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# A Closer Look

IFRS 17 for Non-insurers

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## Introduction

IFRS 17 *Insurance Contracts* is the accounting standard that applies to insurance contracts regardless of the issuer, i.e. IFRS 17 does not apply only to insurance or reinsurance entities. This means that some contracts entered into by non-insurers may be in the scope of IFRS 17 and consequently will need to be accounted for using the requirements in IFRS 17.

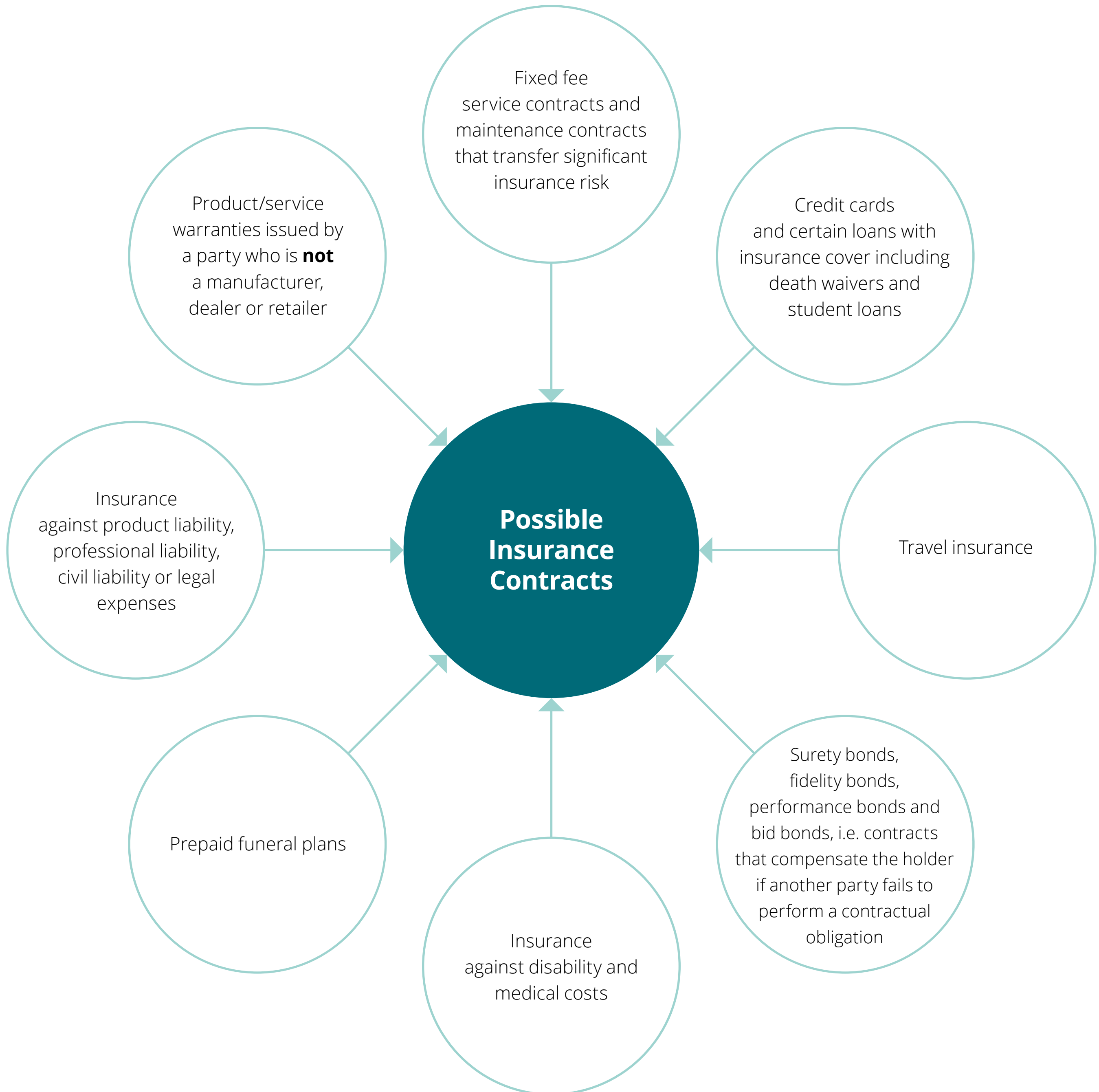
The assessment as to whether a contract is an insurance contract can be very complex, especially as the principles for determining whether a contract is an insurance contract in the scope of IFRS 17 may be unfamiliar to those performing the assessment. Advice from specialist advisors may be required. Entities will need to pay attention to the scope of IFRS 17 that includes various exceptions and exemptions that require or allow some contracts that meet the definition of an insurance contract to be accounted for applying another IFRS Accounting Standard, for example IFRS 15 *Revenue from Contracts with Customers.*

In this publication, we provide guidance on those aspects of IFRS 17 that non-insurers should consider as they assess whether contracts they issue are within the scope of IFRS 17 or not. This publication only addresses how to determine whether a contract is an insurance contract within the scope of IFRS 17; if an entity identifies such a contract, it will need to determine how to account for it applying IFRS 17, a topic far too extensive for this guide.

In assessing whether a contract is an insurance contract, IFRS 17 focuses on the economic substance of the contract, rather than its legal form. Some contracts are legally described and regulated as insurance contracts but do not transfer significant insurance risk and are therefore outside the scope of the Standard. On the other hand, contracts that to not have the legal form of insurance contracts but transfer significant insurance risk may meet the definition of an insurance contract and be subject to the requirements of IFRS 17.

An insurance contract is defined as a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. We will explain in this publication the key concepts involved in this definition and how to apply these concepts in practice.

The following diagram illustrates that the definition of insurance contract captures a wide range of contracts that may not have traditionally been considered as insurance contracts.




## Definition of insurance risk

Simply put, for a contract to be in the scope of IFRS 17, there needs to be a transfer of significant insurance risk from the policyholder to the issuer on a present value basis. This is because IFRS 17 defines an insurance contract as a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Consequently, key to the assessment is understanding what is meant by insurance risk, and more specifically, significant insurance risk. A contract is not an insurance contract unless the insurer accepts significant insurance risk. However, these concepts are not straightforward: IFRS 17 includes neither a direct definition of insurance risk, nor does it contain quantitative thresholds to determine when insurance risk is considered 'significant insurance risk'.

