



Data Revealed: Insights from our survey

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IFRS17 – The Journey Continues Survey

Purpose

- ❖ We are 11 months into IFRS17 production, and fast approaching year-end for December reporters.
- ❖ We decided to run a survey across IFRS17 reporters operating in Ireland to take a **temperature check on progress** and understand the **key challenges and practical steps taken** to manage IFRS17 BAU.

Approach

- ❖ We surveyed over **20 insurance entities** operating in Ireland including direct, reinsurance, life, non-life and composites.

Headlines



Benefits & Challenges

- IFRS17 brings greater alignment between financial and actuarial but at a cost to the working day timetable



Transition to BAU

- There has been an increase in FTE (finance and actuarial) to support the extra demands of IFRS17



Technology

- In the context of a significantly complex standard, companies are reasonably satisfied with their vendor solutions and implementations



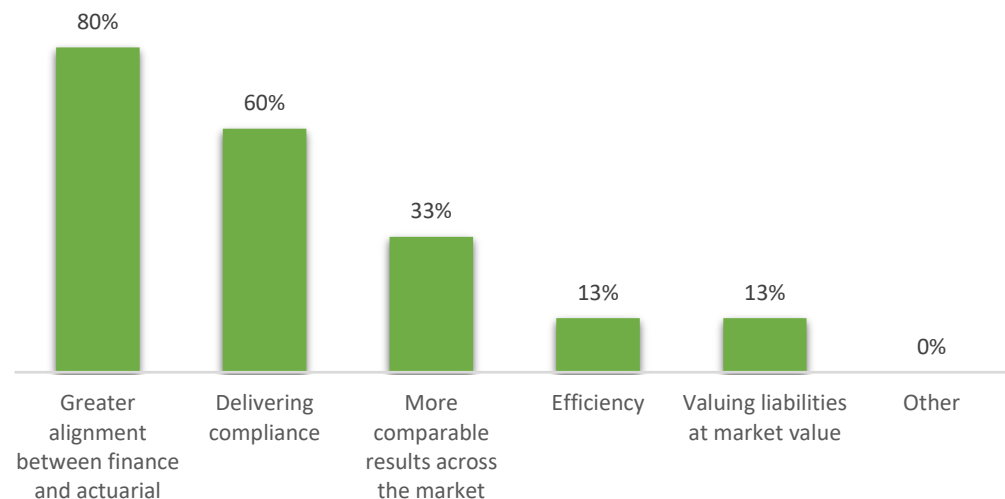
Beyond go-live

- There will be a continued focus on embedding IFRS17 over the next 12 months to enhance processes, controls and the WDT

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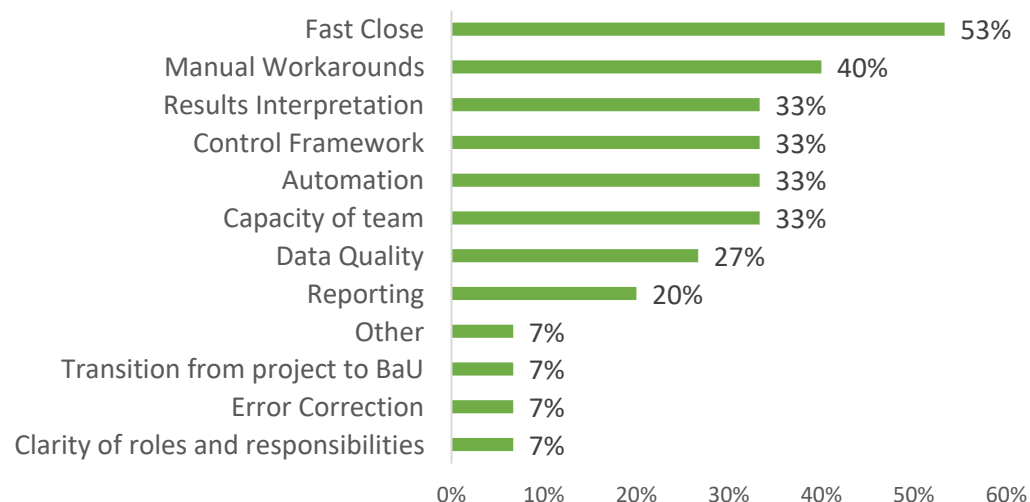
There is greater alignment between Finance & Actuarial, and increased comparability of results across the market...but it comes at a cost to the working day timetable (WDT).

