



# IFRS Assess

Simplifying IFRS 17 Implementation

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# IFRS Assess - Features

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**IFRS Assess** is a cost effective modelling solution that assists clients in understanding the impact of IFRS 17 on all areas of the business.



Supports **investigations** and effective and efficient **decision making processes** in all areas required by IFRS 17 regulations.



**Flexible** spreadsheet-based solution that allows users to **customise** it for specific product features and reinsurance structures.



Supports **scoping, design and planning** of the system landscape affected by IFRS 17.



**Demonstrates** to key stakeholders how the **emergence of profits** (Income Statement and Balance sheet) is likely to differ between IFRS 4 and IFRS 17, comparing the impact on profit cashflows and the present value of future profits.

# IFRS Assess - Benefits



## Investigation and decision making

Investigate how different interpretations of IFRS 17 principles may impact various reporting components. Interpretations include:

- Grouping of insurance and reinsurance contracts
- Coverage units in the amortisation of the CSM (coverage units can be set at group level)
- Cost of Capital percentages for the Risk Adjustment calculation
- Assessment of Fair Value and Modified Retrospective approaches when calculating transitional and future profit
- Analysis of different reinsurance structures

### Benefits:

- Provides **valuable insights** into assessing the various options and interpretations permitted within the IFRS 17 principles
- Allows senior managers and the board to be **proactive** in making **strategic decisions** in the lead-up to implementation

# IFRS Assess - Benefits



## Flexible and dynamic

IFRS Assess is easy to understand, use and update:

- IFRS Assess is an Excel-based tool
- All calculations employ basic Excel functions, and are transparent and accessible to the end user
- Formulas and inputs can be customised to accommodate client-specific product and reinsurance features
- Output graphs are dynamic and ideal for executive reports and presentations
- A single Control tab allows runs to be set up and executed quickly and simply
- Layout and formatting adhere to spreadsheet best practice, making the flow of data intuitive and easy to follow

### Benefits:

- Provides **relevant insights** by allowing for unique product and company features, e.g. GAOs and complex expense structures
- Facilitates **interactions** and **discussions** across Actuarial and Finance functions by presenting calculations and results in an accessible format
- Facilitates the **training** of team members and **educating** of stakeholders

# IFRS Assess - Benefits



## Scoping, design and planning

IFRS Assess facilitates the following aspects of actuarial system scoping, design and planning:

- Data requirements and specifications for in force business and retrospective and modified retrospective transitional approaches
- Actuarial model design, including model point grouping and CSM and loss component calculations
- Methodology for assigning coverage units, unlocking the CSM and tracking the loss component
- Data flow and process design
- Test pack design and independent validation of actuarial models

### Benefits:

- Allows **assessment of the available options** before making expensive changes to, and investment in, existing and new systems and models
- Ensures that the implementation of any required changes is effective, efficient and **avoids excessive implementation cost**
- Reduces overall **project risk**

# IFRS Assess - Benefits



## Demonstration of Emergence of Profits

The output of IFRS Assess demonstrates how the emergence of profits is likely to differ between IFRS 4 and IFRS 17:

- Accurate calculation of IFRS 17 Income Statement and Balance Sheet components, e.g. insurance revenue and insurance service expenses
- Graphs provide a comprehensive visual representation of how IFRS 17 profit cashflows, IFRS 4 profit cashflows and risk adjustment are released over time
- Dynamic reports allow users to compare emergence of profits between products, business units and groups of policies

### Benefits:

- Provides **clarity** and certainty to boards on the **impacts of various decisions** on the IFRS 17 Balance Sheet and Income Statement
- Serves as **proof of concept/replicator** for new or existing industrialised modelling solutions

# IFRS Assess – Functionality<sup>1</sup>

<sup>1</sup>Hover over the comment in each block for more information. Ctrl + click on each comment to jump to illustrative screenshots from IFRS Assess.

Grouping of contracts

Calculation of Balance Sheet Components

Calculation of Income Statement Components

Calculation of Risk Adjustment

Model Point or Cashflow Input

Building Block Approach or Variable Fee Approach

Unlocking of CSM

Fair value and Modified Retrospective approach

Calculation and Tracking of Loss component



# Appendix 1 - Running IFRS Assess

Checks are made to ensure profitable and onerous contracts are grouped accordingly

|                                |                               |
|--------------------------------|-------------------------------|
| Run Number                     | 4                             |
| Valuation Year                 | Dec-16                        |
| Transition CSM                 | Fair Value                    |
| Run Mode                       | Find & Project Fair Value CSM |
| GAO Retirement Age             | 120                           |
| All Mort, Surr, Mat Rates Zero | No                            |
| All Econ Rates Zero            | No                            |
| MP Level RA Calc Frequency     | 5                             |
| Cost of Capital                | 6.00%                         |
| Insurance Grouping Checks      | OK                            |
| Reinsurance Grouping Checks    | OK                            |

