

What is IFRS 17 - Background

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Outline

- What is IFRS?
- Who uses IFRS?
- Why would a US actuary care?
- Brief history of IFRS 17
 - Quiz
 - DSOP and IFRS 4
 - Major influences
 - The home stretch?

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What is “IFRS”

- **I**nternational **F**inancial **R**eporting **S**tandards
- Created and maintained by the IASB
 - (International Accounting Standards Board)
- IASB = successor to the old IASC (IASCommittee)
- IFRS is made up of:
 - IAS (Int’l Accting Std) produced by the old IASC
 - IFRS produced by the new IASBoard
- IFRS 17 is the new IASB standard on insurance

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Who uses IFRS?

- Nobody without local action
- IASB has no actual authority without local action
- That said, who has adopted IFRS?
 - EU
 - Canada
 - Australia
 - South Africa
 - Others.
- But, legal version is generally the translated version
- Adoption in EU is standard by standard
- Local “flavors” of an IFRS can exist.

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Why would a US actuary care?

- Work for non-US parent that files IFRS statements
- Work for US parent with non-US subs under IFRS
- Evaluating a competitor's IFRS financial reports.

Brief(!) History of IFRS 17 -quiz

The IASB Insurance Project started:

- A. Three years ago?
- B. Five years ago?
- C. Last decade?
- D. Last century?

Brief(!) History of IFRS 17 - quiz

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History – DSOP to IFRS 4

Draft Statement of Principles (DSOP) issued in 1998.

Issued by the IASB's predecessor org. (IASC)

IASB rushed to get done by 2005 to meet EU timetable

When this proved impossible – issued IFRS 4

IFRS 4 – (largely) keep doing what you've been doing.

But no cat or smoothing reserves, misc. other

Stopgap until final project is done.

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IFRS 17 - major influences

IASB working since 2005 to finish the project

Overwhelmingly focused on life issues, no real focus
(or understanding) of P&C issues

Discussion dominated by concern with making liability
and asset presentation consistent.

Strong Solvency II influence

Strong Revenue Recognition project influence

IASB listened (sometimes) to IAA concerns/comments

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IFRS 17 - excuses?

IASB does have to deal with global issues

E.g., Homeowners policies in Japan that are multi-yr.

Tainted by Solvency II thinking that life & P&C aren't that
different.

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IFRS 17 – Home Stretch

- For a while – joint project with FASB
- Each issued Exposure Drafts in 2013
- FASB abandoned joint effort based on feedback
 - P&C – enhanced disclosures effective 2016 (e.g., new triangles)
 - Life – “targeted improvements” (issued 8/15/2018, effective 2021*)
- IASB continued alone
 - Final issued 2017, effective 2021
 - But some localities may delay.

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Next

Marc and Chris presentations on IFRS 17 details

Then questions

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