

SYNOPSIS

IFRS 17 Implications for life and general insurers

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Key words: IFRS 17, IFRS 4 Phase II, life insurance, general insurance, reinsurance, accounting standards, IASB, AASB,

Purpose of your paper: IFRS 17, the new international accounting standard to be issued by the International Accounting Standard Board (IASB) represents the most significant change to Australian insurance accounting requirements in 20 years. This paper discusses the key implications for Australian life and general insurers and reinsurers.

Synopsis:

The International Accounting Standards Board (IASB) is expected to issue the new Insurance Contracts standard, IFRS 17 in the first half of 2017. This will represent the most significant change to Australian Insurance accounting requirements in 20 years in a number of critical aspects, particularly for life insurers. While the principles underlying the measurement approaches under the new standard are similar to current Australian practices, the detailed requirements are markedly different. These differences are expected to lead to changes in profit emergence patterns, loss recognition, and additional complexity in a number of areas including valuation processes, assumption setting processes and analysis and explanation of profit. This presentation examines the expected features of the new standard and discusses the key financial implications for Australian life insurers, general insurers and reinsurers. It also offers practical suggestions on how insurers can best prepare for the new accounting regime.