IFRS 17 defines insurance risk as any risk other than financial risk transferred from the holder (policyholder) of the contract to the issuer. A good starting point is therefore to understand what risks are being transferred by a contract and then whether those risks are 'financial risks' or not using the definitions and examples in IFRS 17.

IFRS 17 positively defines financial risk as the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. We can see that this definition of financial risk includes both financial and non-financial variables, but the latter are included in financial risk only if they are not specific to a party to the contract. Examples of financial risk due to non-financial variables not specific to the party to the contract include exposures to an index of earthquake losses in a particular region or an index of temperatures in a particular city. In contrast, the risk of an earthquake or high temperature affecting a particular property owned by an entity would be the risk of a possible future change in a non-financial variable specific to a party to the contract and would be an insurance risk.

The definition of financial risk therefore excludes non-financial variables that are specific to a party to the contract, such as the occurrence of a fire that damages or destroys an asset of that party. In addition, the risk of changes in the fair value of a non-financial asset is not a financial risk if the fair value reflects not only changes in market prices for such assets (a financial variable) but also the condition of a specific non-financial asset held by a party to a contract (a non-financial variable). If, for example, a guarantee of the residual value of a specific car exposes the guarantor to the risk of changes in the car's physical condition, that risk is insurance risk, not financial risk.

Based on the definition of an insurance contract if a contract transfers financial risks only (i.e. the contract results in no, or only insignificant, transfer of insurance risk) it is not an insurance contract.

Identifying whether a contract contains significant insurance risk is a key step in the assessment. The assessment of whether the insurance risk transferred is significant is addressed later in this publication (see Assessment of the transfer of significant insurance risk). We will first consider other key concepts in the definition.

### The characteristics of an insurance contract in IFRS 17

As explained above, an insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

There are key aspects of this definition, namely:

- The requirement for a specified uncertain future event
- The meaning of insurance risk (discussed above)
- Whether insurance risk is significant
- Whether the insured event adversely affects the policyholder

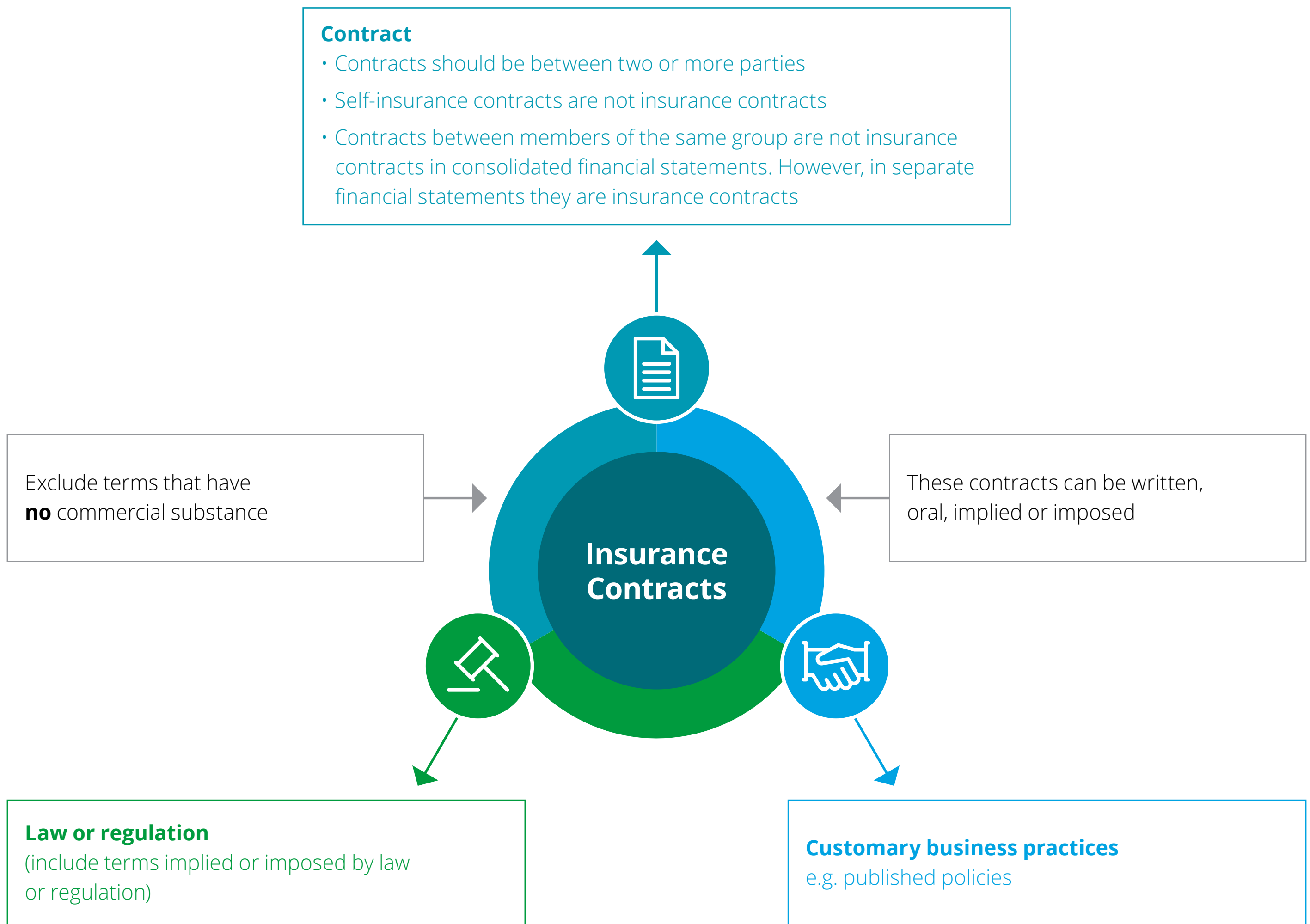
To be an insurance contract there must be a **contract** which identifies an **uncertain future insured event** which can **adversely affect the policyholder** and has the **possibility of causing a loss** to the issuer if it occurs. The contract should have, as a condition, that payment will only be made if the customer has suffered a loss due to the occurrence of the insured event.

