submit questions as we go

Please use the Q&A function



IFRS 17 working groups – current members

Life WG

Aileen Murphy

Andrew Kay

Caroline Lynch

Ciara Fitzpatrick

David MacCurtain

Francis Furey

Miriam King

Niall Naughton (Chair)

Paraic Byrne

Non-life WG

Brian Walsh

Cecilia Cheuk (Chair)

Deirdre O'Brien

Joanne Lonergan

IFRS 17 panelists

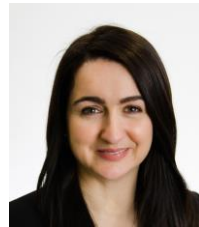
Andrew Kay is a Principal in Milliman's Dublin office. He provides actuarial advice to insurers on IFRS 17 implementation, Solvency II, and model validation, and is a member of Milliman's global IFRS 17 team.



Caroline Lynch works in Irish Life, where she plays a key role in its IFRS 17 implementation project. Her previous roles include working in Financial Reporting and Risk Functions.



Ciara Fitzpatrick is a director in EY with a particular interest in CFO Advisory, including IFRS 17. Ciara is involved in a number of IFRS 17 implementation projects, both working with clients to implement, and also as auditor.



Joanne Lonergan is a manager in Deloitte, where she has a focus on IFRS 17 and has been involved in a number of IFRS 17 implementation projects, as well as being a regular contributor to working parties in Ireland and abroad.



Niall Naughton (Chair) is a director in PwC and has advised several clients on their IFRS 17 implementations. Niall is a member of the SAI life committee and chairs the life IFRS 17 WG.



Working group activities

Slides and podcasts

Introduction: <https://web.actuaries.ie/events/2018/10/introduction-ifs17>

GMM: <https://web.actuaries.ie/events/2019/02/deeper-dive-ifs17>

VFA & PAA: <https://web.actuaries.ie/events/2019/09/deeper-dive-ifs-17-vfa-and-paa>

Reinsurance & transition: <https://web.actuaries.ie/events/2020/02/webinar-deeper-dive-ifs-17-reinsurance-and-transition>

Financial reporting emerging issues:

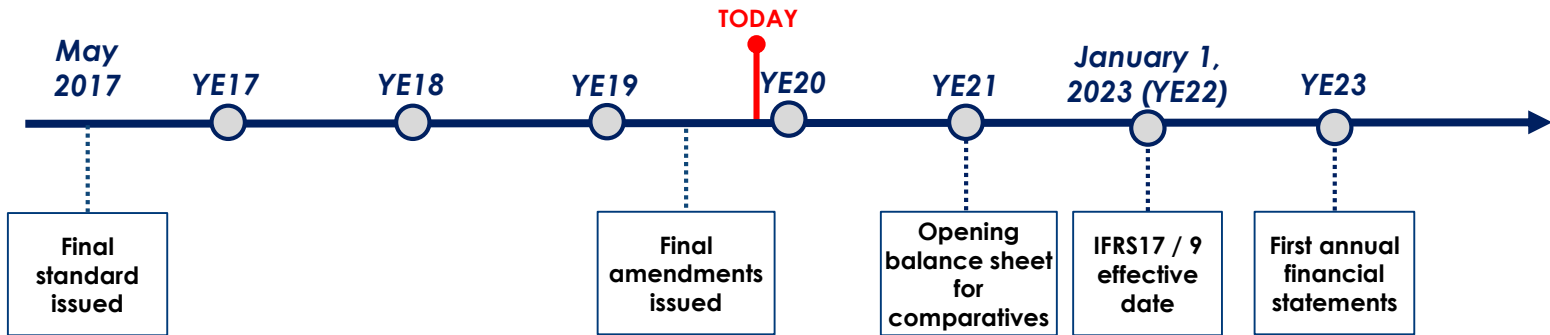
<https://web.actuaries.ie/events/2019/11/financial-reporting-emerging-issues>

Other

- Responding to IFRS 17 consultations (IAA and AAE)
- SAI IFRS 17 webpage:
<https://web.actuaries.ie/press-publications/ifs-17-working-group>
 - Provides links to materials and publications



Timeline and recent developments

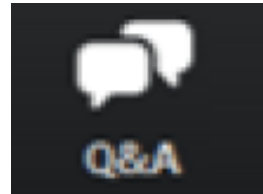


- IASB issued amendments to IFRS 17 in June 2020 (and provided webcasts explaining the changes): <https://www.ifrs.org/supporting-implementation/supporting-materials-by-ifrs-standard/ifrs-17/#webcasts>
- No further IASB or TRG meetings scheduled on IFRS 17
- EFRAG issued its draft endorsement advice 30 Sept 2020, with comments requested by 29 Jan 2021: <https://www.efrag.org/Activities/289/IFRS-17---Insurance-Contracts>
- EFRAG largely endorsing IFRS 17 (and amendments) other than lack of consensus on annual cohorts for certain intergenerationally-mutualised and cash-flow matched contracts



Timeline and recent developments

Please use the Q&A function





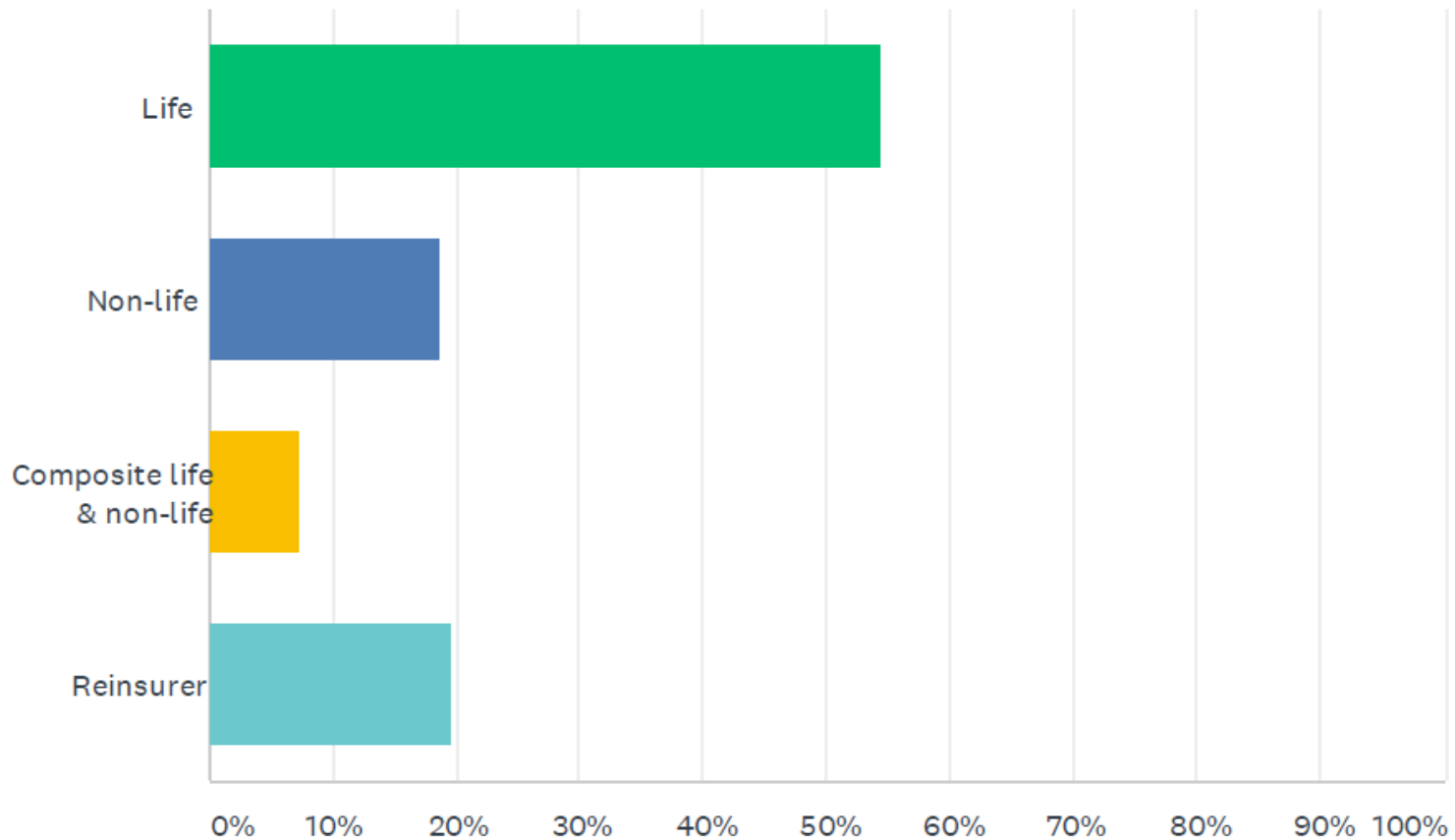
Member survey on their IFRS 17 projects

- Short survey of all members who noted practice area as life, non-life or reinsurance
- 18 questions across the following areas:
 - Category of respondent
 - IFRS 17 project
 - Methodology
 - Systems
 - Strategy
 - Other
- Summary results provided by SAI to IFRS 17 Working Group
- 81 responses! Many thanks to everyone who participated!

