



Institute of Actuaries of India
Statutory body established under an Act of Parliament



International Actuarial Association
Association Actuarielle Internationale



**21st Global
Conference
of Actuaries**

17th - 19th February 2020 | Mumbai, India

IFRS 17 Assistance for Actuaries – A view from the IAA

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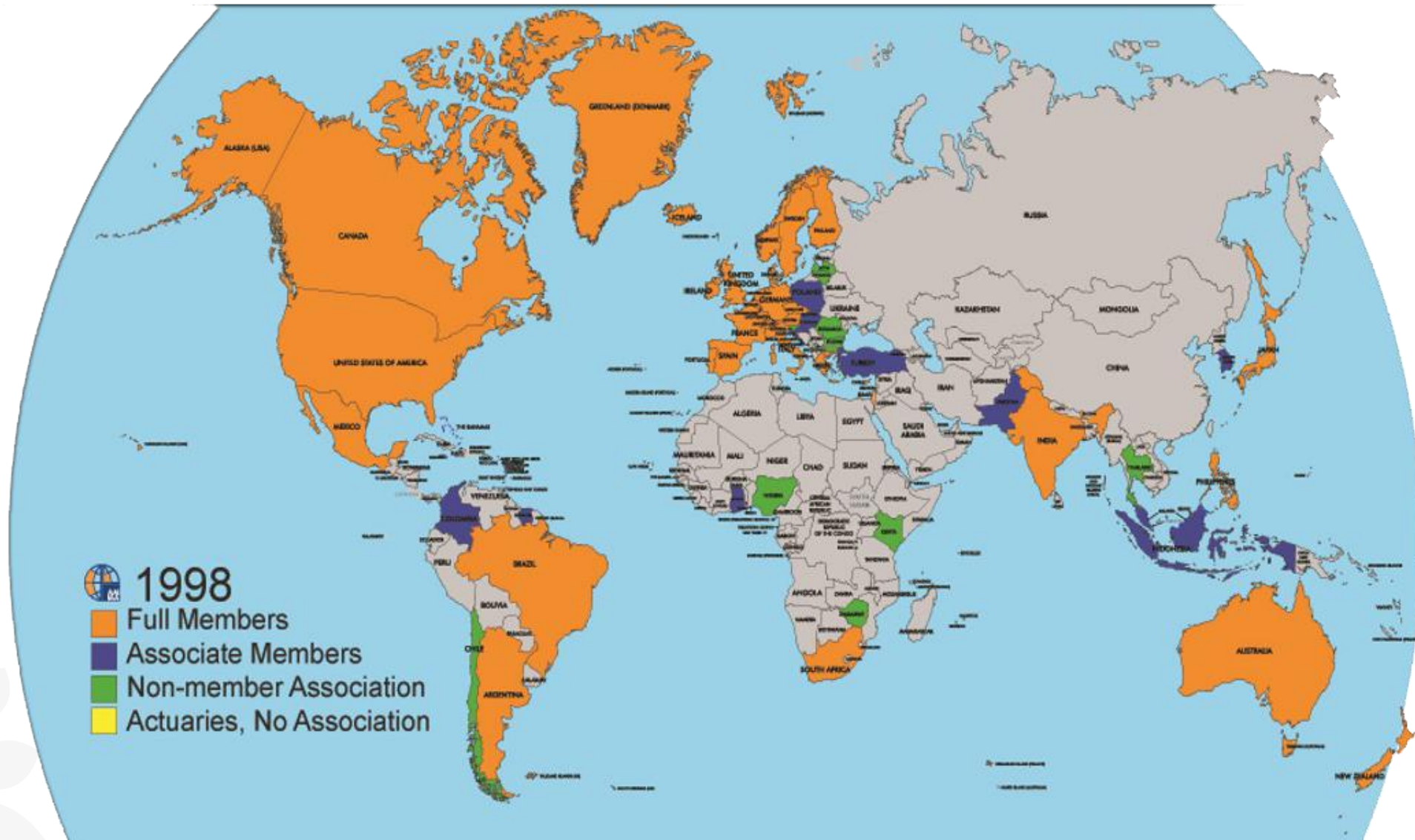
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About the IAA

