



## GAP Analysis

BIAT and FIAT

# BIAT

## Background and purpose

The IASB has issued the new standard IFRS 17 which will become effective 1 January 2021. The standard is expected to significantly change the reporting process, and Deloitte's Business Impact Assessment Tool (BIAT) can help pinpoint the most significant impacts and efforts.

We have analysed the IFRS 17 technical requirements against the operating model dimensions of insurers, and developed a BIA tool which contains structured and interdependent questionnaires and checklists. The BIAT covers the complete set of technical, data, systems and process requirements. This allows for a thorough analysis of the current situation and identification of the gaps for IFRS 17.

### Benefits

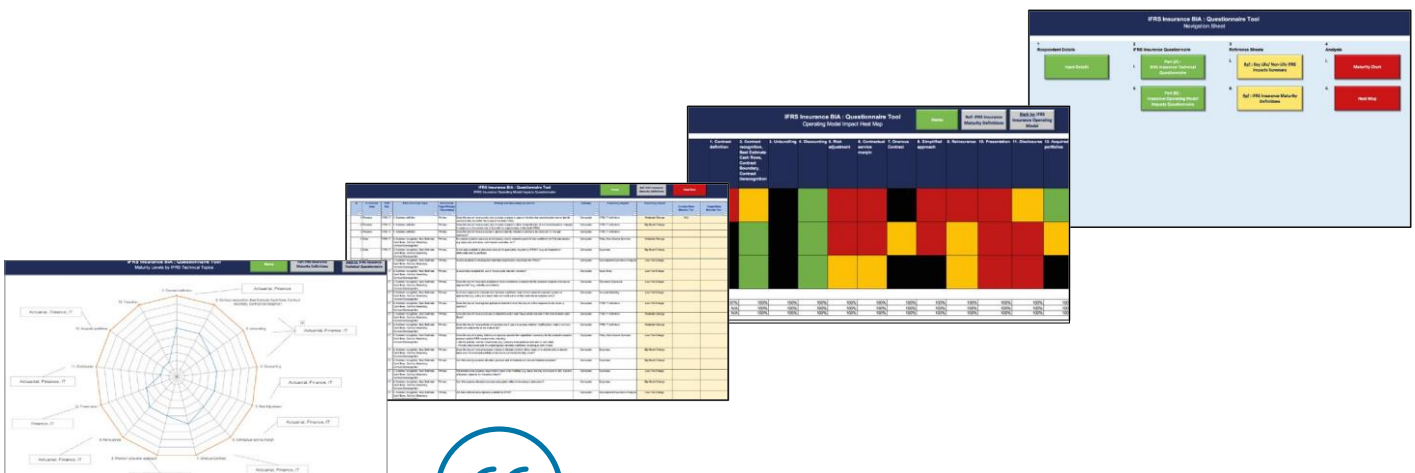
- 1 Over 500 questions where all dimensions are tested
- 2 Can be tailored to meet the company's needs
- 3 Analyse the current situation and identifies gaps for IFRS 17
- 4 Illustrative graphics of the gaps and effort needed  
Spider Diagram and Heat Map
- 5 Impacts and change activities for each technical topic
- 6 Tailored working hypotheses and system architecture which lays the foundation of further work
- 7 All findings are collected in a thorough report  
Identified gaps and impacts, as well as suggested possible change activities and effort needed for compliance with illustrative graphics

# BIAT

## Example project steps

The BIA is a gap analysis, and a BIA project can be completed within 6-8 weeks. The outline of the project will include the following elements, with emphasis on the parts most important to your business:

- Validating methodology and tools
- "As is"-state: mapping products and systems
- Collecting information
- Current procedures
- Future plans
- Interview with key staff and stakeholders
- Answer relevant BIAT questionnaires
- Identify gaps
- Assess possible solutions
- Create working hypotheses for further work
- Compliant system architecture
- Roadmap and timeline for the remaining IFRS 17 project



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*Completing the Business Impact Assessment will provide a clear understanding of the necessary steps to comply with IFRS 17."*

# FIAT

## Background and purpose

The IASB has issued the new standard IFRS 17 which will become effective 1 January 2021. The standard is expected to significantly change the result and balance sheet, and Deloitte's Financial Impact Assessment Tool (FIAT) can help highlight the most significant changes and choices to be made.

The Financial Impact Assessment Tool (FIAT) developed by Deloitte is an Excel-based cash flow model, which can be tailored to fit your company's products. The outputs will help you to:

Understand the impact on assets and liabilities on your balance sheet

Understand the impact on future profits and how your profit profile may change over time

Understand the impact on income statement and balance sheet disclosures

Compare the impact of different implementation choices

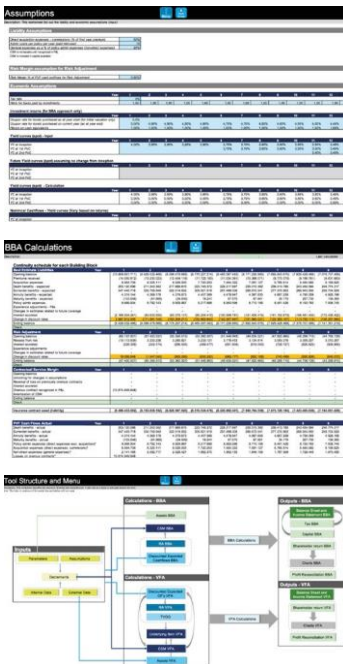
Highlight areas of impacts to prioritize efforts

Understand how components such as CSM, Risk Adjustment and onerous contracts works

## Benefits

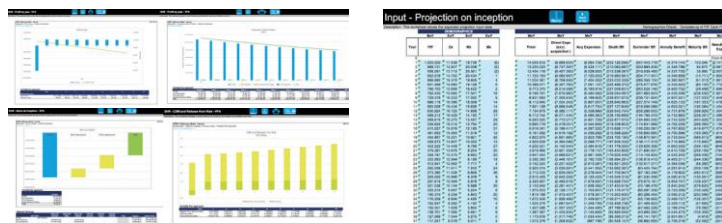
- 1 Visualize cash flows, e.g. profit profile under IFRS 17 and release of Risk Adjustment and CSM
- 2 Use output from existing actuarial models to generate IFRS 17 cash flows
- 3 Calculate cash flows based on different methods provided by the standard
- 4 Illustrate sensitivity to changes in assumptions
- 5 Onerous contracts and development of loss component

# FIAT



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*The Financial Impact Assessment will provide insight into the difference between the current reporting standard and IFRS 17 reporting standard."*



## Example project steps

A FIA project can be completed within 3-4 weeks, depending on the number of products to be analyzed. A project plan will comprise the following steps, but can easily be adapted to fit your needs:

- Deciding which products are the most relevant for analysis
- Collecting information:
  - Assumptions and parameters
  - Cash flows
- Calculate CSM and the corresponding release pattern
- Generate:
  - Impact of change in Risk Adjustment
  - IFRS 17 Statement of Financial Position (Balance Sheet)
  - IFRS 17 Income Statement
  - Impact of changes in assumptions



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