Figure 1: What are the key *benefits* derived from IFRS17 compliance (select top two)?



- **Greater alignment between Finance & Actuarial** is perceived as the biggest benefit from IFRS17, with **compliance** and **comparability of results** in second and third respectively.
- Requirement to report expected and actuals and the increased granularity of reporting are key contributors to greater functional alignment.

Figure 2: What are the biggest *challenges* since IFRS17 Go-Live (select top three)?

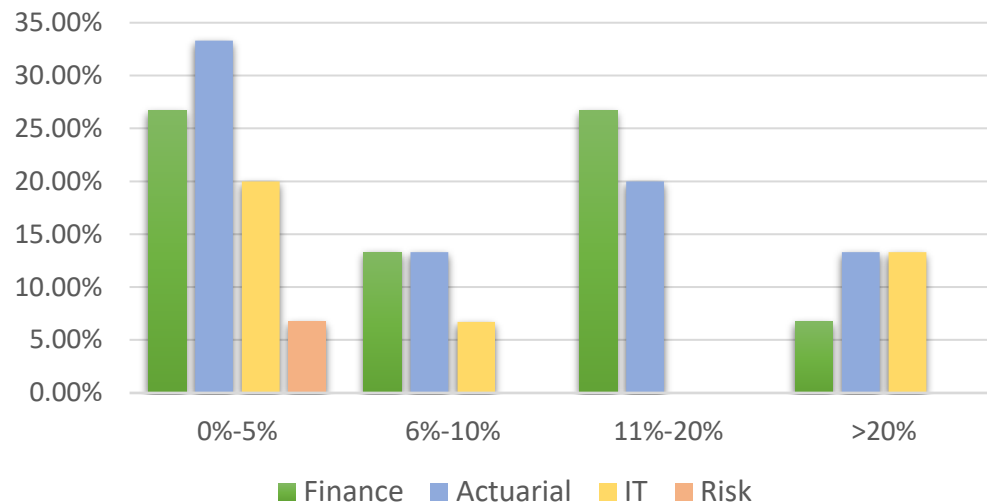


- **Fast close** cited as the biggest challenge due to complexity of solution, challenges with interpreting results, and specific requirements of IFRS17 (e.g. market rate yield curves)
- **Controls** challenge expected given the maturity of the IFRS17 process
- **Results interpretation** challenge expected given early stages of BAU
- **Data quality and automation** challenges – automation priorities shifted when companies faced time pressure to generate IFRS17 OBS and Transition results

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Companies have increased their actuarial and finance FTE to manage the additional demands of IFRS17. Most are leveraging a prototype to validate their IFRS17 results along with other techniques (SII comparison & IFRS4 comparison being the next most popular).

Figure 3: What is the percentage increase (ballpark) in **RESOURCES** hired to report IFRS17, across the key functions outlined below?



- >70% of respondents confirmed additional hires in Finance, 33% increasing their headcount by >10%
- >80% of respondents confirmed additional hires in Actuarial, with 33% increasing their headcount by >10%

Figure 4: Which function or role within the organisation is responsible for the **validation of results** produced from the IFRS17 engine/solution?

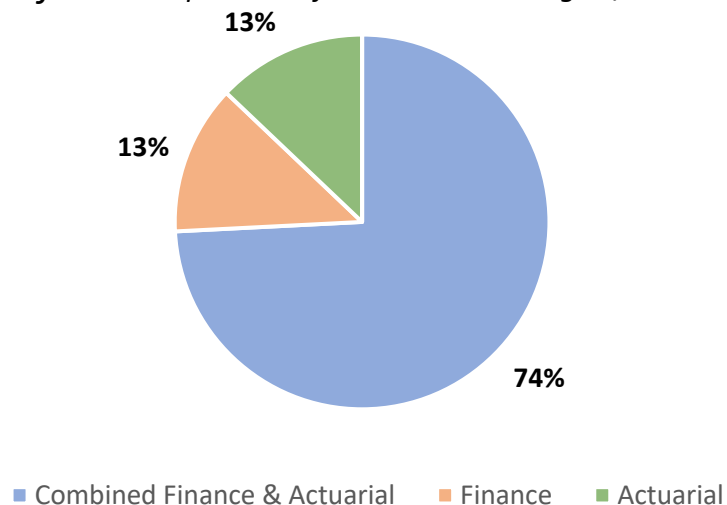
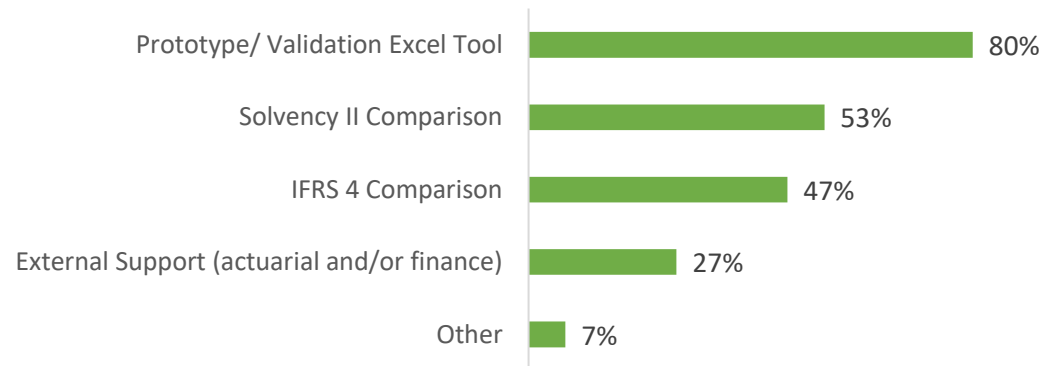