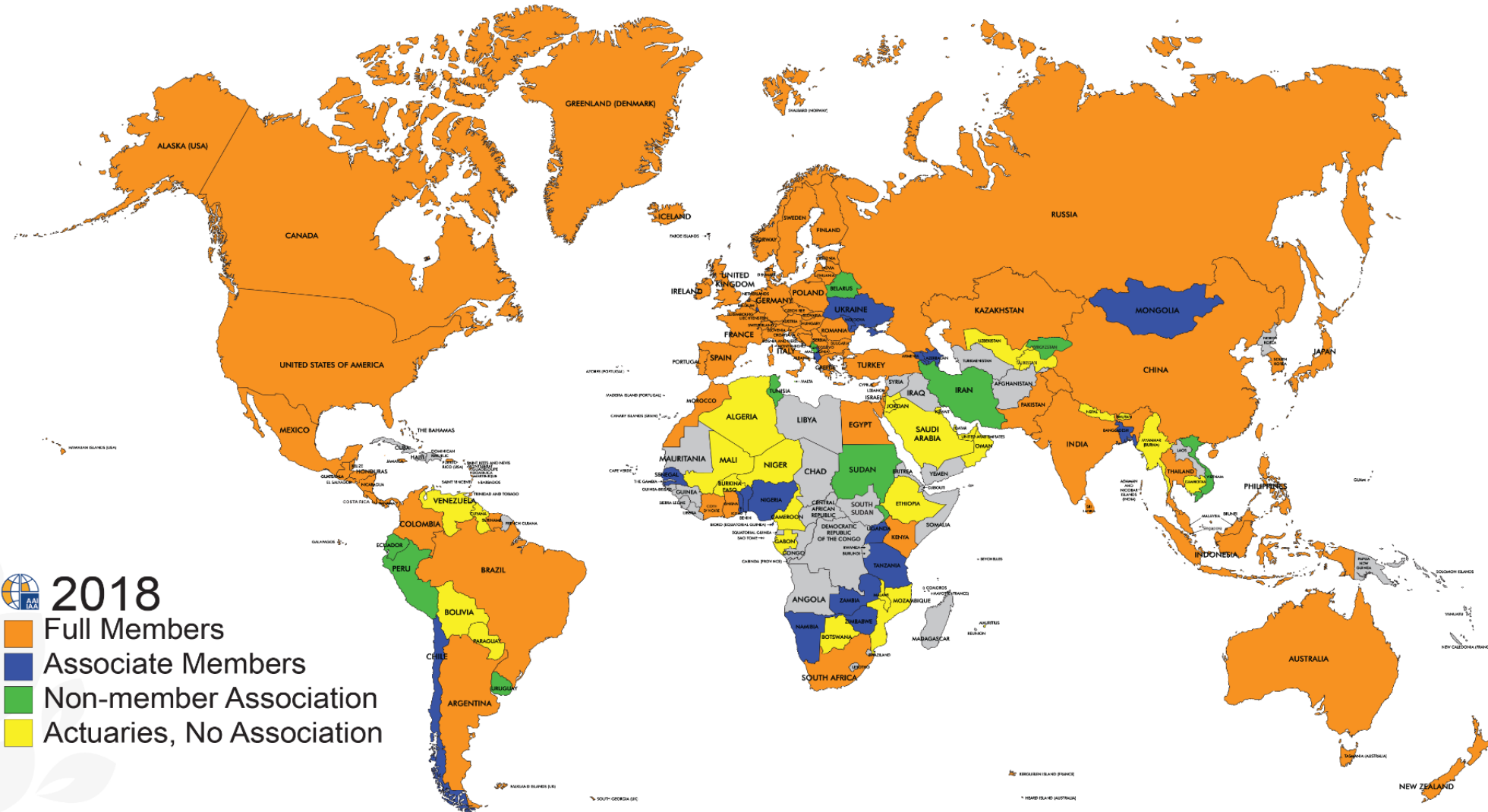
Founded in 1895, and reformed in 1998 with a new constitution, the International Actuarial Association (IAA) is the worldwide association of professional actuarial associations

- 73 FMAs (Full Member Associations)
- 25 AMAs (Associate Member Associations)
- Representing 70,000+ Actuaries in 108 + countries

The IAA's Membership in 1998



The IAA's Membership in 2020



About the IAA

- Council and committees meet twice a year
- 800+ volunteer actuaries
- 300+ conference calls annually
- Seminars, Webcasts
- Sections host Colloquia
- International Congress of Actuaries every 4 years