Survey: category of respondent

Q1 Type of insurance company

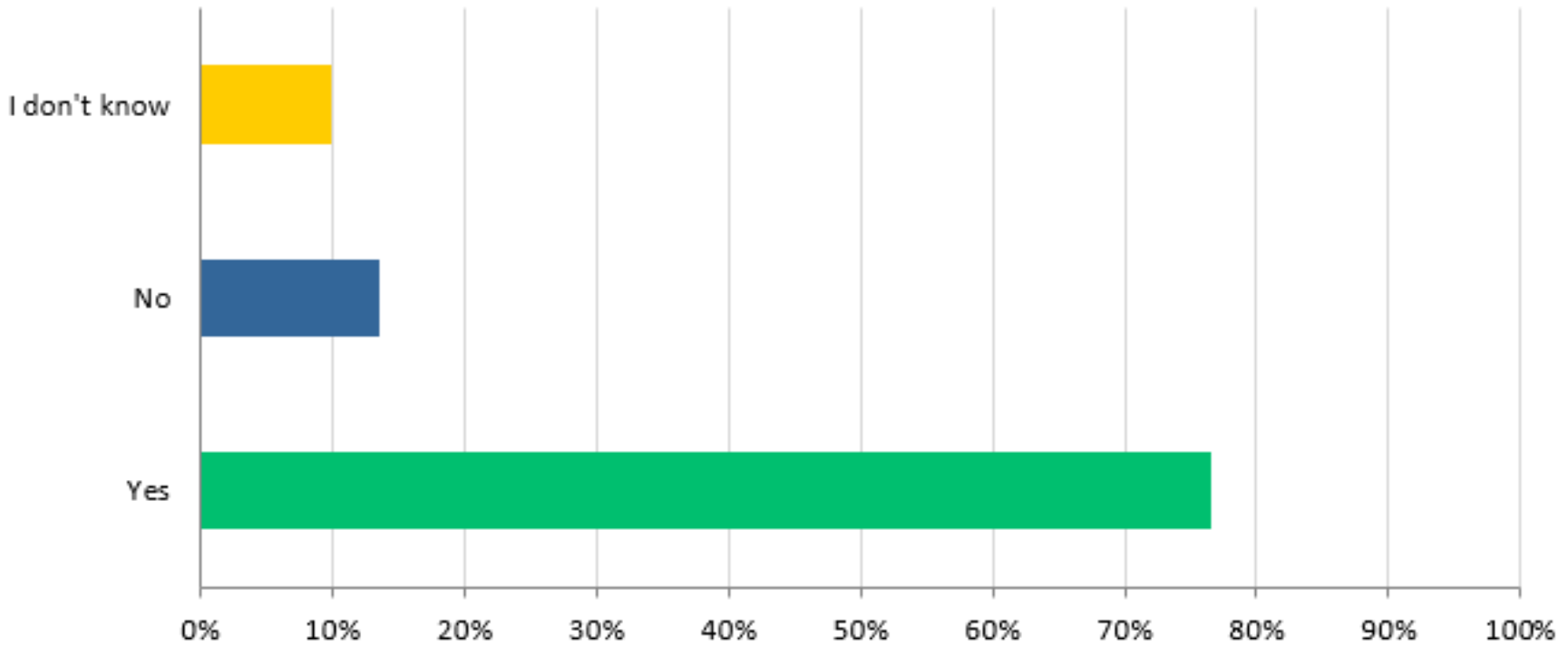
Answered: 81 Skipped: 0



Survey: category of respondent

Q2 Will your company report under IFRS 17 in its local financial statements from 2023?

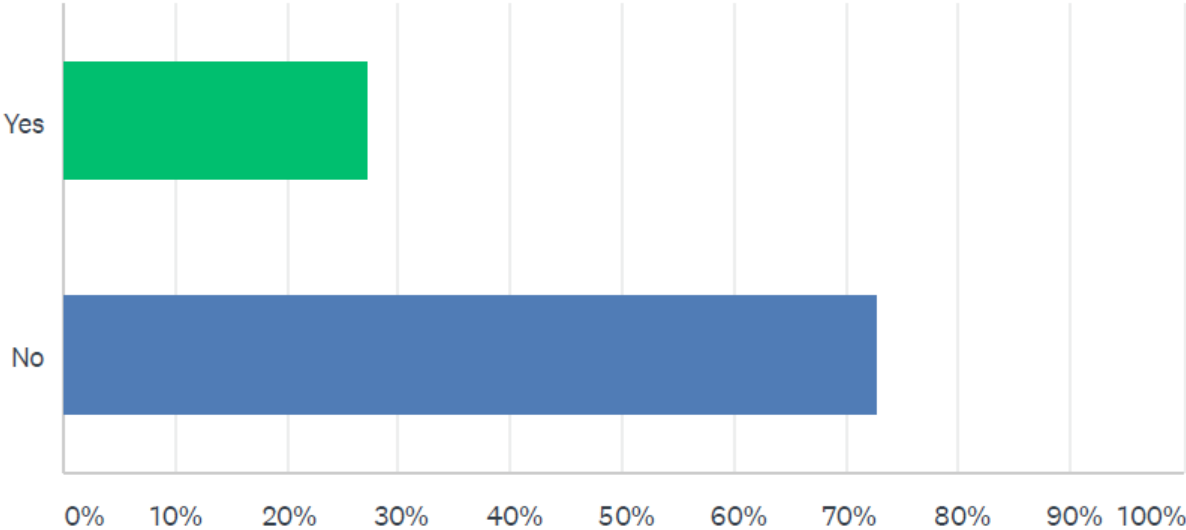
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Survey: category of respondent

Q3 Are you the IFRS 17 actuarial lead or owner for your company?