### Existence of a contract

For there to be an insurance contract there must be a contractual arrangement. The existence of a contractual arrangement applying IFRS 17 relies on the same concepts as those in other standards, for example IFRS 15, and include:

- A contract is an agreement between two parties that creates substantive rights and obligations enforceable as a matter of law
- Contracts can be written, oral, or implied by the entity's customary business practice
- Implied terms in a contract include those imposed by law or regulation
- All terms in a contract should be considered, whether explicit or implied, except for those terms that have no commercial substance (i.e. terms that have no discernible effect on the economics of the contract), which should be disregarded
- Practices and processes for establishing contracts vary among entities, countries, industries, and even within an entity (e.g. they may depend on the class of customer or the nature of the promised goods or services)

**Sources of rights and obligations for insurance contracts**




An insurance contract necessarily involves at least two parties. This is important when considering exposure to self-insurance. An entity may self-insure certain risks, such as workers' compensation. Self-insurance occurs when the entity retains a risk that could have been covered by insurance by setting aside resources to be used to pay for the adverse effects of a future uncertain event specific to that entity. Under IFRS 17, self-insurance does not give rise to an insurance contract because there is no agreement with another party. Similarly, the issuance of an insurance contract to a fellow group entity (such as a parent, subsidiary or fellow subsidiary) will not be accounted for under IFRS 17 in the consolidated financial statements that include both the issuer and the holder. However, IFRS 17 will be applied in individual or separate financial statements of the entity that has issued the insurance contract. The application of IFRS 17 by the issuer of an intragroup insurance contract may significantly impact the issuer's individual or separate financial statements and may affect its ability to pay dividends or act as guarantor under financial guarantee arrangements to third parties.

### Insurance risk and the insured event

In an insurance contract, the issuer of the contract agrees to compensate another party, the policyholder, if a specified uncertain event adversely affects the policyholder. This specified uncertain event is referred to as the insured event.

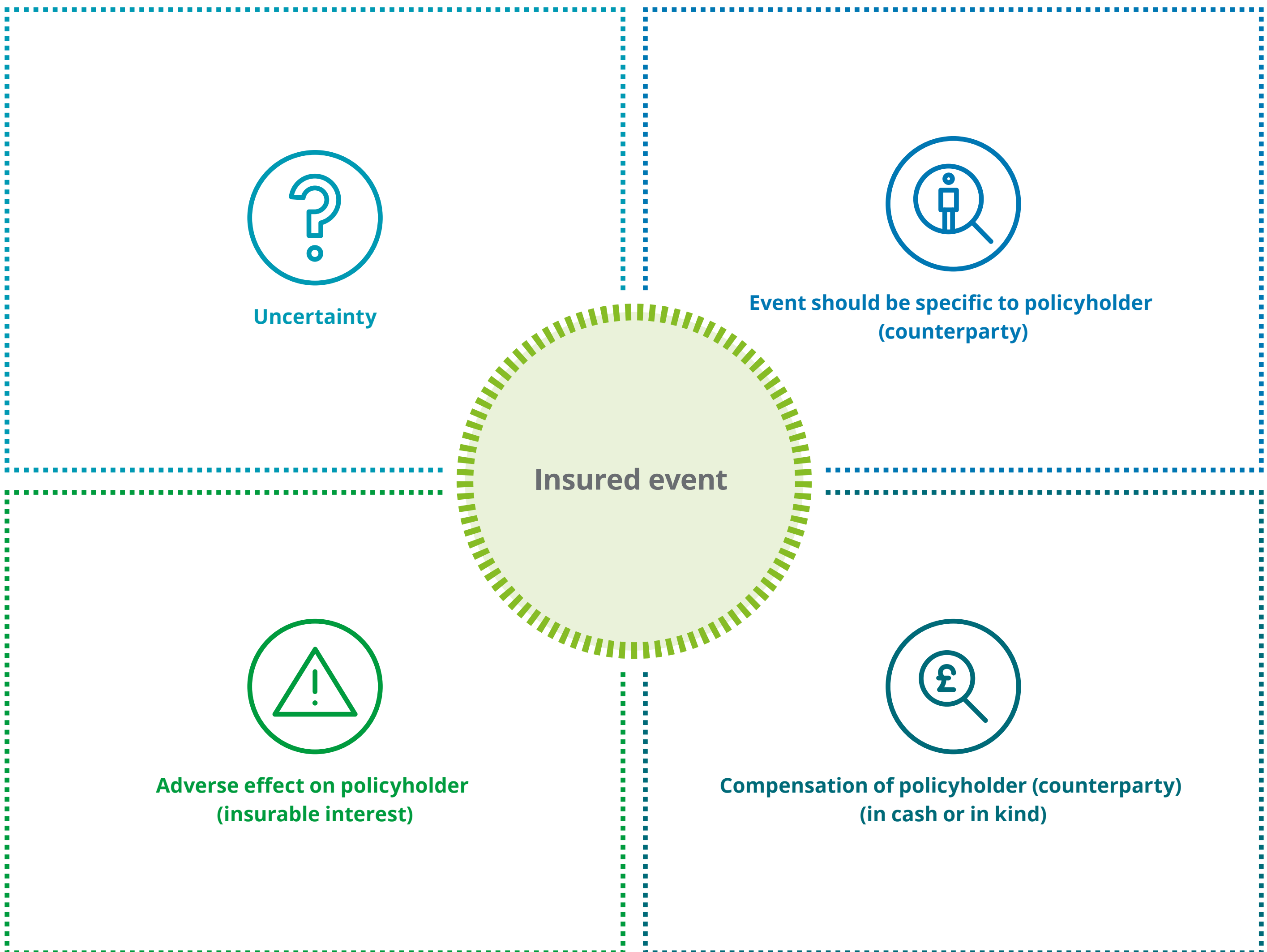
An adverse effect on a policyholder means that the policyholder suffers a loss as a result of the occurrence of the insured event. This is an important requirement because contracts which pay the counterparty when an event occurs regardless of whether the counterparty is adversely affected or not are not insurance contracts. For example, a gambling contract that requires a payment if a specified uncertain future event occurs is not an insurance contract because the payment to the holder is not conditional on whether the holder has been adversely affected by the event.