The control panel allows users to easily set different scenarios to evaluate

Allows users to compare a fair value or modified retrospective transition CSM

Users can test the impact of alternative aggregation of model points, for the insurance and reinsurance contracts

| MP ID | Insurance Group | Reinsurance Group | Product Type        | Coverage Units    |
|-------|-----------------|-------------------|---------------------|-------------------|
| 1     | 1               | 1                 | Whole of Life       | No of Policies    |
| 2     | 1               | 1                 | Whole of Life       | No of Policies    |
| 3     | 1               | 1                 | Whole of Life       | No of Policies    |
| 4     | 2               | 2                 | Unit Linked Savings | Benefit Cashflows |
| 5     | 2               | 2                 | Unit Linked Savings | Benefit Cashflows |
| 6     | 3               | 2                 | Unit Linked Savings | Benefit Cashflows |
| 7     | 4               | 3                 | Annuity In Payment  | No of Payments    |
| 8     | 4               | 3                 | Annuity In Payment  | No of Payments    |
| 9     | 5               | 3                 | Annuity In Payment  | No of Payments    |

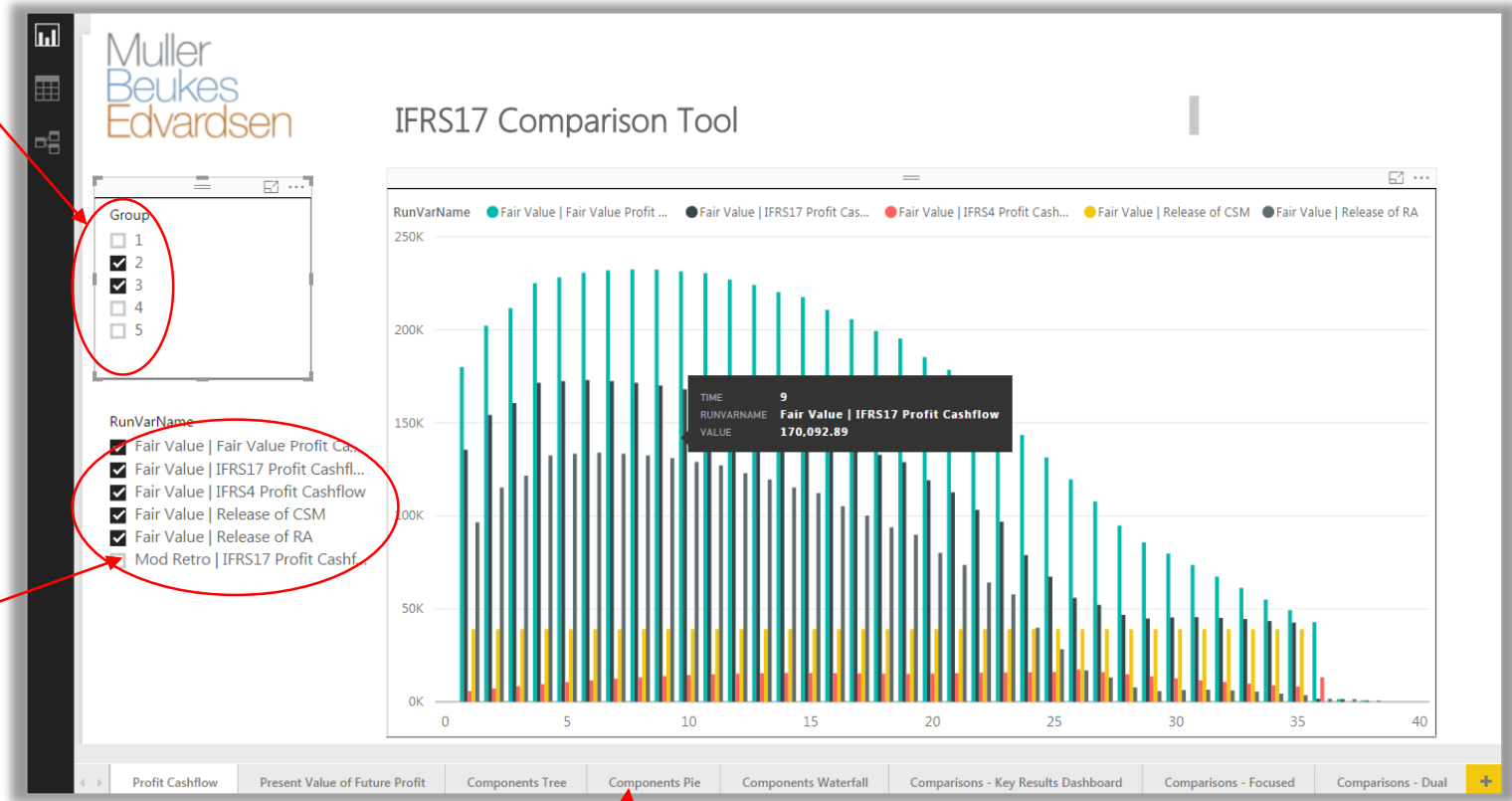
Configurable for alternative CSM amortisation methods

Configurable for different product types

# Appendix 2 – Dynamic Reporting

Compare different groups of policies.

Compare different BS and IS components.



The standalone BI reports allow for:

- Easier analysis of large volumes of data
- Faster refresh of graphics
- Graphics to be 'published' in an internal website or a report