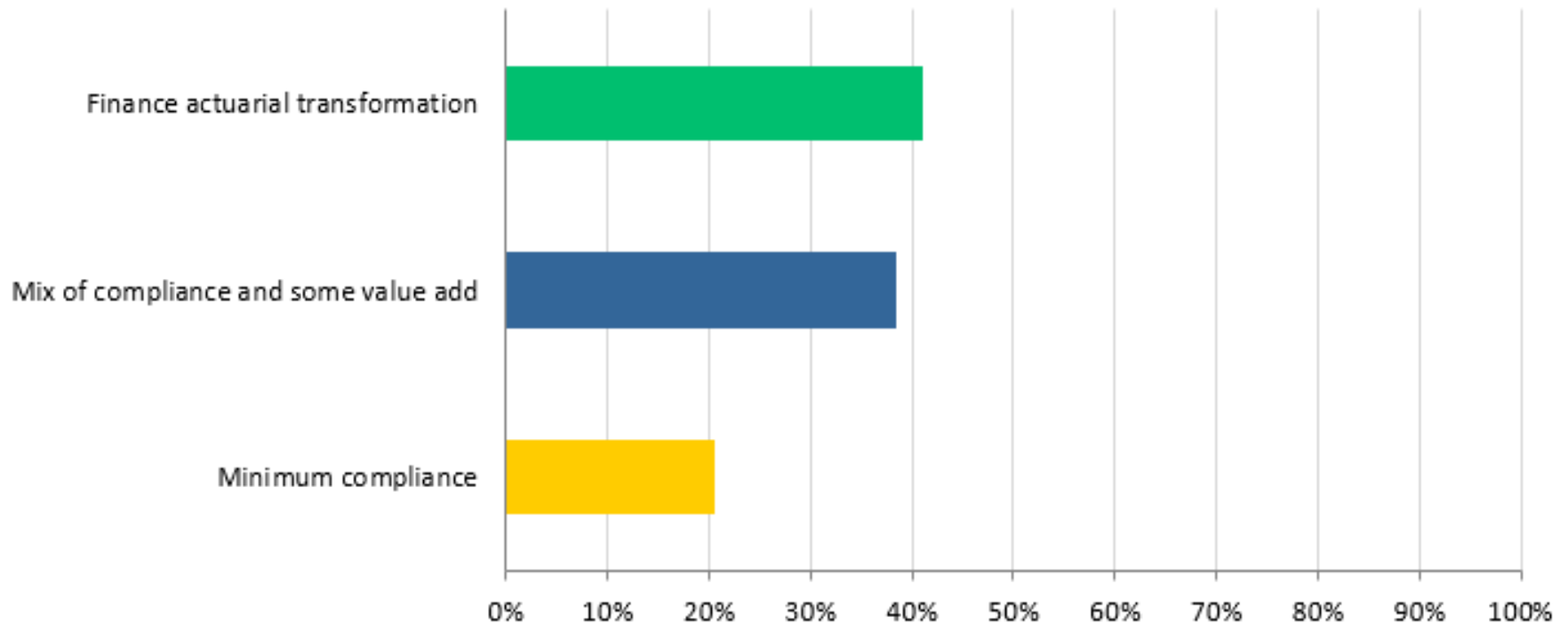
Answered: 81 Skipped: 0



Survey: IFRS 17 project

Q4 What is your company's approach to IFRS 17?

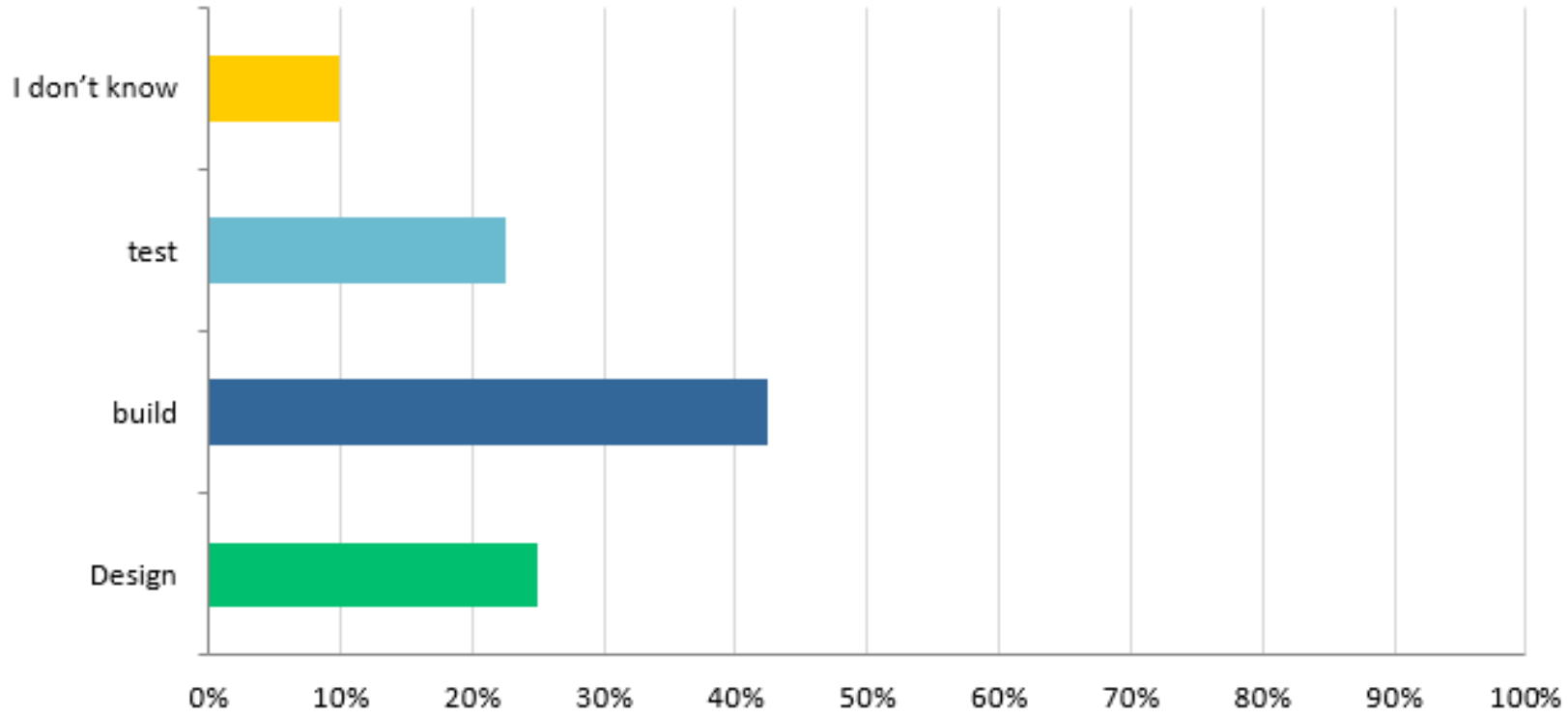
Answered: 78 Skipped: 3



Survey: IFRS 17 project

Q5 At what stage is your company in its IFRS 17 implementation?

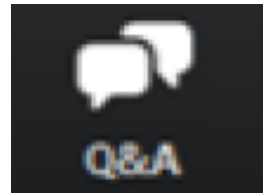
Answered: 80 Skipped: 1





IFRS 17 project

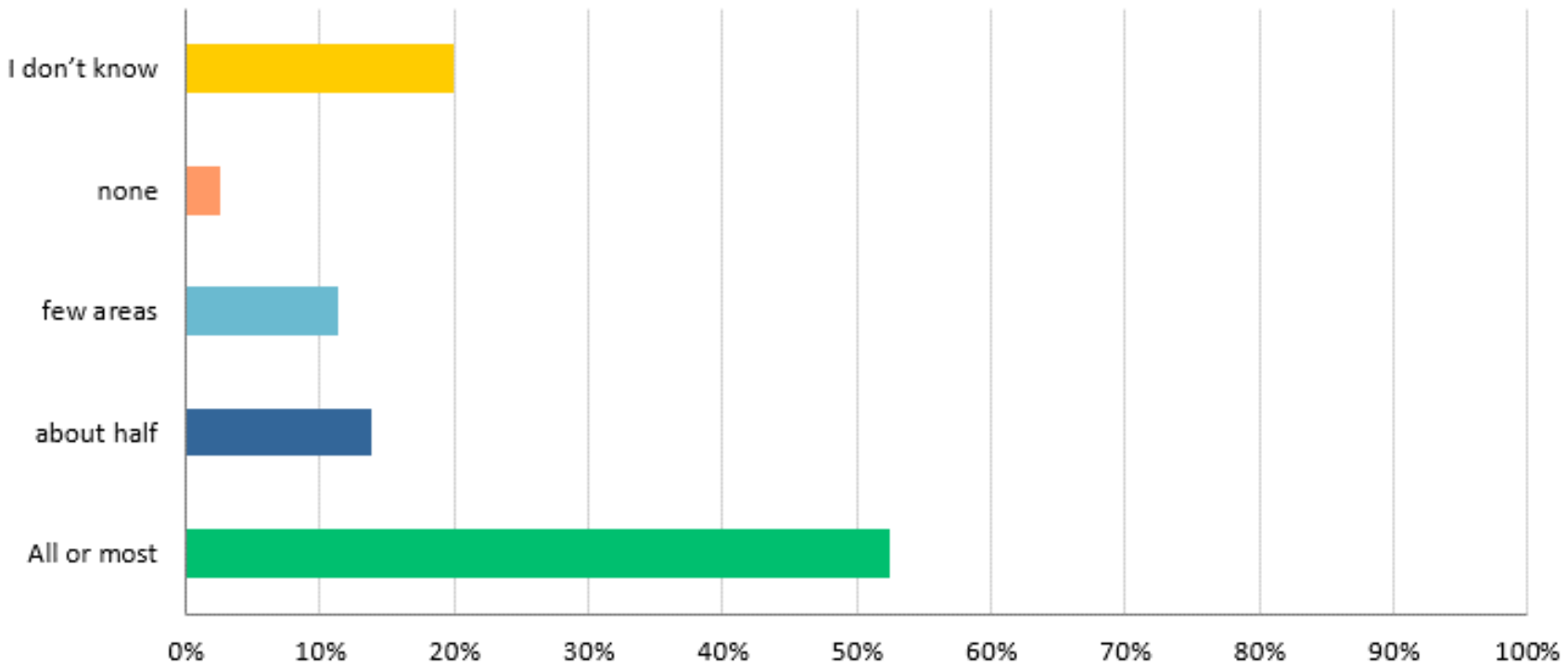
Please use the Q&A function



Survey: IFRS 17 methodology

Q6 Have you defined working assumptions to all methodology areas at this stage?