The definition of an insurance contract also requires the uncertain event to be specific to the policyholder. If the uncertain event is not specific to the policyholder, then the contract is not an insurance contract. For example, a weather derivative contract that will entitle the holder to a payment if a climatic event occurs regardless of whether the contract holder is adversely affected by the event is not an insurance contract because the uncertain event is not specific to the holder.

The compensation to the policyholder can be in cash or in kind. A payment in kind is a payment by the insurer in the form of goods or services rather than cash, for example, when the entity replaces a stolen article instead of reimbursing the policyholder in cash for its loss or when the entity uses its own hospitals and medical staff to provide medical services covered by the insurance contract for medical treatments that were uncertain at the time the contract was issued.

The insured risk must be a risk for the policyholder that pre-existed the issuance of the contract, that is, the policyholder should be exposed to the risk before entering into the insurance contract. Risk that is created by a contract is not a pre-existing risk and therefore is not insurance risk. For example, an insurance contract may cause a significant loss to the insurer if the policyholder cancels the contract before the insurer has managed to earn a sufficient profit to cover its distribution expenses. The risk of loss due to this "expense risk" is created by the contract and it is not a pre-existing risk of the policyholder that has been transferred to the insurer. This is the case even if the uncertainty is caused by the policyholder behaviour and may result in a loss to the insurer. On the other hand, an entity exposed to such "expense risk" could transfer it to another insurer and in that second contract the risk transferred would be a pre-existing risk.

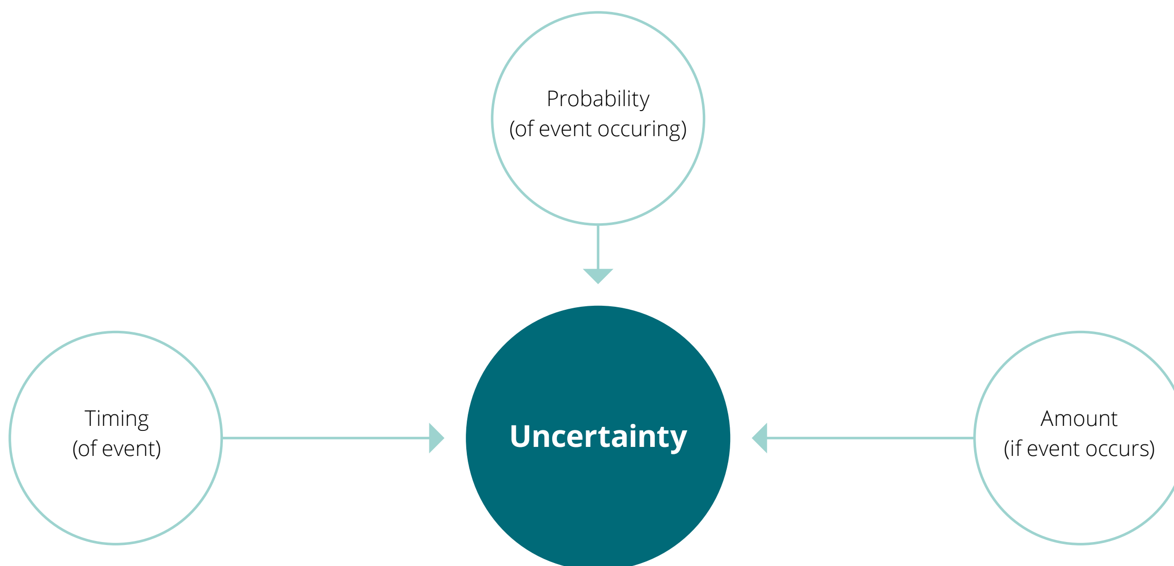
**The insured event**



### Uncertainty and insurance risk

Uncertainty is the essence of an insurance contract. **At least one** of the following should be uncertain at the inception:

- Whether the insured event will occur
- When the insured event will occur
- How much the insurer will need to pay if the insured event occurs




### Assessment of the transfer of significant insurance risk

We have discussed above what is meant by insurance risk. But to be an insurance contract, IFRS 17 requires that there is a transfer of insurance risk that is significant. The assessment of whether a contract transfers significant insurance risk is critical because some contracts may appear to meet the definition of an insurance contract but they are not considered to be insurance contracts for the purposes of IFRS 17 because the insurance risk transferred is not significant. There is no quantitative guidance in IFRS 17 as to what constitutes significant insurance risk, therefore this is an area that may require significant judgement by entities.

Insurance risk is significant if, and only if, there is at least one scenario where the insured event could cause the issuer to pay additional amounts that are significant compared to payments under any other scenario.

IFRS 17 mandates that an entity can only consider scenarios that have commercial substance. IFRS 17 explains that scenarios with no commercial substance are those that have no discernible effect on the economics of the transaction. If an insured event could mean that significant additional benefits would be payable in any scenario that has commercial substance, the contract is considered to transfer significant insurance risk even if the insured event is extremely unlikely or if the expected (i.e. probability-weighted) present value of contingent cash flows is a small proportion of the expected present value of all the remaining contractual cash flows.

In addition, a contract transfers significant insurance risk only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis (i.e. the present value of outflows is larger than the present value of the inflows). The additional amounts payable are the amounts that exceed those that would be payable if no insured event had occurred at the same date and include claims handling and assessment costs. The use of present value for this outflow test is required when the payouts are mutually exclusive (e.g. the insured event is death of the policyholder but the other scenarios include payments to be made when the policyholder survives beyond a certain date).

IFRS 17 requires that the following amounts should be excluded from the outflow test:

- The loss of the ability to charge the policyholder for future service (this is a loss that is not related to the contract)
- A waiver, on death, of charges that would be made on cancellation or surrender (this is a loss from a risk created by the contract rather than a pre-existing risk)
- Possible reinsurance recoveries (reinsurance recoveries are accounted for separately)

An entity should assess the significance of insurance risk contract by contract. Consequently, the insurance risk can be significant even if there is minimal probability of significant losses for a portfolio or group of contracts.

