Results of the ASTIN working party related to the Exposure Draft on Risk Adjustment for IFRS 17

AUTHOR(S)
Members of the ASTIN working party

Key words:
IFRS 17, IFRS 4 phase 2, Risk Margin, copula, Value-at-risk, Tail Value-at-risk, Cost of capital

Purpose of your paper:
To draw attention of the delegates on the Risk Adjustment calculation and disclosures as requested under IFRS 17 (ex- IFRS 4 phase 2).

Synopsis:
In November 2016, the IASB has indicated that IFRS 17 (ex-IFRS 4 phase 2) should come in force in 2021. Several new accounting features will be part of IFRS 17 including the estimation of Contractual Service Margins and of a Risk Adjustment. As for the estimation of the Risk Adjustment, the Insurance Accounting Committee of the International Actuarial Association issued in November 2016 an Exposure Draft (“ED”) detailing the different possibilities to estimate this Risk Adjustment. Following this publication, the ASTIN section created a working party to propose improvements in relation to this ED.
This paper focuses therefore on the results of the working party describing the new IFRS 17 accounting scheme and the different proposals made by the working party to fulfill the IFRS 17 disclosure and calculation requirements related to the Risk Adjustment.

Note: If you are not presenting a paper for this Colloquium, please include as much detail as possible in your Synopsis (maximum three pages) to enable delegates to prepare for your session.