Answered: 80 Skipped: 1



Survey: IFRS 17 methodology

Q7 What are the key methodology areas which are most challenging for your company?

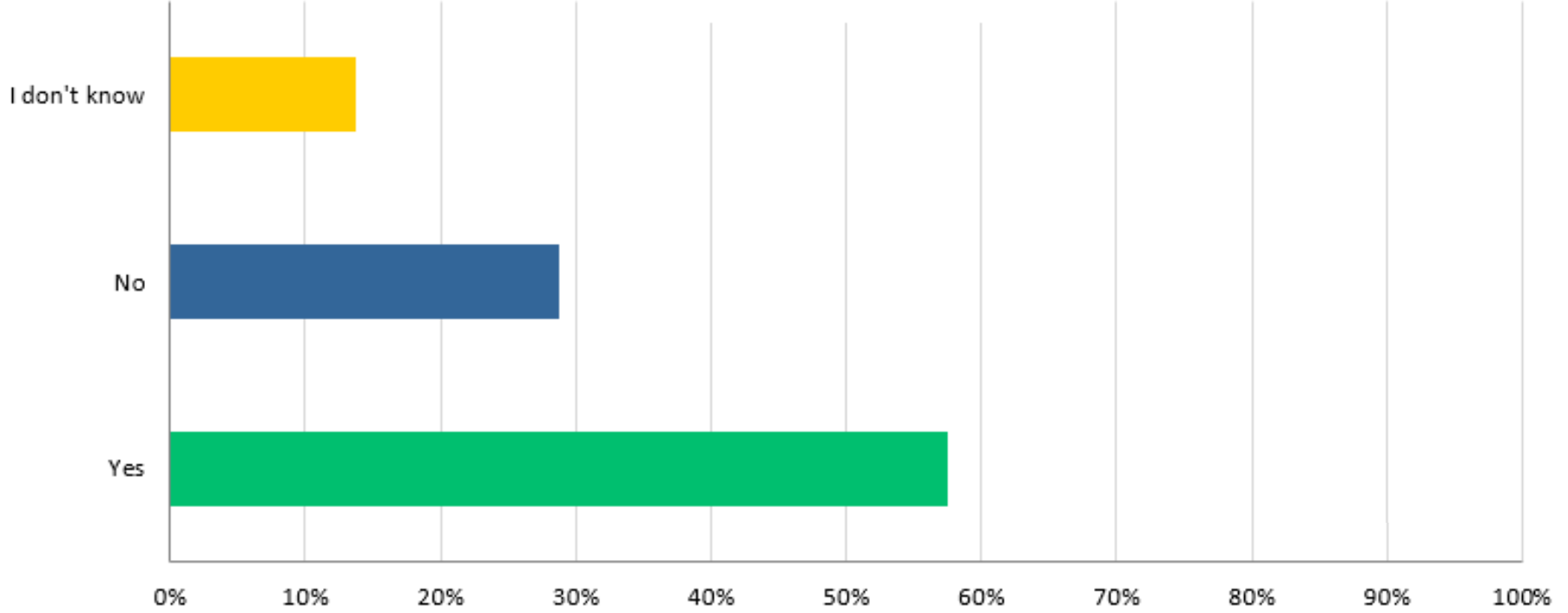
Answered: 51 Skipped: 21

- Granularity
- Risk adjustment
- Discount rates, illiquidity premium
- CSM
- NDIC
- Reinsurance
- UoA, cohort definitions
- Transition
- Interim period reporting
- In period variance
- Future new business
- With profits
- FV methodology / approach
- Business combinations
- Initial recognition
- Cost of guarantees
- Contract boundaries (e.g. re conversion options, new business on reinsurance)
- Unwinding of the CSM
- Allocating actuals for experience variance
- Stochastic VFA discount rates
- Ceded reinsurance
- PAA eligibility testing
- Onerous contract testing
- Allowance for risk mitigation actions
- Stochastic valuation under GMM
- Coverage units
- No major non-life challenge!

Survey: IFRS 17 methodology

Q8 Have you engaged your external auditor on your IFRS 17 methodology?

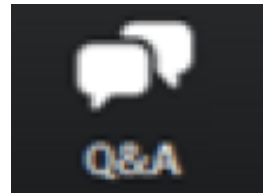
Answered: 80 Skipped: 1





IFRS 17 methodology

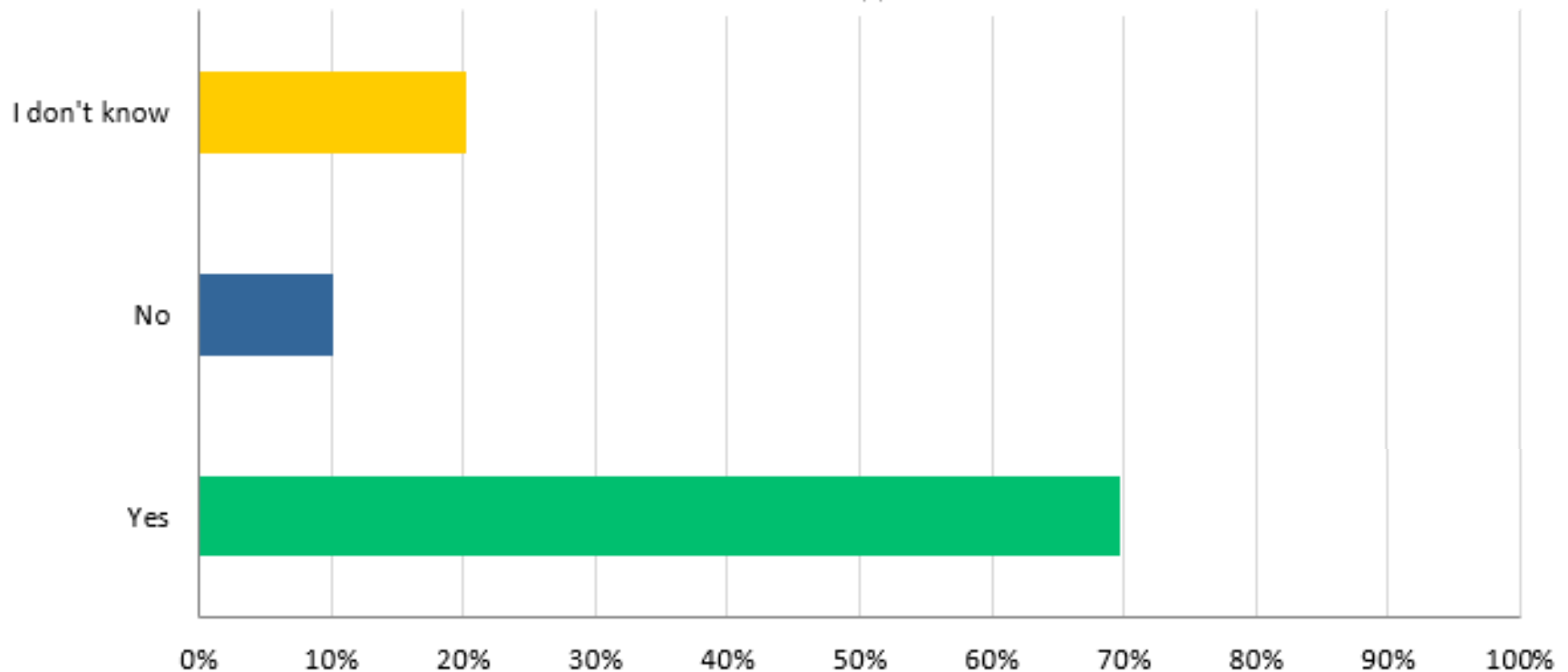
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Survey: IFRS 17 systems

Q9 Has your company decided on its CSM solution?