The losses covered in an insurance contract include losses discovered during the term of the contract even if the losses arose from an event that occurred before the inception of the contract, and losses that occur during the term of the contract (even if the resulting loss is discovered after the term of the contract). Some insurance contracts cover events that have already occurred but the financial effect of which is still uncertain, e.g. the discovery of the ultimate cost of claims for events that have already occurred.

### Example of transfer of significant insurance risk—performance guarantee contract

Depending on the facts and circumstances, a performance guarantee contract can be an insurance contract.

The accounting analysis below considers an example which pertains to Bank B, the issuer/writer of the performance guarantee contract. The example discusses whether Bank B should account for the performance guarantee contract applying IFRS 17 or IFRS 9 *Financial Instruments.*

**Fact pattern:**

- Seller S enters a sales contract with Customer C to deliver goods/services at a specified future date
- Seller S contracts with Bank B for Bank B to pay a fixed amount to Customer C if Seller S fails to perform its contractual obligation under its sales contract
- If Seller S does not meet the scheduled delivery times, Customer C has a right to receive a fixed amount as a penalty under the sales contract with Seller S
- Customer C can make a claim to receive the fixed amount from Bank B under the performance guarantee contract only if Seller S fails to pay Customer C the penalty amount when due (i.e. only in case of non-payment of a debt instrument)
- Bank B has a right to claim the fixed amount from Seller S if there is a claim from Customer C (i.e. there is an indemnity agreement that Seller S will indemnify Bank B if Bank B compensates Customer C)

**Application:**

Bank B accounts for the performance guarantee contract issued either as an insurance contract applying IFRS 17 or as a financial guarantee contract (FGC) applying IFRS 9. This is because:

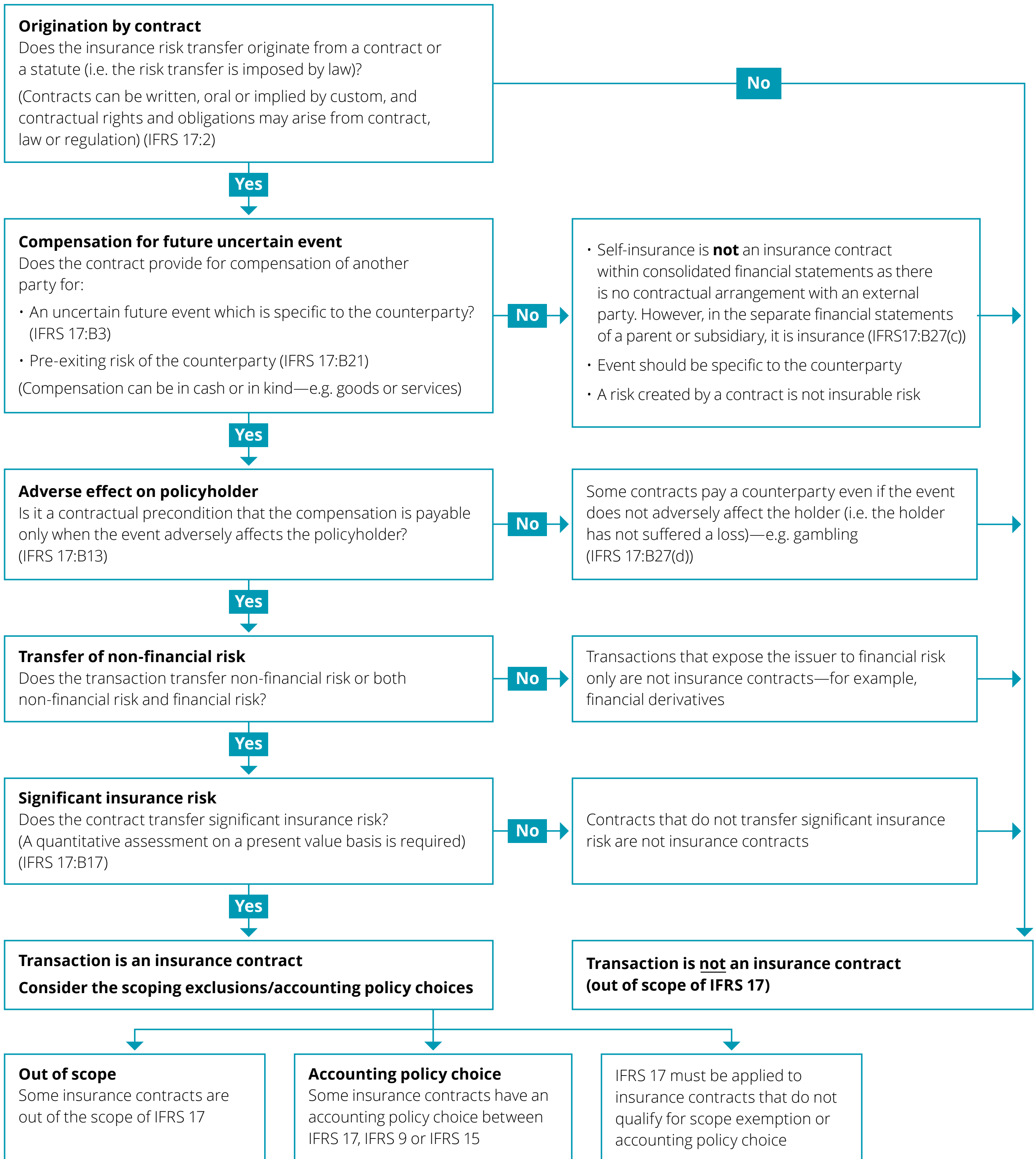
- The contract meets the definition of a FGC as Bank B agrees to reimburse Customer C for a loss it incurs (i.e. non-receipt of the penalty amount) because a specified debtor (Seller S) fails to make payment when due
- There is a significant insurance risk for Bank B
- Bank B's right to reclaim amounts from Seller S does not affect the performance guarantee contract meeting the FGC definition in IFRS 9. In fact, it is common that the writer of a FGC has a right to claim amounts back from the party which has defaulted to minimise the net loss suffered from writing the guarantee

Bank B's choice to apply IFRS 17 or IFRS 9 can be made on a contract-by-contract basis, but the choice for each contract is irrevocable.

