Caveats to IFRS 17 webcasts

The webcasts relating to the activities to support implementation of the Standard have been developed in the context of IFRS 17 as issued in May 2017. IFRS 17 was amended in June 2020. The webcasts relating to the amendments to IFRS 17 provide information to supplement the information in the webcasts developed in the context of IFRS 17 as issued in May 2017.
Before we start

• You can download the slides by clicking on the button below the slides window
• To ask a question, type into the designated text box on your screen and click submit
• A recording of the webcast will be available after the presentation
• The views expressed are those of the presenters, not necessarily those of the IASB or IFRS Foundation
Overview of this webinar

What is IFRS 17?
Who is affected?
What’s changing?
Effective date
Further information
Questions
What is IFRS 17?

IFRS 17 is the first truly international, comprehensive accounting Standard for insurance.

- IFRS 17 replaces IFRS 4—an interim Standard that results in widely divergent practices
- IFRS 17
  - Consistent accounting for all insurance contracts
  - Updated information about obligations, risks and performance of insurance contract
  - Increases transparency in financial information reported by insurance companies
Who is affected?

- IFRS 17 applies to all entities that issue insurance contracts
- Primarily expected to affect entities in the insurance industry
- Excludes from scope
  - Product warranties issued by manufacturer, dealer or retailer
  - Some financial guarantee contracts
  - Some fixed-fee service contracts

Total assets of listed IFRS insurers (in US$ trillions):
- Europe—87 companies
- Asia Pacific—156 companies
- Canada—10 companies
- Africa, Middle East and Latin America—196 companies
- 449 companies—US$13.3 trillion of total assets

1 based on latest annual financial information available in the Capital IQ database for listed companies using IFRS Standards when IFRS 17 was issued—ie 2015 annual reports for the majority of companies.
What’s changing?

**Insurance obligations and risks**
- Measured based on updated information

**Insurance revenue**
- Reported on an earned basis
- Excludes deposits

**Insurance performance**
- Distinguishes two key drivers of profitability:
  - Insurance service result
  - Investment result
Effective date

• IFRS 17 effective for annual periods beginning on or after 1 January 2021

• Companies can choose to apply IFRS 17 earlier, if they also apply IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*

• Transition reliefs given to ease first application
  – Optional fair value approach or modified retrospective approach
  – Permit reclassifications for financial assets under IFRS 9 based on facts and circumstances that exist when IFRS 17 first applied
Supporting implementation

• Accompanying materials to IFRS 17
  – Basis for Conclusions
  – Illustrative Examples

• Educational material
  – Webcasts introducing new Standard, focusing on specific areas
  – Other education materials for investors, regulators and national-standard setters

• Transition resource group

Further information about implementation support is available at go.ifrs.org/IFRS-17-implementation.
Further information

- **IFRS 17 Insurance Contracts**—specifies requirements for accounting for insurance contracts.
- **Basis for Conclusions on IFRS 17**—summarises the Board’s considerations in developing the requirements in IFRS 17.
- **Illustrative Examples on IFRS 17**—illustrate aspects of IFRS 17 but provide no interpretative guidance.
- **Effects Analysis on IFRS 17**—describes the likely costs and benefits of IFRS 17.
- **Project Summary of IFRS 17**—provides an overview of the project to develop IFRS 17.
- **Feedback Statement on IFRS 17**—summarises feedback on the proposals that preceded IFRS 17 and explains the Board’s response.
Questions