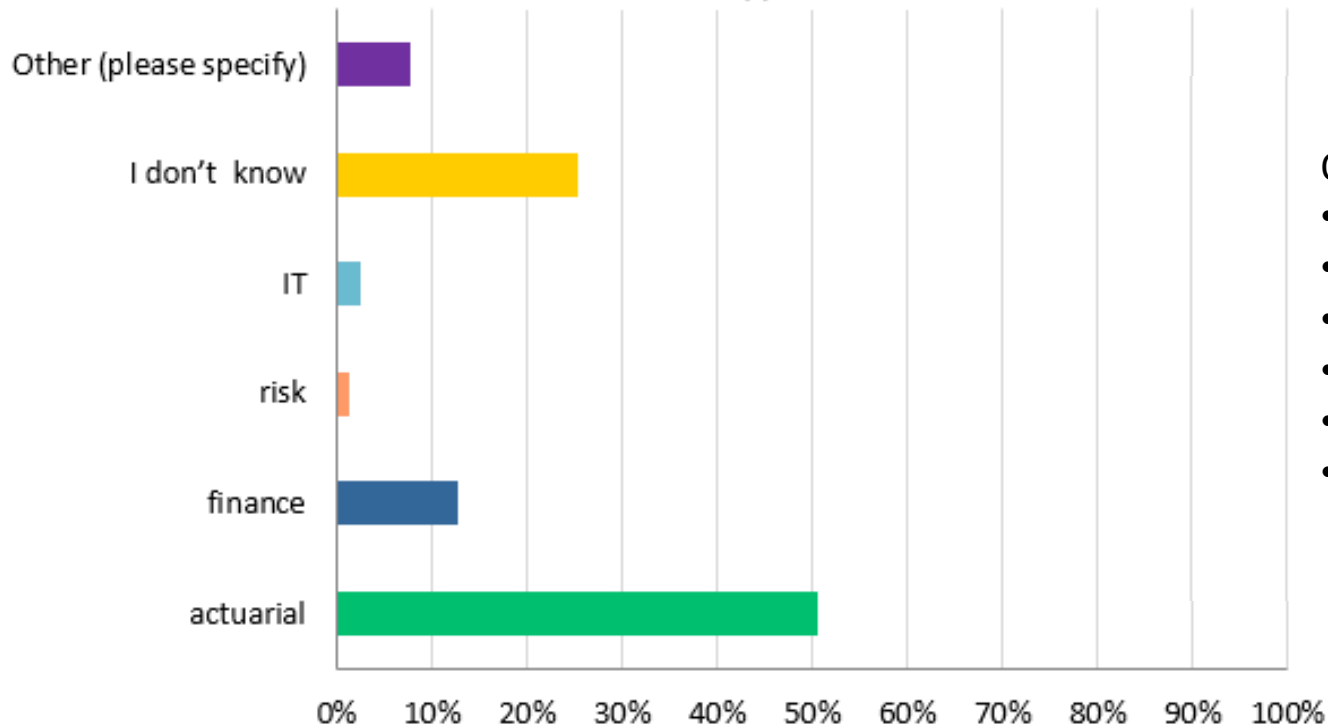
Answered: 79 Skipped: 2



Survey: IFRS 17 systems

Q10 Who is owner of the CSM solution?

Answered: 79 Skipped: 2



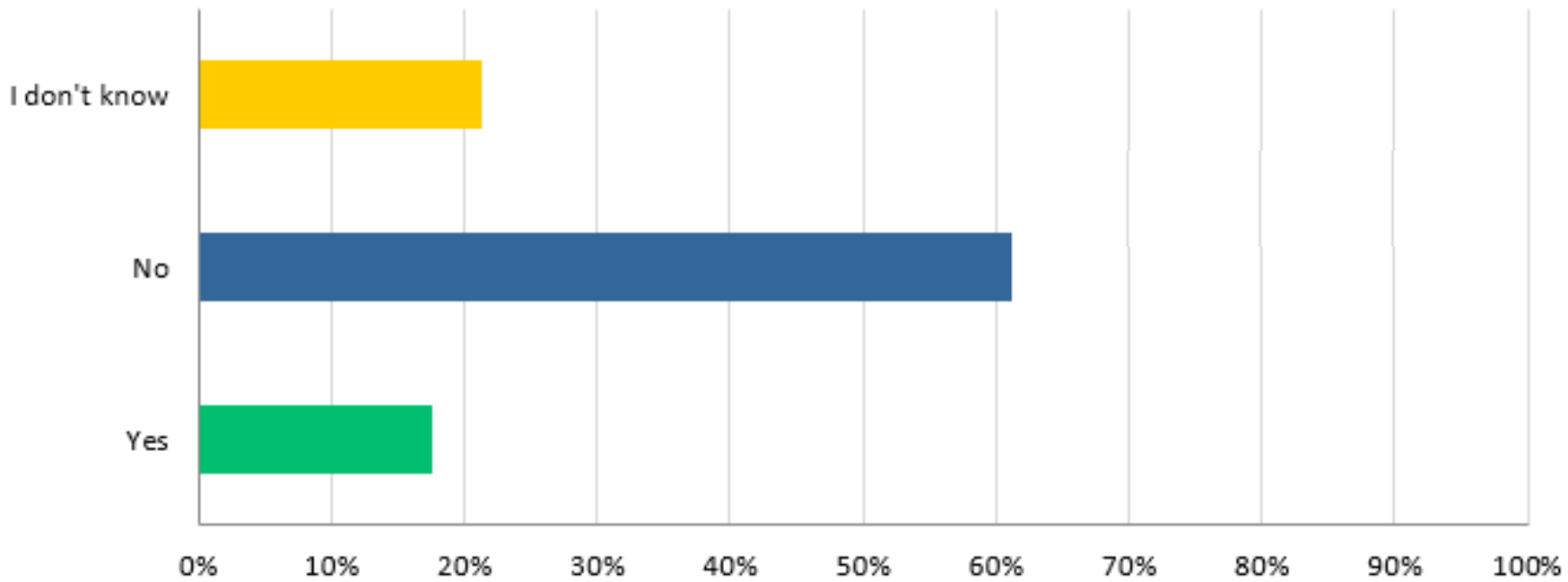
Other:

- Reinsurance team
- Group
- Operations / IT
- Outsourced
- To be decided
- To be decided but expected to be actuarial

Survey: IFRS 17 systems

Q11 Have you put your full volume of data through your IFRS 17 modelling solution?