## Insurance contract assessment under IFRS 17

The assessment of whether a contract meets the definition of an insurance contract under IFRS 17, and the consequential accounting treatment can be very complex depending on the terms and conditions of the contract. Therefore, entities may need to consider consulting their financial reporting advisor. The flowchart below summarises steps in the assessment.

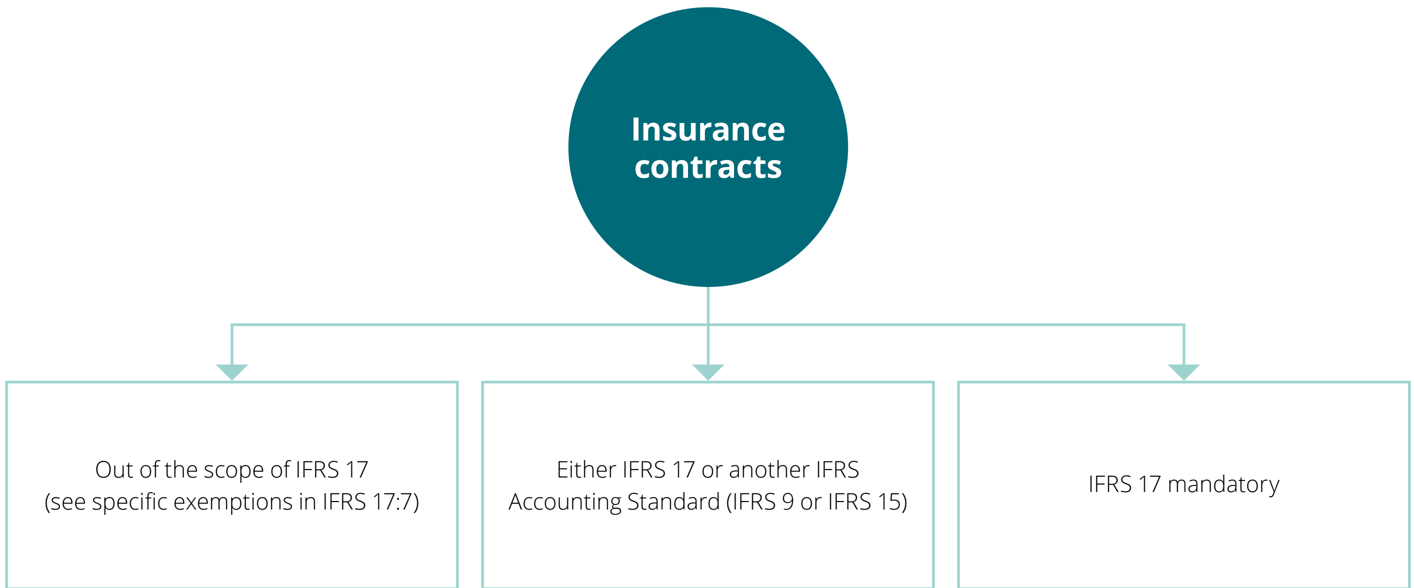
### Insurance contract flow chart



## Scope of IFRS 17

Once an entity has determined that it issues insurance contracts it then needs to consider whether it is required to account for these contracts under IFRS 17. Contracts that meet the definition of an insurance contract are not automatically accounted for under IFRS 17. Indeed, IFRS 17 includes various scope exclusions or allows an entity to choose to account for the contract applying another IFRS Accounting Standard.

### Scope of insurance contracts




### Fixed fee service contracts

A type of insurance contract that may be issued by non-insurers are fixed fee service contracts. The primary purpose of a fixed fee service contract is the provision of services for a fixed fee rather than payment of cash to the customer when the insured event happens. Subject to strict criteria, an entity can elect to account for such contracts applying either IFRS 17 or IFRS 15. A careful analysis of the contractual terms and conditions and the pricing of fixed fee service contracts is important to determine if **all** the criteria are met (such that the accounting choice is available). If any criterion is not met, the entity must account for the contract applying IFRS 17.

**Risk assessment**

The entity does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer (no underwriting)

**Service compensation**

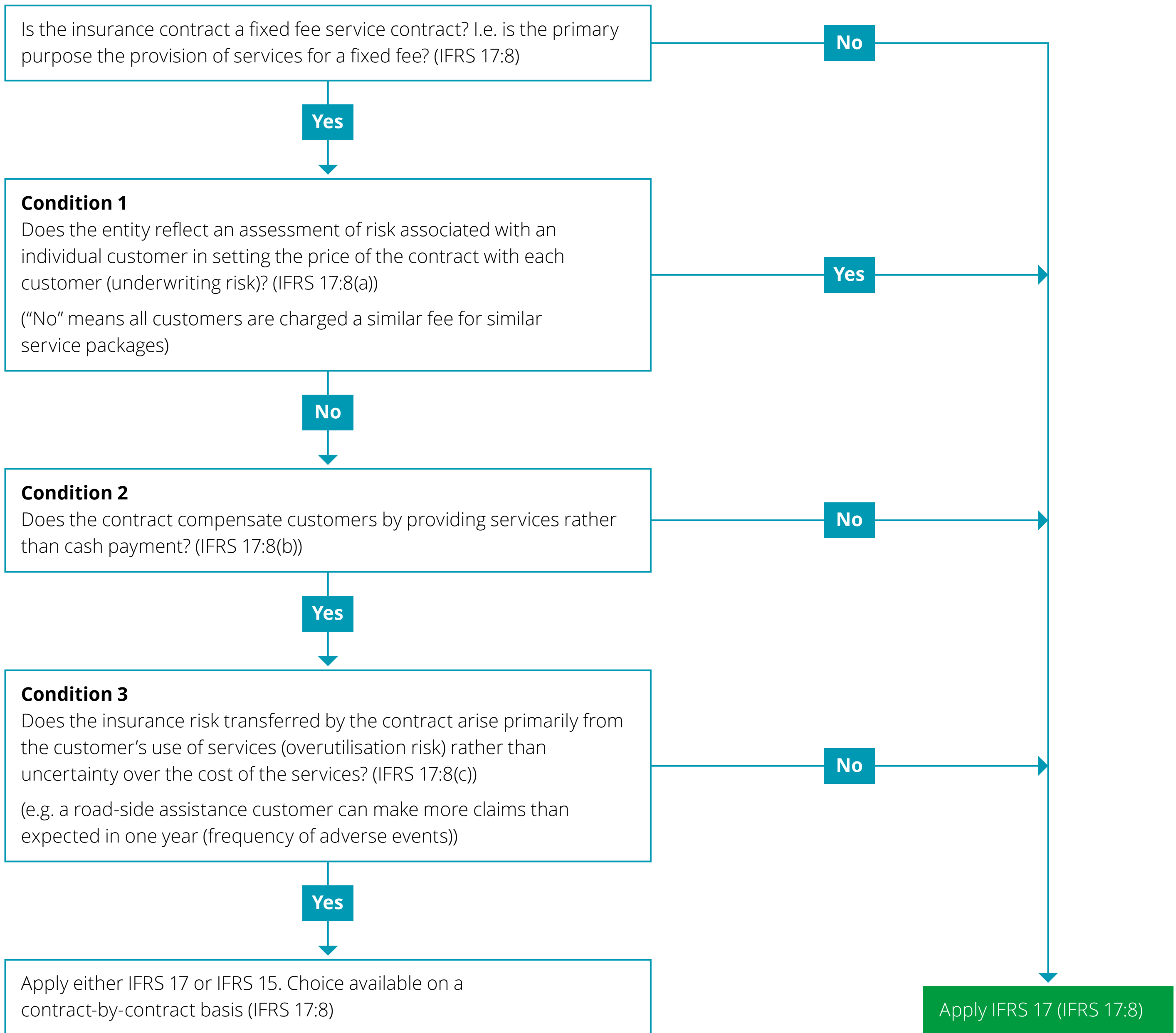
The contract compensates the customer by providing services rather than by making cash payments to the customer

