



International Actuarial Association
Association Actuarielle Internationale



IAA Webinar on Actuarial Support for the Implementation of IFRS 17

Presented by the
IAA Actuarial Standards Committee

06 February 2020

Introduction



Andrew Chamberlain
Chair
IAA Actuarial Standards Committee



Disclaimer

- We are members of the ASC or of its ISAP 4 Task Force.
- Our remarks today are our personal opinions.
- They are not, and should not be construed as, official positions of the IAA or the ASC.

Model International Standard of Actuarial Practice 4 (ISAP 4) on IFRS 17 Insurance Contracts

Micheline Dionne

Chair

ISAP 4 Task Force of the
IAA Actuarial Standards Committee





Why support IFRS 17 ?

IFRS 17 was issued by the IASB in May 2017

- **Prior to IFRS 17**
 - Wide divergence of approach to insurance contracts accounting among jurisdictions
 - Some used assumptions fixed from pricing, did not provide measurement for all the guarantees, lack sufficient disclosure
 - Arbitrage between jurisdictions was common
- **IFRS 17 brings**
 - A set of common accounting principles
 - Greater comparability between jurisdictions, while leaving room for judgment
 - Extensive disclosure



Why support IFRS 17 with ISAP 4 ?

- **ISAP 4 complements IFRS 17**
 - The focus of IFRS 17 is to define an accounting basis
 - The focus of ISAP 4 is to address the actuarial aspects of the measurement
- **ISAP 4**
 - Is principle based
 - Complements IFRS 17 and ISAP 1 without repeating the guidance in them
 - Facilitate convergence in standards of actuarial practice
 - Address the complexities related to
 - projecting future cash flows
 - future management actions
 - risk adjustments and
 - discount rates, especially beyond the investment horizon.



Topics covered in ISAP 4

- Specific knowledge requirements
- Treatment of processes like identification, combination, separation and grouping of contracts
- Choice of measurement approaches: General Measurement, Premium Allocation, Variable Fee
- Selection of Assumptions
- Updating of Assumptions
- Transition
- Disclosure of judgments



ISAP 4 and ISAP 1 go hand in hand

ISAP 1 is fundamental to ISAP 4 and covers general actuarial practice

- Acceptance of Assignment
- Knowledge of relevant circumstances
- Materiality
- Data Quality
- Reliance on Others
- Assumptions and Methodology
 - Set by actuary, Prescribed or Mandated by law
- Documentation and communication



ISAP 4 Process for adoption

Solid and transparent process

- **1st Exposure draft of ISAP 4 issued February 27th, 2018**
 - 4 Months Exposure period
 - Comments from 21 organizations or individuals
- **2nd Exposure draft of ISAP 4 issued February 28th, 2019**
 - 2 Months Exposure period
 - Comments from 13 organizations or individuals
- **Final Review of ISAP 4 issued July 17th, 2019**
 - 1 Month Exposure period
 - Comments from 6 organizations or individuals, 3 limited changes made



Current Status

- Unanimously adopted by the IAA Council at its IAA Tokyo meeting on November 21st, 2019
- Impact of IFRS 17 Amendments on ISAP 4, if any, will be addressed when IFRS 17 is finalized later this year.



Membership of ISAP 4 Task Force

Tamsin Abbey	United Kingdom
Robert Buchanan	Australia
Guy Castagnoli	Switzerland
Micheline Dionne (<i>Chair</i>)	Canada
Marius du Toit	South Africa
Luc Farmer (<i>ASC liaison</i>)	Canada
Marika Guralnik	Estonia
Gabor Hanak	Hungary
Jim Milholland	United States
Yoshio Nakamura	Japan
Francis Ruygt	Netherlands
Derek Wright	United Kingdom
Matthias Zerbst	Germany



Educational tools associated with IFRS 17

Non-authoritative educational material that can help actuaries with IFRS 17

- Monograph on Discount Rates in Financial Reporting – October 2013
- Monograph on Risk Adjustments for Insurance Contracts – May 2018
- International Actuarial Note 100 (IAN 100) on Application of IFRS 17 Insurance Contracts
 - Draft exposed July 2019
 - In process of being re-issued
 - Will be revised later to cover the IFRS 17 amendments

Why adopt ISAP 4 model standard?

Luc Farmer
Co-Vice-Chair
IAA Actuarial Standards Committee





Why adopt ISAP 4 model standard?

- Aligns with a set of recognized international practice
- Increases the confidence in local actuaries (smaller associations)
- Optimizes local standard setting resources but
 - Requires local adoption processes for buy-in and transparency

Local adoption process

- Exposure period amongst stakeholders
- Treatment of comments
- Adjustments for local particularities (legal environment, products...)
- Don't forget about ISAP 1

Need Assistance ?

If your local association or standard setter needs any assistance or have any questions regarding adopting or implementing standards, please contact the IAA Secretariat.

Contact person: Amali Seneviratne

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Questions ?

- If you have any questions for our speakers, please use the Q&A box on the bottom right hand side of your screen to submit your questions.
- Please note that this webinar is recorded and will be available for access from the IAA website from tomorrow.

Thank you!



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