The IAA Committees

Membership

Actuarial
Standards

Pensions and
Employee Benefits

Advice and
Assistance

Insurance
Accounting

Health

Education

Insurance
Regulation

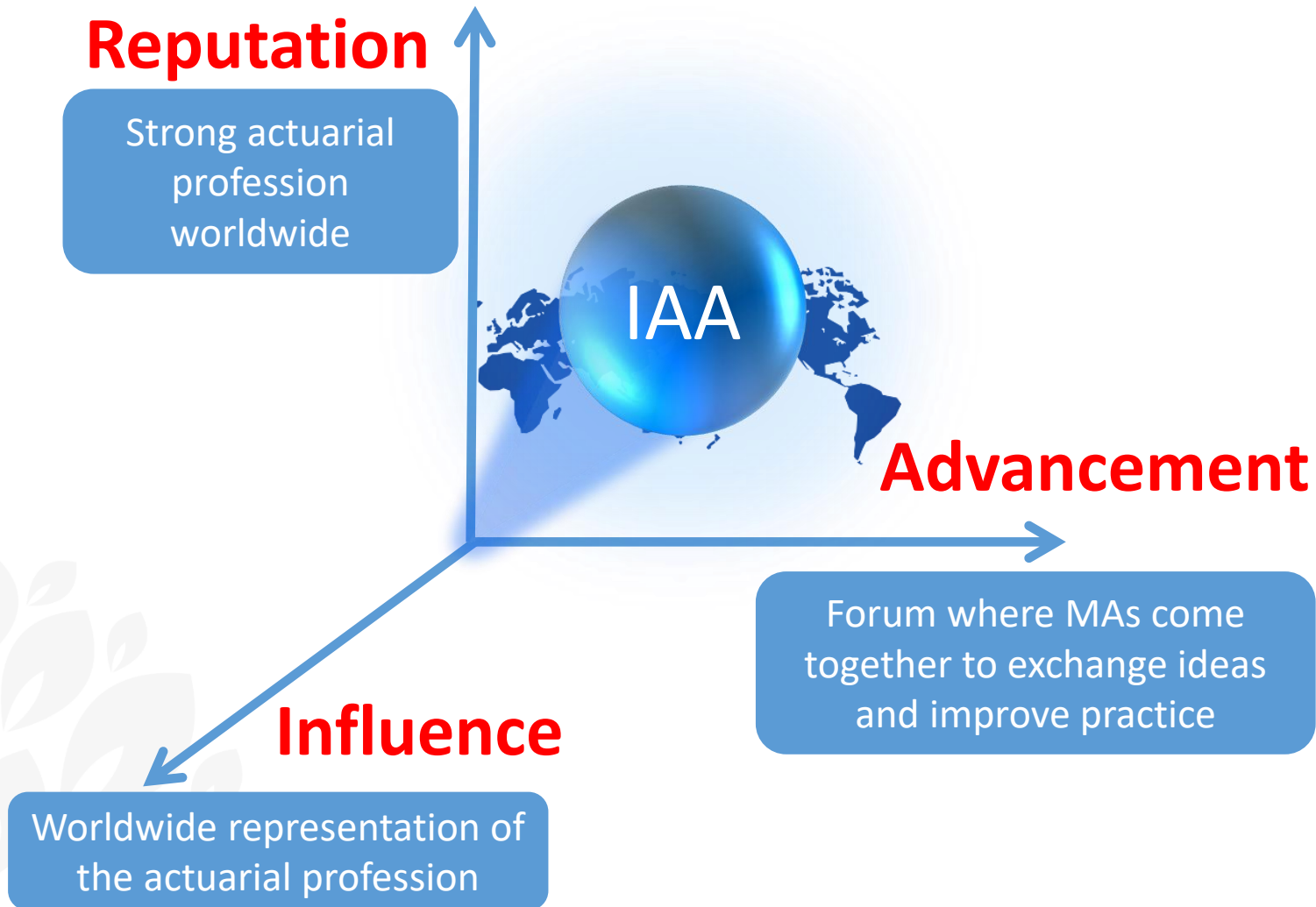
Social Security

Professionalism

Enterprise and
Financial Risk

General
Insurance

IAA helps MAs to achieve their goals as well as representing actuarial profession worldwide



“Three Layers” of global actuarial support for IFRS17

- International Standard of Actuarial Practice (ISAP4)
- International Actuarial Note (IAN 100) for IFRS17 that supports the ISAP with appropriate guidance
- Various Monographs that assist with focusing existing educational material on IFRS 17 requirements



ISAP 4

- ISAP – International Standard of Actuarial Practice
- The IAA develops ISAPs which are model standards of practice. The IAA encourages its member associations to have in place standards of practice that are substantially consistent with these standards. ISAPs are model standards of actuarial practice and, as such, are not binding on any actuary. All ISAPs are principles based and not prescriptive
- The **Purpose** of the ISAP is to increase intended users' confidence that:
 - Actuarial services in connection with IFRS 17 are carried out professionally and with due care;
 - Results are relevant to the needs, are presented clearly and understandably, and are complete;
 - Assumptions and methodology used are disclosed appropriately.