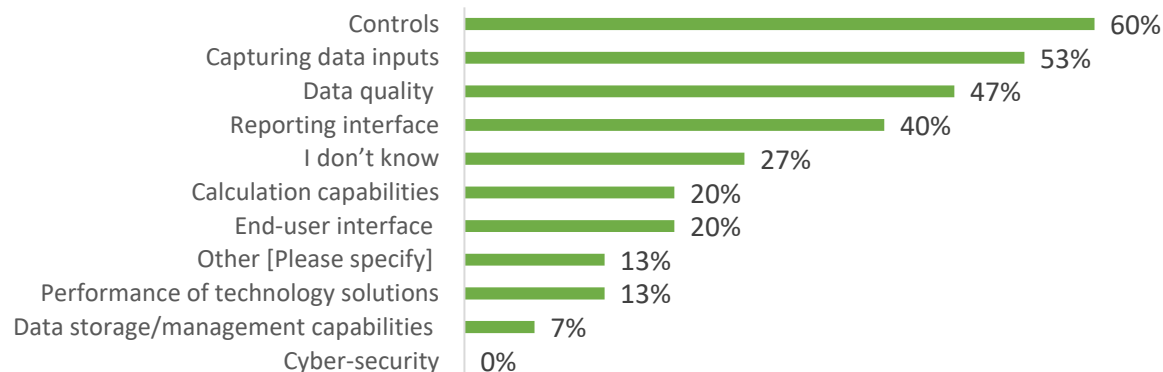
Figure 5: How are you getting **comfort** over the IFRS17 numbers that are being produced? (select all that apply)



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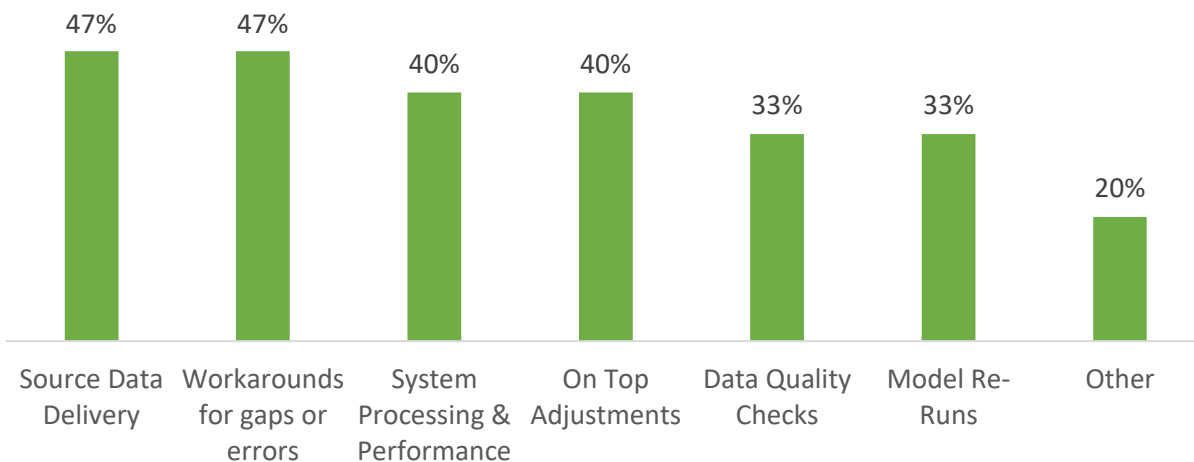
Insurers were reasonably satisfied with their IFRS17 technology solutions. It's not surprising that data quality and data capture created challenges in preparing the technology solutions – big technology transformations tend to reveal these challenges.