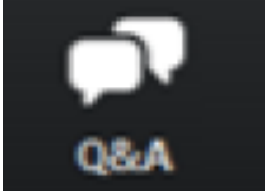
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IFRS 17 systems

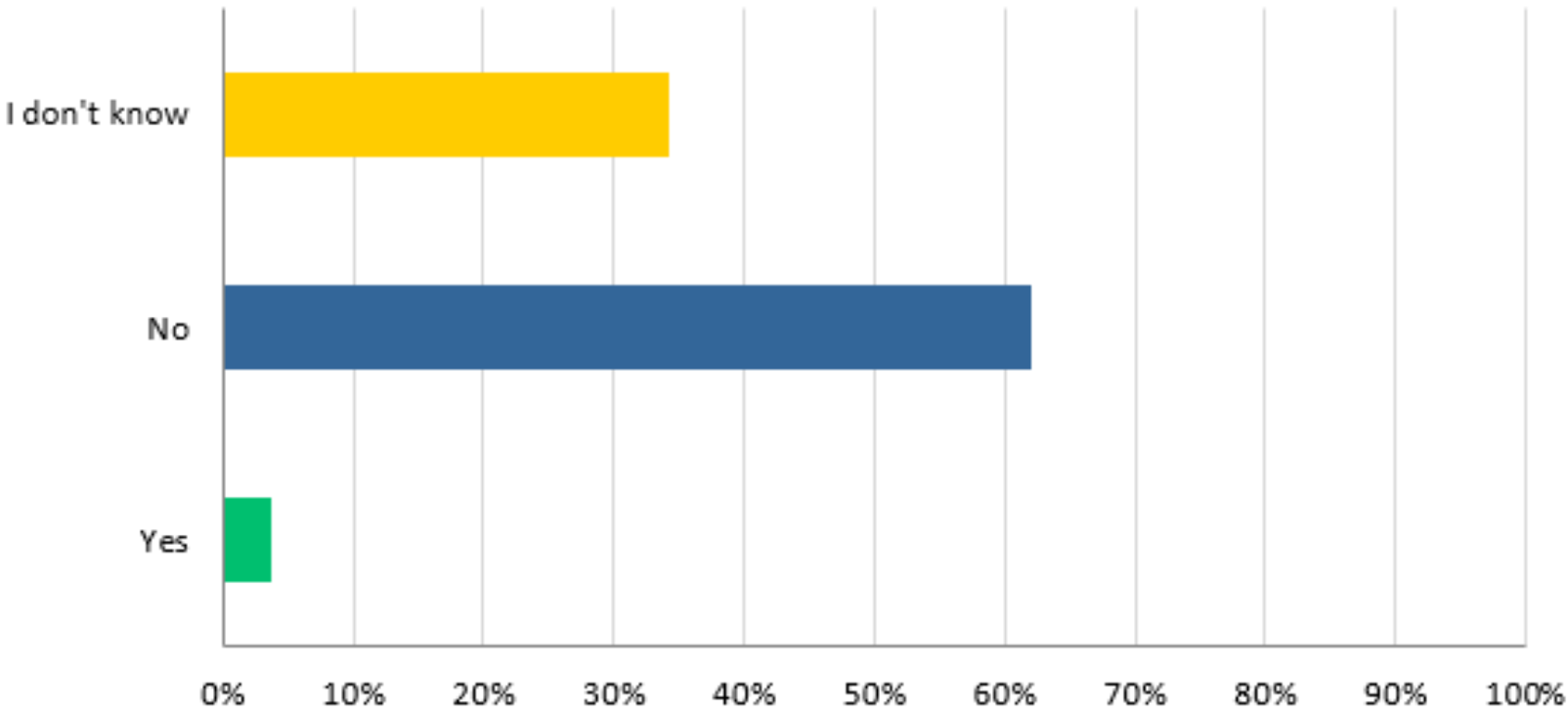
Please use the Q&A function



Survey: strategy

Q12 Are you already factoring in IFRS 17 to your product pricing?

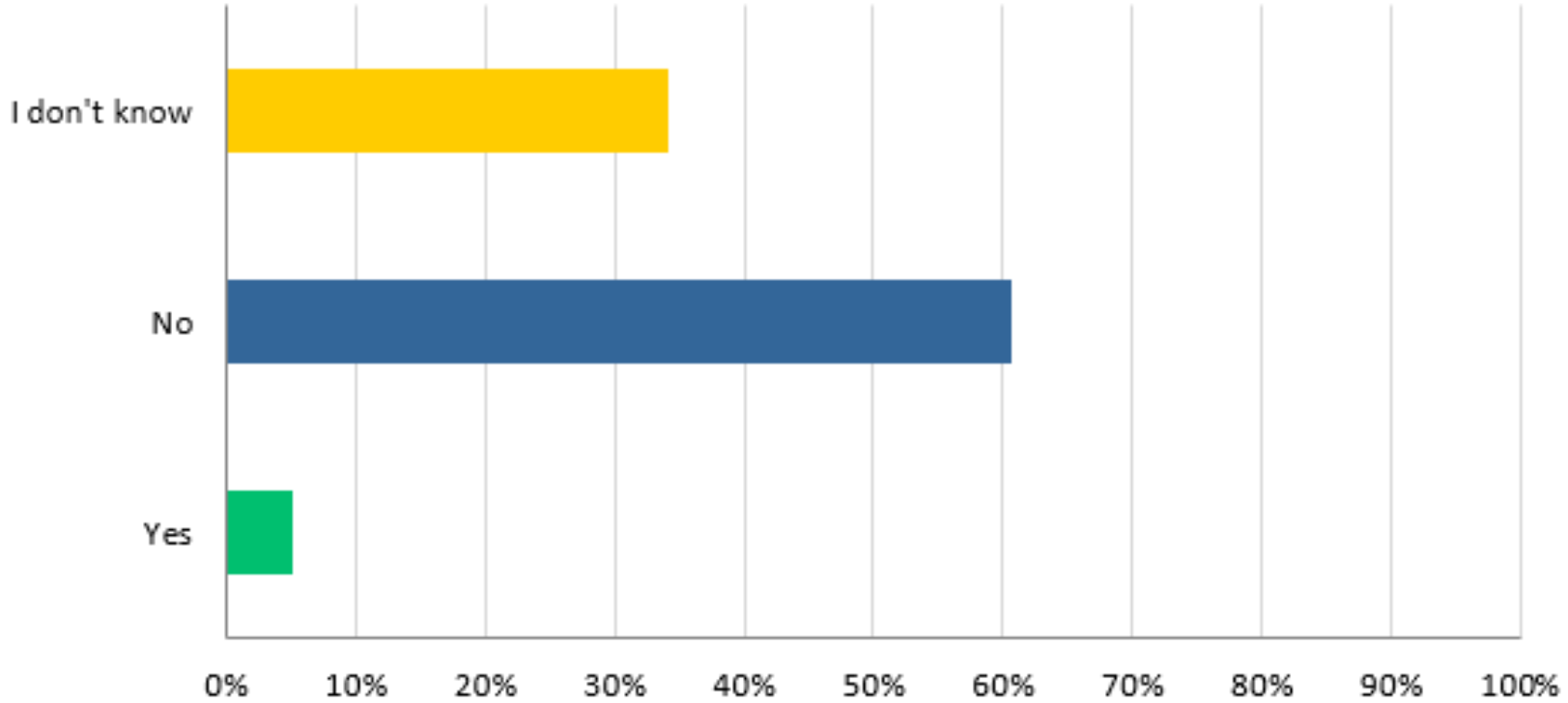
Answered: 79 Skipped: 2



Survey: strategy

Q13 Are you already factoring in IFRS 17 to your investment strategy (e.g. ALM)?

