

IFRS 17:

# A Fundamental Shift in Insurance Accounting

IFRS17 represents a significant change in the regulatory framework for revenue recognition within insurance contracts and firms across the industry need to be ready from day one.

## What do firms need to know about IFRS 17?

**IFRS 17 provides a single accounting standard that will benefit both investors and insurers. In force from January 2023, it replaces IFRS 4 and brings tighter controls to insurance accounting.**

IFRS 17 alters the measurement of profit and equity in insurers' accounts, and affects financial statement presentation. Under the standard, profits will be recognised as insurers serve customers, rather than the current practice of earning profits as products are sold.

This means that insurers will need to calculate how cash-flows emerge from contracts over their lifetime as well as at point of sale. Profit calculated at point of sale will then be adjusted on a regular basis to account for updated assumptions in areas such as risks and interest rates.

## What are the challenges of implementation?

**IFRS 17 will require changes to systems and processes to deal with new calculations. It will also require a more detailed level of information concerning contracts, along with regular updates as assumptions change. Insurers with written contracts spanning multiple years will need to review them and make calculations based on when they were first written.**

The new standard will add huge complexity to processes and firms will need to decide on the system changes needed to achieve compliance. By 2023, insurers should have prepared full IFRS 17 results and familiarised investors and analysts with the new disclosures so that full implementation of the standard is possible.



## How Millennium Consulting Can Help with **IFRS17**

**The implications of IFRS 17 implementation will require a fundamental change in insurers' accounting practices. However, a structured approach to your implementation project creates opportunities to optimise adoption, both operationally and in terms of financial performance.**

Millennium Consulting are experts in designing and delivering technical solutions for IFRS 17 compliance. Working with specialist technologies such as Aptitude, Legerity, Tagetic, Moodys, SAS and Prophet, we help clients achieve regulatory compliance and deliver business benefits.

Contact us to find out more about how we can help you deliver IFRS 17 compliance: [assist@millenniumconsulting.com](mailto:assist@millenniumconsulting.com)