Figure 8: Which aspects of preparing your *technology solutions* to support IFRS17 compliance have been the most challenging?



13% of respondents were dissatisfied with their IFRS17 technology solution

Figure 9: What is currently impacting your *fast close performance* most? (select three)



47% have been given an extension for their IFRS17 reporting deadlines.

- The Fast Close / WDT is cited as the top challenge (figure 2) – with workarounds, source data delivery and system processing being the lead contributors
- It's expected that workarounds (due to errors or gaps) will reduce over time as the solution matures
- Nearly 50% have been granted extensions but majority of these are temporary
- >90% of respondents track their WDT in a tool, of which the vast majority are using excel

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A huge amount of time (on both sides) has been consumed on Audit Engagement which is not surprising given the complexity of the standard and implementation.

Figure 5: What are the key areas of *focus by auditors?* (select three)

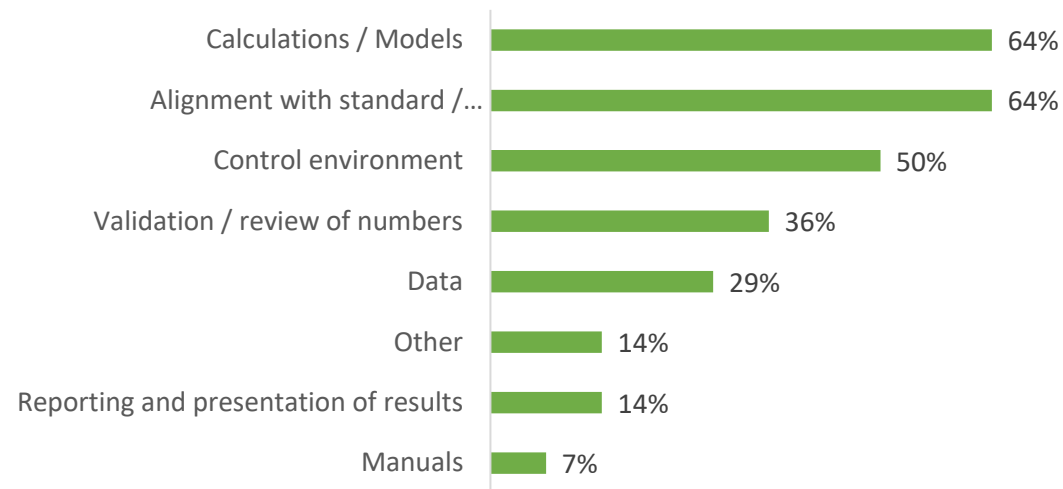
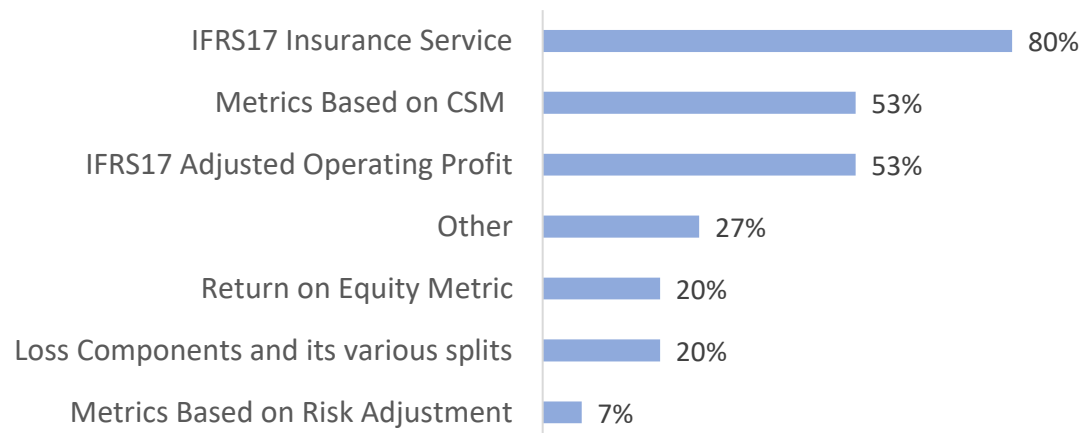


Figure 6: What are your three most significant *KPIs* under IFRS17?