**Risk from use of services (overutilisation risk)**

The insurance risk transferred by the contract arises primarily from the customer's use of services rather than from uncertainty over the cost of those services

The application of the criteria can be illustrated as follows:

**Fixed fee service contract flow chart (IFRS 17:8)**



## Examples of fixed fee service contracts which meet the definition of an insurance contract

As fixed fee service contracts issued by non-insurers may be significant to a non-insurer, we have included some more detailed discussion of some typical types of arrangements that will need to be assessed.

| Type of contract | Comments |
|---|---|
| **Maintenance contracts—equipment**<br><br>A service provider agrees, under an annual maintenance contract, to repair specified equipment after a malfunction. The fixed service fee is based on the expected number of malfunctions across the population of equipment that the service provider will maintain, but it is uncertain whether a particular machine will break down. The malfunction of the equipment adversely affects the owner (through, for example, production disruption) and the contract compensates the owner by repairing the equipment (provision of services rather than cash). | The fixed-fee annual contract meets the definition of an insurance contract because the customer has a pre-existing risk of the equipment breaking down and is compensated through maintenance services only when the equipment breaks down.<br><br>The pricing of the fixed fee does not take into account the condition of the asset as it is based on expected malfunctions across the population of pieces of equipment that the service provider will maintain. The customer's entitlement is only to a service and the uncertainty is over the number of breakdowns rather than their cost (overutilisation risk). Therefore, the contract may be accounted for applying either IFRS 15 or IFRS 17.<br><br>However, if, for example, the pricing of the contract takes into account the condition of the asset (underwriting), the contract is required to be accounted for applying IFRS 17. |
| **Car breakdown services**<br><br>Under a contract for car breakdown services, the provider agrees, for a fixed annual fee, to provide roadside assistance or to tow the car to a nearby garage.<br><br>The fixed annual fee is based on the expected number of breakdowns across the population of cars that the provider will assist, but it is uncertain whether a particular car will break down. The breakdown of a car adversely affects the owner and the contract compensates the owner by taking the car to a nearby garage if the roadside assistance is not successful in putting the car back into circulation (provision of services rather than cash). | The fixed fee contract meets the definition of an insurance contract because the customer has a pre-existing risk that their car will break down and is compensated through roadside assistance services only when they experience a car breakdown.<br><br>The pricing of the fixed fee does not take into account the condition of the car as it is based on expected breakdowns across the population of cars that the service provider will assist after a breakdown. The customer's entitlement is only to a roadside assistance service and the uncertainty is over the number of breakdowns rather than their cost (overutilisation risk). Therefore, the contract may be accounted for applying either IFRS 15 or IFRS 17.<br><br>However, if, for example, the pricing takes into account the customer's age, gender or driving history such that different categories of customers are charged different fees for similar service, the contracts are required to be accounted for applying IFRS 17. |
| **Medical insurance**<br><br>A healthcare facility offers for a fixed annual cost, unlimited consultations per annum to its customers or unlimited ambulance transfer services per annum.<br><br>For example, a doctor's medical practice offers patients a fixed annual cost of CU200 for unlimited consultations with their doctor. Each consultation lasts on average 15 minutes and, if paid for, individually costs CU40. The medical practice regards themselves as mainly providing medical services, rather than selling insurance.<br><br>The fixed annual fee is based on the expected number of medical consultations (or ambulance transfers) across the population of individuals that the facility will assist, but it is uncertain whether a particular individual will consult or how many times the consultation may be booked. The medical consultation or the request of an ambulance transfer relate to an ailment that would adversely affect the customer and the contract compensates them by providing a medical consultation to determine the prognosis or by transporting the customer by ambulance to the relevant hospital (provision of services rather than cash). | The fixed-fee annual contract meets the definition of an insurance contract because the customer has a pre-existing risk of being sick and is compensated by a service by their doctor only when the medical issue (loss) arises.<br><br>However, the fixed annual fee is the same for all customers and it does not reflect an assessment of risk of each customer. The customer's entitlement is only to a service and the uncertainty is over the number of visits rather than their cost (overutilisation risk). Therefore, the contract may be accounted for applying either IFRS 15 or IFRS 17.<br><br>However, if, for example, the fixed annual fee is based on the customer's medical history or age (i.e. the pricing reflects an assessment of risk), the contracts are required to be be accounted for applying IFRS 17. |

### Other examples of insurance contracts that may be issued by non-insurance entities that are subject to the requirements of IFRS 17

