Risk Adjustments for Insurance Contracts Under IFRS 17

The International Actuarial Association (IAA) is pleased to announce the publication of our Educational Monograph on Risk Adjustments for Insurance Contracts Under IFRS 17.

In May 2017, the International Financial Reporting Standard 17 (IFRS 17) – Insurance Contracts, was released, with an implementation date of January 1st, 2021.

The measurement model within IFRS 17 was designed to include explicit provision for non-financial uncertainties of cash flows in the form of a risk adjustment for non-financial risk. The objective of this monograph is to address the educational needs of practitioners in the insurance field who are involved in the preparation and auditing of financial statements under IFRS 17. While a substantial amount of actuarial literature is available for various applications of risk margins, much of that material is not directly applicable to the specific needs of IFRS 17. This monograph addresses this need by providing a focused source of technical education material as IFRS 17 comes into effect.

While IFRS 17 does not specify how the objective of setting an appropriate risk adjustment should be achieved, this monograph provides descriptions and illustrative examples of techniques that could be applied in the risk adjustment calculation for various types of insurance contracts. While specific practice guidance or interpretations regarding IFRS 17 will come from other sources, this monograph will help educate and assist practitioners as practices emerge.

Masaaki Yoshimura, IAA President, stated “In the world of insurance, based on the business of managing uncertainty and risk, adjustments for risk have been an integral part since the earliest days of accounting for such business. The publication of this monograph is a key milestone which provides educational material specific to IFRS 17 for practitioners in the insurance sectors. A must read for anyone in the field!”

This monograph forms an important part of the IAA’s research and educational objectives, to facilitate and provide useful educational material that is accessible to actuaries everywhere. It will be complemented by a model International Actuarial Standard of Practice and an International Actuarial Note, both of which are currently under development.

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- AFIR-ERM Section
- ASTIN Section
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- Canadian Institute of Actuaries
- Institute of Actuaries of Japan
In addition to their financial support, these organizations appointed representatives who have provided technical guidance and ongoing monitoring of the project as members of the ad hoc Project Oversight Group created to oversee the project. Other members include the leadership of the IAA committees on Insurance Accounting and Insurance Regulation. The authors are from a team of professionals from Deloitte.

You can order your copy online, available in print & e-copy or e-copy formats.

*Ce communiqué de nouvelles est aussi disponible en français.*