- Audit engagement has been significant for IFRS17 insurers with significant amount of time spent on **methodology**, **calculation**, and **control environment** reviews
- The focus is expected to change as we approach year end for the majority of IFRS17 reporters, with **financial statement and disclosure** reviews expected to consume time

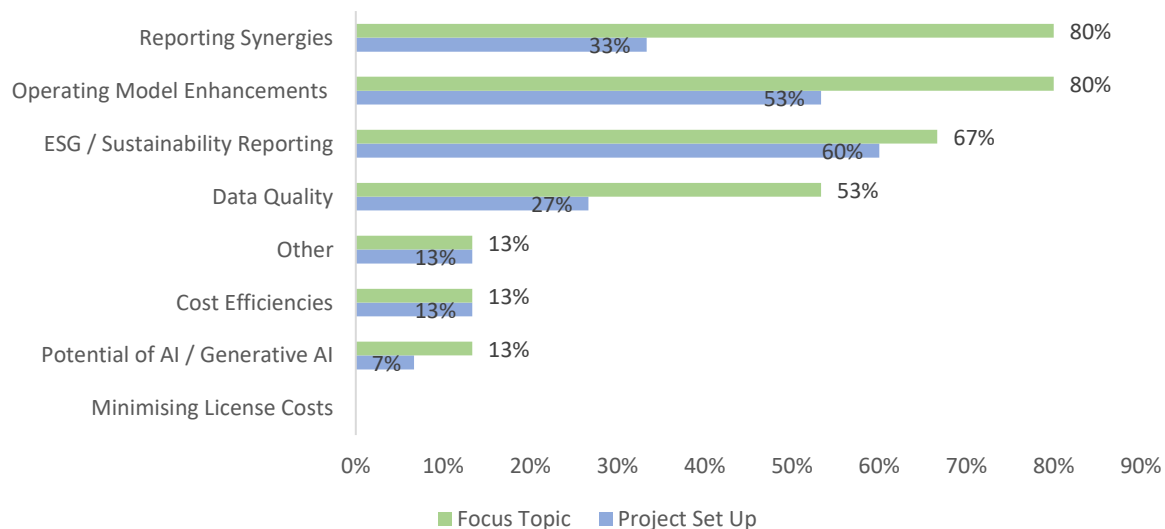


- Insurance service, profitability, and CSM related KPIs are the top results
- We anticipate **ROE to become more important** as IFRS17 matures and the market aligns on a consistent definition

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ESG is clearly on the programme agenda of many, however, Operating Model enhancements and Reporting Synergies are the top priorities.

Figure 9: What are your *focus areas* after IFRS17 Go Live? And have projects been set up?



- Since go-live, ESG, Op Model and Reporting Synergies are the current focus areas for IFRS17 reporters, with projects mobilised (in the majority) for ESG and Op Model enhancement

Figure 10: Are you thinking about *restructuring* parts of the implemented IFRS17 End to End Solution?

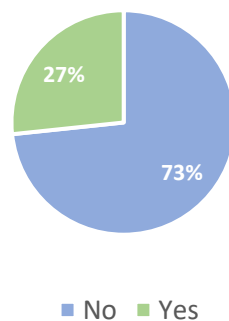
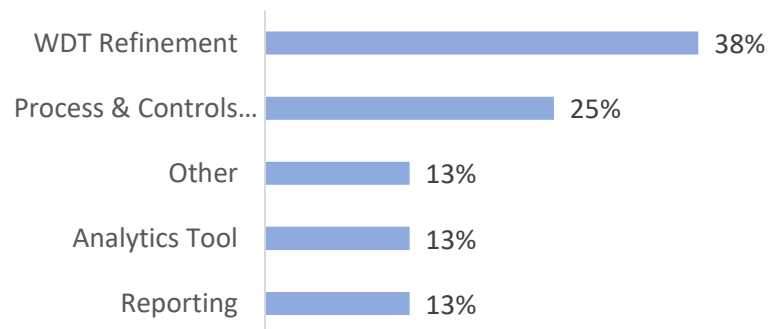


Figure 11: If yes, which *parts* would you change?



85% are citing low to moderate budget to bring the IFRS17 solution into its target state



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