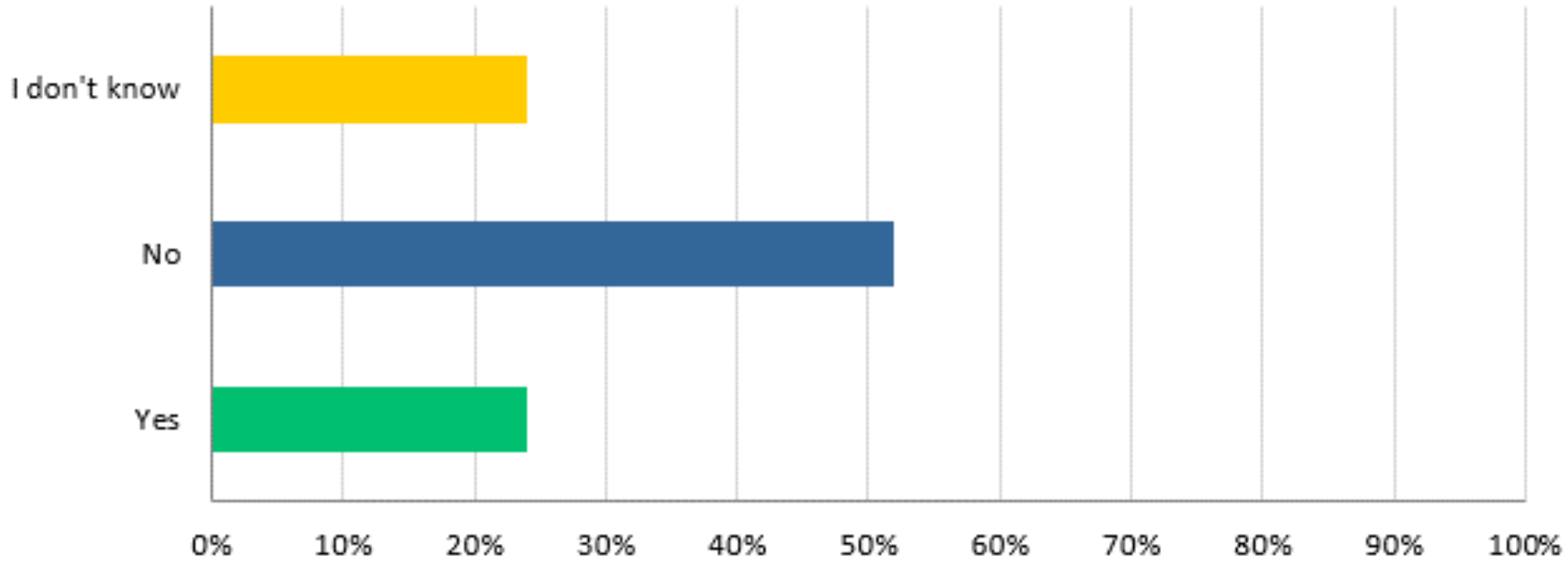
Answered: 79 Skipped: 2



Survey: strategy

Q14 Are you adjusting reinsurance treaties as a result of IFRS 17 (e.g. notice periods, splitting of treaties)?

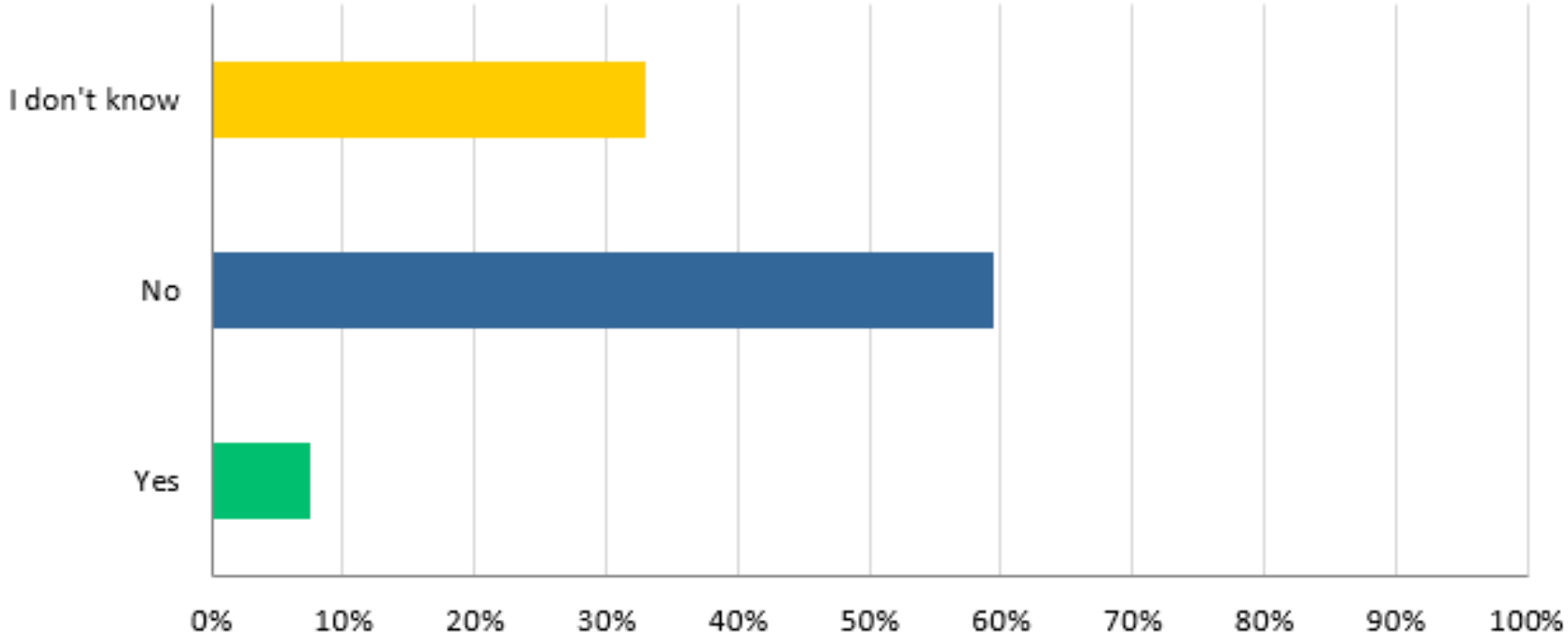
Answered: 79 Skipped: 2



Survey: strategy

Q15 Are you using reinsurance to adjust the timing of your IFRS 17 profits?

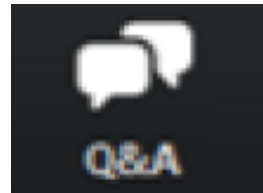
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IFRS 17 strategy

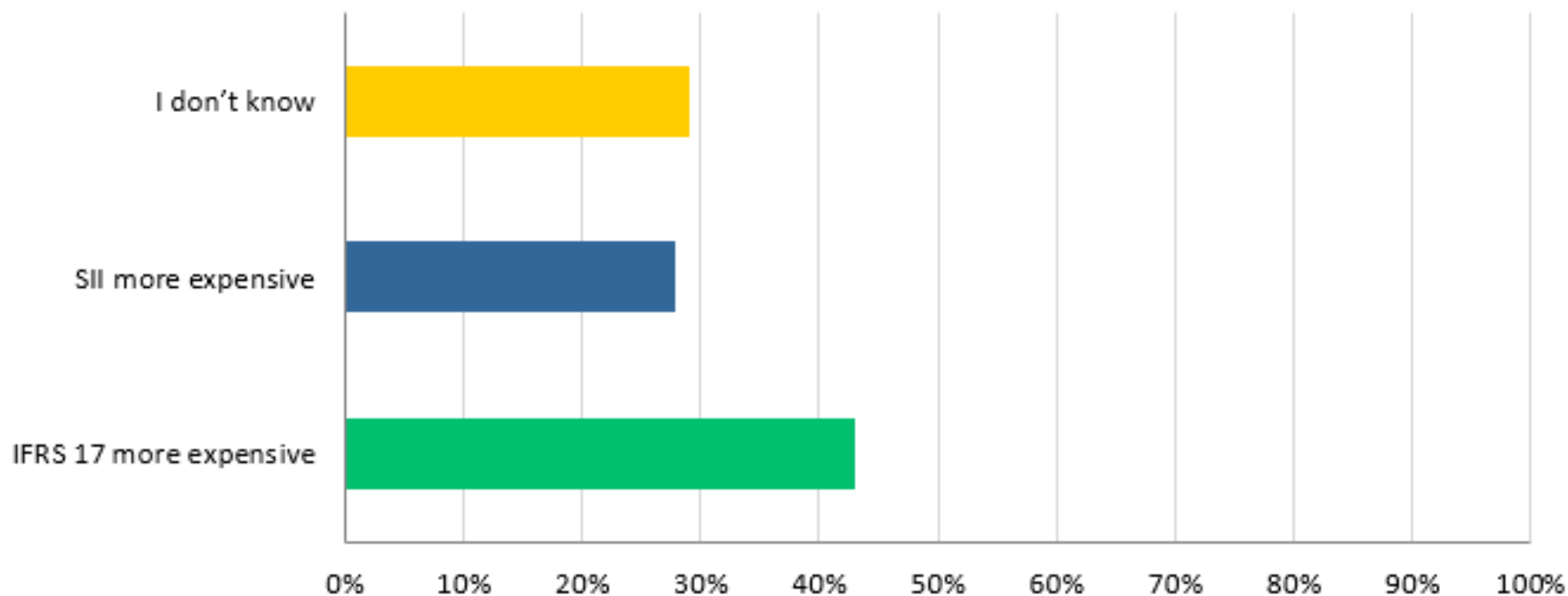
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Survey: Other aspects

Q16 Do you believe your company's IFRS 17 implementation is (or will be) more / less expensive to your company than SII implementation?