ISAP 4 - Scope

- Actuarial services related to IFRS 17
 - for the preparation of IFRS financial statements,
 - when advising a third party such as an auditor or regulator,
 - when advising a potential buyer.



ISAP 4 – Section 2 Appropriate Practices

1. Relevant Knowledge Requirements
2. General Measurement Approach
3. Variations to the general method - PAA & VFA
4. Presentation and Disclosures
5. Transition



Progress made – ISAP 4 Exposure drafts



- Exposure period ended June 30th, 2018
- Comments from 21 organizations or individuals

- Exposure period up to April 30th, 2019
- Numerous changes made to:
 - Improve clarity
 - Avoid repeats of IFRS 17 or ISAP 1
 - Fill gaps identified by commenters
 - But none fundamental

Timeline to Approval



- Impact of IFRS 17 changes on ISAP 4 to be addressed later

➤ Access via IAA Website (www.actuaries.org) → Publications → ISAP)

International Actuarial Note (IAN)

- An educational document on an actuarial subject that has been adopted by the IAA in order to advance the understanding of the subject by readers of the IAN, including actuaries and others, who use or rely upon the work of actuaries.
- It is not an ISAP and is not intended to convey in any manner that it is authoritative.
- IANs may be issued
 - a) To assist actuaries in complying with an ISAP, for example by offering practical examples of ways in which actuaries might implement an ISAP or International Financial Reporting Standard (IFRS) in the course of their work, or
 - b) To provide non-binding guidance on an actuarial topic for which the IAA has not developed an ISAP.

IAN100 – IFRS 17 (1/4)

- 15 substantive chapters divided into 4 sections
- Format is a series of Questions and Answers

Sections and chapters are:

- **Introduction and Summary of IFRS/IFRS 17 approach**
- **Section A – General Measurement Approach**
 1. Classification of Contracts
 2. Estimates of future cash flows
 3. Discount Rates
 4. Risk adjustment for non-financial risks
 5. Unit of Account
 6. CSM and loss component

IAN100 – IFRS 17 (2/4)

- **Section B – Variation to the General Measurement Approach**
 7. Premium Allocation Approach
 8. Contracts with Participating Features and other Variable Cash Flows
 9. Reinsurance
- **Section C – Uses of Fair Value**
 10. Fair Value
 11. Business Combinations and Portfolio Transfers
 12. Transition

IAN100 – IFRS 17 (3/4)

- **Section D – Other IFRS17 Topics**

13. Embedded Derivatives
14. Contract Modifications and Derecognition
15. Measurement, Presentation and Disclosure

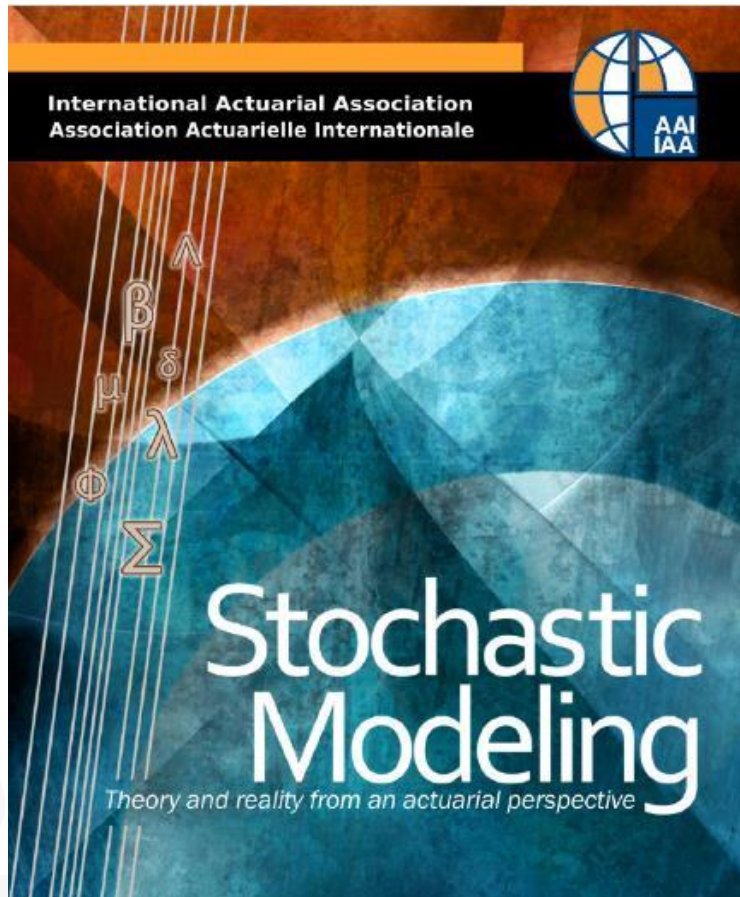
IAN100 – IFRS 17 (4/4)

