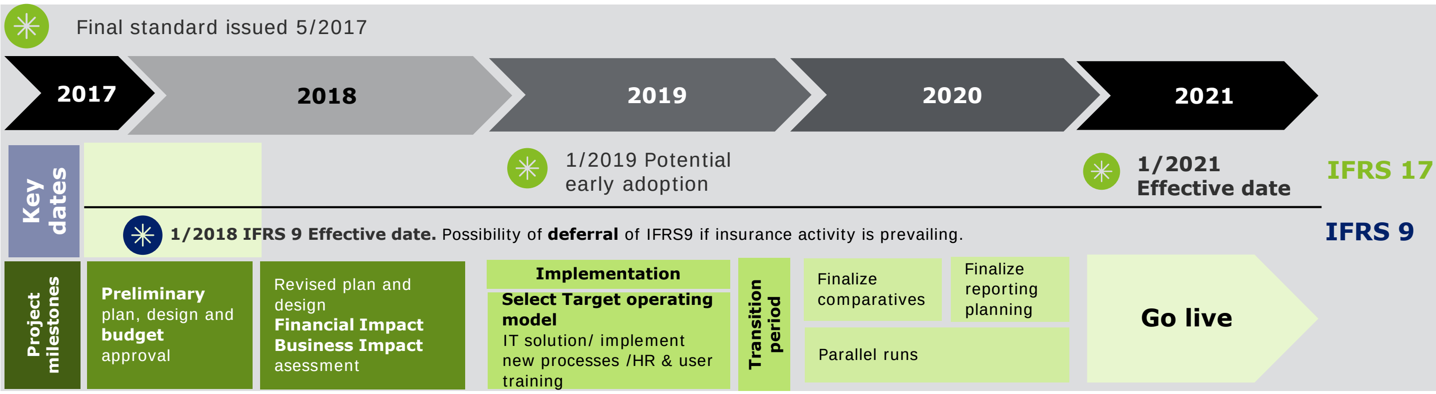
Deloitte.

IFRS 17

Start early. Start smart. Keep it simple.

*After a very long journey, the International Accounting Standards Board issued **IFRS 17 Insurance Contracts**. IFRS 17 will be **mandatorily effective** for annual reporting periods beginning on or after **1 January 2021**. Once effective, IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2004. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally.*



Effects on the whole business

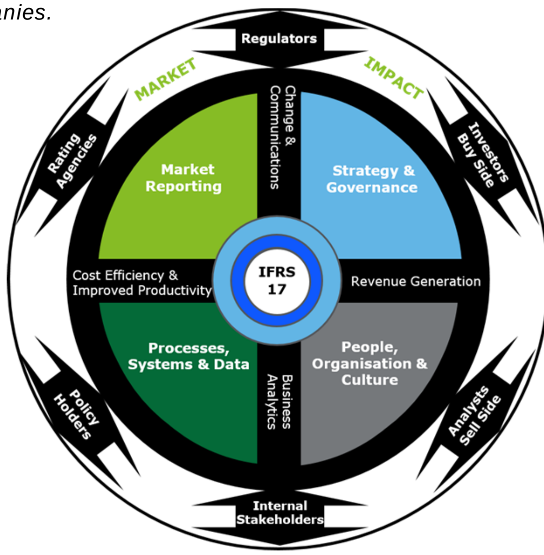
IFRS 17 requirements will result in the need for implementation of a number of complicated models related to recognition and measurement of insurance contracts. Analysis of IFRS 17 has resulted in the following areas which are deemed to be the most demanding for insurance companies.

Market reporting

New reporting requirements, especially with regards to disclosures, will put emphasis on sensitivity of information.

Processes, Systems & Data

Changes in IT systems will require processing of large volumes of data without compromising data quality and focusing on automation of calculations.



Strategy & Governance

Choice of transition method will have implications on the Company's resources and profit profile.

It is expected that the costs of IFRS 17 implementation would exceed the costs of SII implementation by a significant amount.

People, Organisation & Culture

Emphasis is on cross departmental cooperation, especially between accounting and actuarial departments.

Given the significant changes and challenges imposed by IFRS 17, the three-year transition period should be used wisely for preparation. The introduction of the required changes will have to be a large-scale project involving accounting, actuarial and IT departments. It is important to gain a full understanding of the effects the standard will have on profit profiles, accounts and KPI's. At this crucial stage, it is important to determine gaps, prepare a plan for such a project, secure its funding and promote knowledge of the implications of the new standard among executives.

Our experts

Jiří Fialka

Partner,
Actuarial & Insurance Solutions

jfialka@deloittece.com

Krešo Kolar

Director
Actuarial & Insurance Solutions

kkolar@deloittece.com

Ivan Zalar

Manager
Actuarial & Insurance Solutions

izalar@deloittece.com