In addition to fixed fee service contracts (see Fixed fee service contracts), there are some contracts that are issued by non-insurers that may transfer significant insurance risk. These contracts may not be eligible for either the IFRS 17 scoping exceptions or for an accounting policy choice between IFRS 17 and another IFRS Accounting Standard. Entities will need to analyse the terms and conditions of their contracts to determine if they are subject to the requirements of IFRS 17 as the accounting for such contracts under IFRS 17 may be complex and require specialist inputs, such as the use of an actuarial adviser. Included below are examples of contracts that may meet the definition of insurance contracts.

| Type of contract | Examples and notes |
|---|---|
| Surety bonds, fidelity bonds, performance bonds and bid bonds, i.e. contracts that compensate the holder if another party fails to perform a contractual obligation | Depending on the facts and circumstances, performance bonds may or may not be in the scope of IFRS 17 (see example in Assessment of the transfer of significant insurance risk**)** |
| Travel insurance | Travel insurance contracts that offer compensation in cash or in kind to customers for losses suffered in advance of, or during travel |
| Insurance against theft or damage | A contract where an entity may compensate another party for loss or damage of goods |
| Insurance against product liability, professional liability, civil liability or legal expenses | Legal insurance, professional indemnity |
| Catastrophe bonds that provide for reduced payments of principal, interest or both, if a specified event adversely affects the issuer of the bond (unless the specified event does not create significant insurance risk; for example, if the event is a change in an interest rate or a foreign exchange rate) | The precondition of the contract is that the policyholder (i.e. the bond issuer) is paid only if it has been adversely affected by the insured event happening. Note that in this case, the bond holder is the insurer |
| Prepaid funeral plans | Although death is certain, it is uncertain when death will occur or, for some types of life insurance, whether death will occur within the period covered by the insurance |

### Insurance contracts for which IFRS 17 allows an accounting policy choice

IFRS 17 allows entities to apply either IFRS 17 or another IFRS Accounting Standard to the following contracts (that meet the definition of an insurance contract).

| Type of contract | Accounting policy options | Examples |
|---|---|---|
| Fixed service fee contracts that meet all the conditions required by IFRS 17:8 (see Fixed fee service contracts) | IFRS 17 or IFRS 15 (irrevocable choice on a contract-by-contract basis)<br>*Note that if the fixed fee contract does not meet all the conditions in IFRS 17:8, then the entity must apply IFRS 17* | • Roadside assistance<br>• Maintenance and repair contracts |
| Loan contracts that meet the definition of an insurance contract but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract | IFRS 17 or IFRS 9 (irrevocable choice on a portfolio-by-portfolio basis) | • Mortgage loans with death waivers<br>• Equity-release mortgages/No negative equity guarantees/Lifetime mortgage contracts<br>• Student loan contracts (with repayments contingent on income) |
| Financial guarantee contracts, if the entity has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts | IFRS 17 or IFRS 9 (choice available on a contract-by-contract basis but once the choice is made it is irrevocable for that contract | • Financial guarantee contract issued by an insurance company that previously asserted that it regards such contracts as insurance contracts |

### Contracts specifically excluded from IFRS 17

IFRS 17:7 specifies a list of contracts that cannot be accounted for applying IFRS 17 (even though the contract may otherwise meet the definition of an insurance contract).

| Type of contract | Applicable accounting standard | Notes |
|---|---|---|
| Warranties provided by a manufacturer, dealer or retailer in connection with the sale of its goods or services to a customer | IFRS 15 | However, if the warranty is not issued in connection with the sale of goods or services, it **is** within the scope of IFRS 17 |
| Employers' assets and liabilities from employee benefit plans | IAS 19 *Employee Benefits* or IFRS 2 *Share-based Payment* | Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment |
| Contractual rights or contractual obligations contingent on the future use of, or the right to use, a non-financial item | IFRS 15, IAS 38 *Intangible Assets* or IFRS 16 *Leases* | Examples include some licence fees, royalties, variable and other contingent lease payments and similar items |
| Residual value guarantees provided by a manufacturer, dealer or retailer and a lessee's residual value guarantees when they are embedded in a lease | IFRS 15 or IFRS 16 | Stand-alone residual value guarantees are within scope of IFRS 17. For example, residual value guarantees that are issued by an entity other than the manufacturer, dealer or retailer (such as an insurance company) and the amount payable under the guarantee depends on the condition of the asset at the date of sale, expose the guarantor to insurance risk (IFRS 17:B8) |
| Financial guarantee contracts, unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts. If an entity has made that assertion, then it may elect to apply either IFRS 17; or IFRS 9, IAS 32 *Financial Instruments: Presentation* and IFRS 7 *Financial Instruments: Disclosures* | IFRS 9 | Has the entity asserted that it regarded such contracts as insurance contracts and has used accounting policies applicable to insurance contracts? If it has not previously made this assertion it is required to account for such contracts applying IFRS 9 |
| Credit card contracts, or similar contracts that provide credit or payment arrangements, that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer and IFRS 9 does not require separation of the embedded insurance component | IFRS 9 | However:<br>• Credit cards priced to reflect an assessment of individual risk are within scope of IFRS 17<br>• If the insurance coverage is a contractual term of the credit card, that component must be separated and accounted for applying IFRS 17 |
| Contingent consideration payable or receivable in a business combination | IFRS 3 *Business Combinations* | |
| Insurance contracts in which the entity is the policyholder, unless those contracts are reinsurance contracts held | | IFRS 17 does not address the accounting by the policyholder |

### Conclusion

IFRS 17 is a highly complex accounting standard that captures contracts issued that transfer significant insurance risk. Such contracts can be issued by any entity including non-insurers who have not applied insurance accounting prior to IFRS 17. Accordingly, entities need support from professionals such as actuaries and accountants to assist in the application of this new Standard.

The Deloitte Accounting Research Tool (DART) is a comprehensive online library of accounting and financial disclosures literature. iGAAP on DART allows access to the full IFRS Standards, linking to and from:

- Deloitte's authoritative, up-to-date iGAAP manuals which provide guidance for reporting under IFRS Standards
- Model financial statements for entities reporting under IFRS Standards

In addition, our sustainability reporting volume of iGAAP provides guidance on disclosure requirements and recommendations which businesses must consider in light of the broader environmental, social and governance matters which can significantly drive the value of an entity.

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