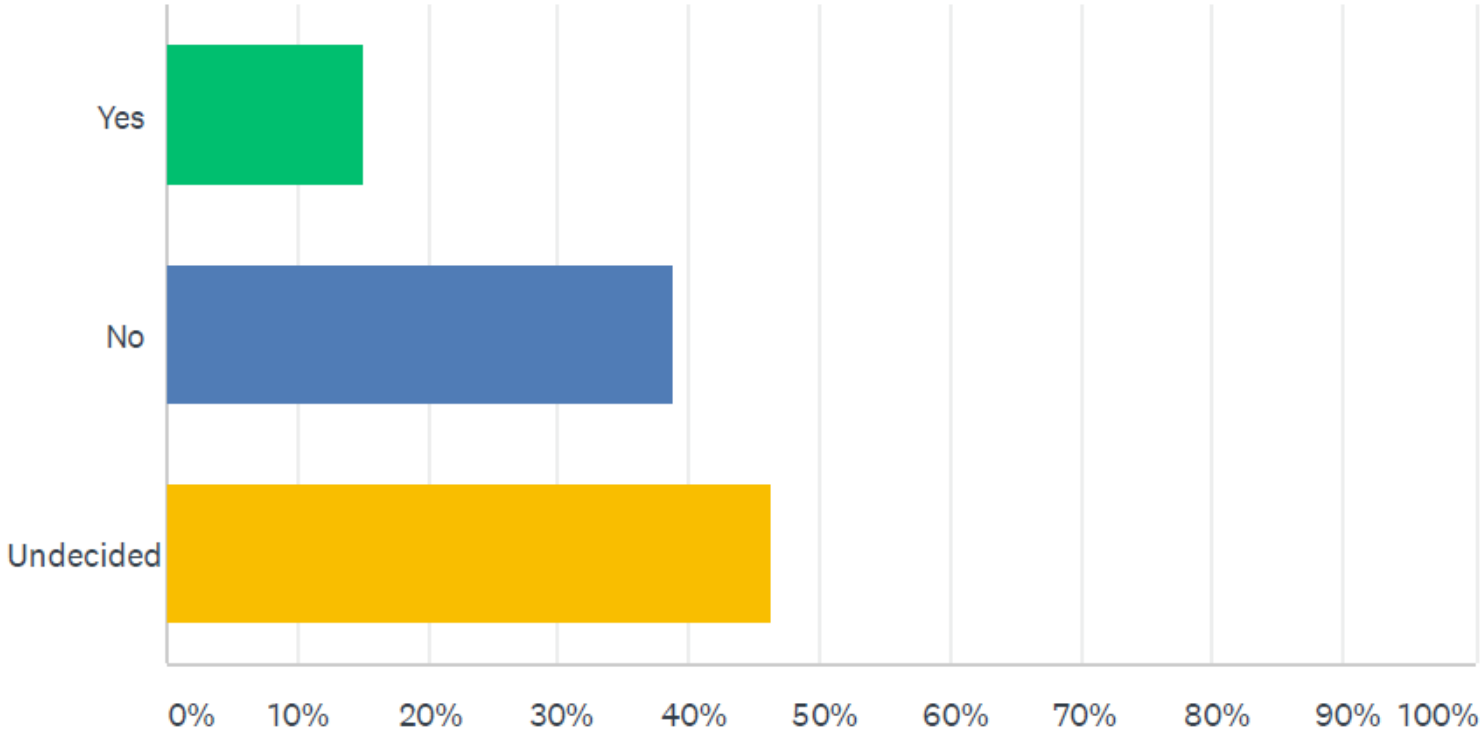
Answered: 79 Skipped: 2



Survey: Other aspects

Q17 Is it worth it for the (re)insurance industry?

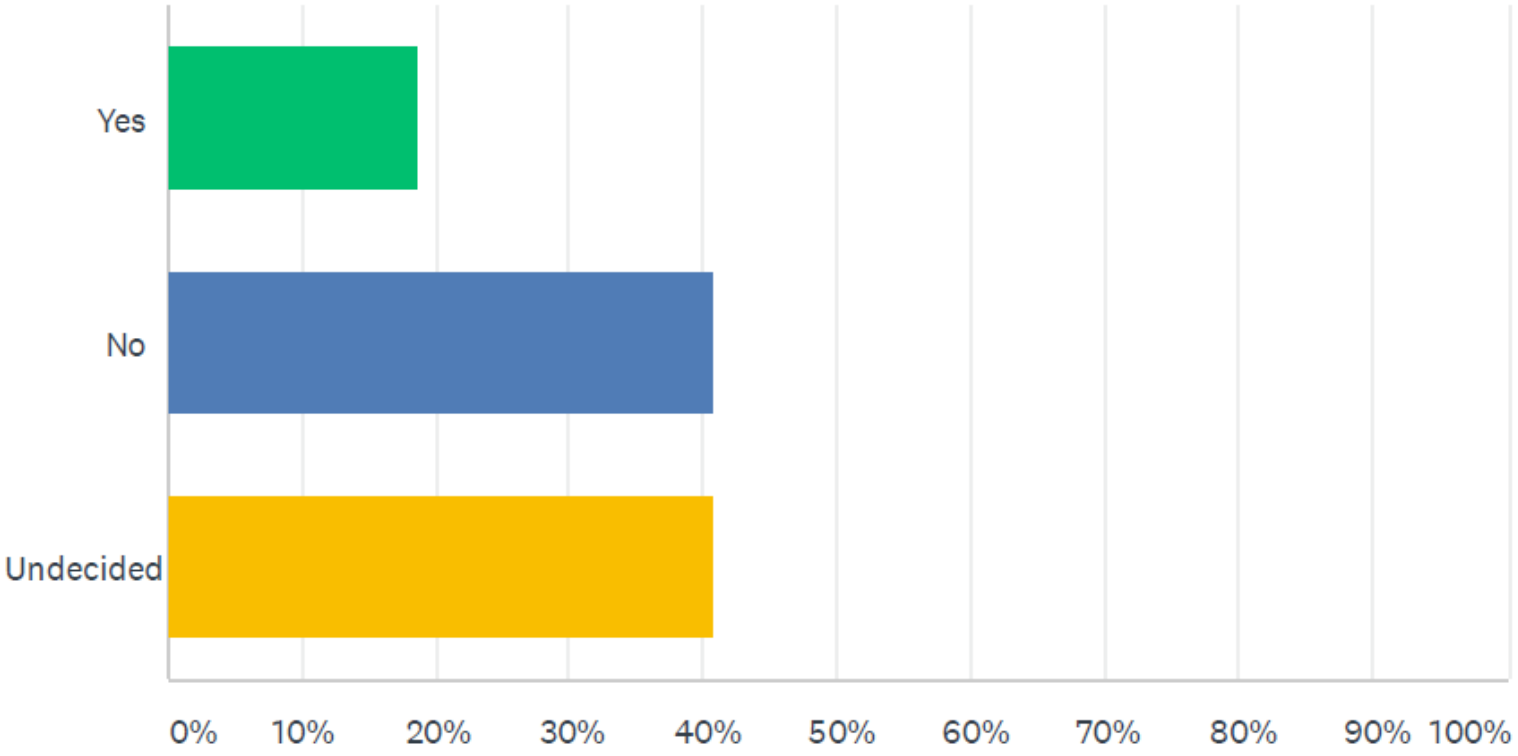
Answered: 80 Skipped: 1



Survey: Other aspects

Q18 Is it worth it for investors?

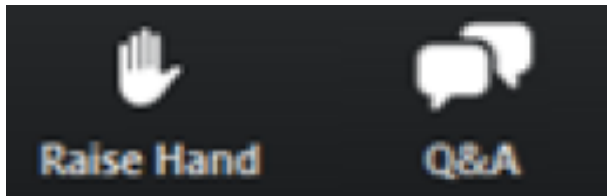
Answered: 81 Skipped: 0





Questions

**Please click on the Hands Up icon
to ask a question
and
wait to be unmuted
or
Use the Q&A function**





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Thank you