➤ Anticipated Timeline:



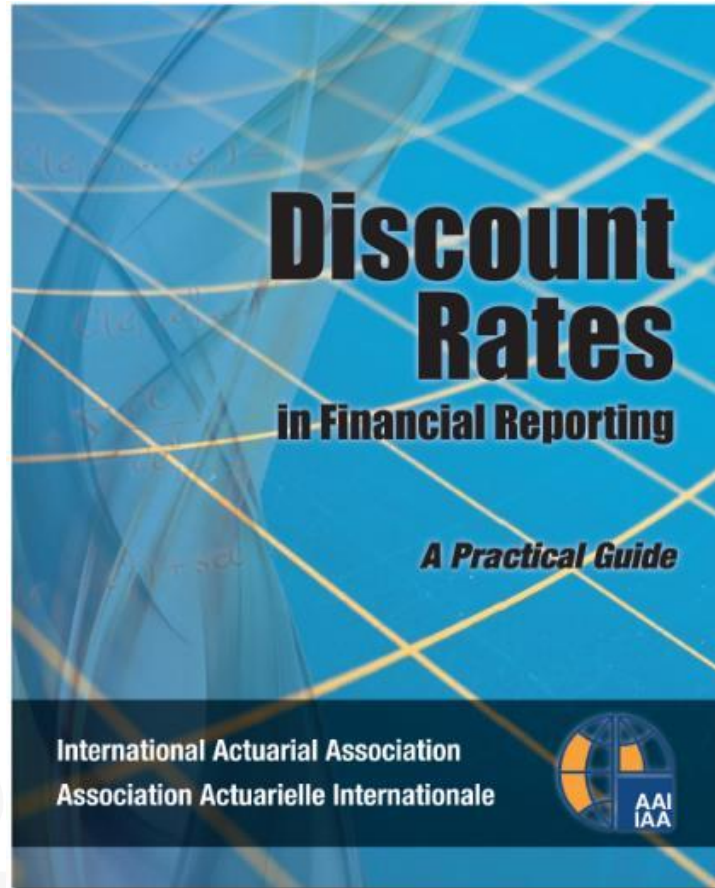
- Access via IAA Website (www.actuaries.org → Publications → IAN)

Monograph on Stochastic Modelling



Stochastic Modelling – Theory and Reality from an Actuarial Perspective is a guide for practitioners interested in understanding more about this topic. It presents the mathematical and statistical framework necessary to develop stochastic models through theory and practical examples.

Monograph on Discount Rates



Discount Rates in Financial Reporting – a Practical Guide has been written to help practitioners in how to develop and use discount rates for financial reporting including instances where markets are less developed.

Risk Adjustments for Insurance Contracts under IFRS17



Chapters:

- Introduction
- Principles underlying risk adjustment
- Risk adjustment techniques
- Techniques & considerations in quantitative models
- Qualitative assessment & other factors to consider
- Effect of risk mitigation techniques
- Validation of Risk Adjustment
- Disclosure & communication
- Case Studies (7)

Other Helpful Educational Material produced by the IAA

- Paper: Measurement of Liabilities for Insurance Contracts: Current Estimates and Risk Margins (2009)
- Support for Insurance Regulation
 - IAA “Risk Book” - under constant review
 - IAA “Blue Book” (“A Global Framework for Insurer Solvency Assessment”) 2004

Seminars & Webinars

- Throughout the next few years:
 - Focus on IAA support for IFRS 17 implementation
 - May partner with other organisations



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Thank You

<https://www.actuaries.org>