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## One in three global insurers budget over €50m for IFRS 17 implementation

*Despite challenges, 90% of insurance firms are confident they will be compliant by the 2021 effective date.*

**KUALA LUMPUR, 24 July 2018** — More than one in three (35%) global insurers are budgeting over €50m (US\$58.7m) as they move towards IFRS 17 implementation, according to a [Deloitte research](#) published today. IFRS 17 goes live as the new global accounting regulation on 1st January 2021.

The research, which was prepared by the Economist Intelligence Unit, also highlights a significant focus on technology spend for global insurers. It finds that 87% are expecting to upgrade their systems in advance of the 2021 effective date.

**Francesco Nagari, Global IFRS Insurance Leader at Deloitte**, said "The long awaited Standard, released in May 2017, aims to establish one set of financial reporting requirements for all types of insurance contracts. However, to achieve compliance insurers need more granular data and more extensive calculations, going significantly beyond the information required for current accounting practices. The findings of our survey demonstrate that many more insurers are now working extensively and with substantial budgets to be compliant in time."

Deloitte's research five years ago, prior to the final Standard being released, revealed that just 7% of insurers expected to spend more than €50m.

Nagari, added "Despite the significant and increasing budgets involved we observe that almost all (90%) insurers surveyed feel somewhat or very confident that they will hit the deadline. 2021 is a challenging and critical milestone for the insurance industry but it will mark an important step towards one universal accounting language in improving transparency and comparability."

**Raj Juta, Southeast Asia Insurance Leader at Deloitte** believes that some of this optimism in the region can be linked to insurance type: for example, the segments that were “very confident” included reinsurers, health insurers and other non-life insurers.

In addition to technology spend, insurers are also investing in specialist talent to not only implement new systems, but also encourage greater collaboration between finance, actuarial and other departments.

The report revealed that Asian respondents reported a much higher difficulty than their European counterparts with a number of key complex facets of bringing insurers into IFRS 17 compliance. Shared Raj, “In Southeast Asia, insurers are having greater difficulty particularly with reviewing the operating model of actuarial, finance and risk functions, educating and training staff, and preparing investor relations and financial communications for shareholders and markets.”

As a result, actuarial, accounting and collaboration skills will be in high demand. “To become IFRS 17 compliant, many insurers around the world and in Southeast Asia alike are trying to drive tighter integrations between finance, actuarial and other departments. Since the data required to meet the Standard will need to come from a wide range of areas and be processed in new ways, insurers will require individuals with not only actuarial and accounting expertise but also those who can piece together the aspects of IT, actuarial and finance most impacted by IFRS 17,” said Raj.

**Anthony Tai, FSI Leader at Deloitte Malaysia**, said “The implementation of IFRS 17 can be daunting for some organisations – not just on cost but the impact as well. Changes will affect finance processes and also risk management, actuarial and IT processes. However, the silver lining is that this regulatory change creates a unique precedent where the finance, actuarial, risk management and IT departments will become increasingly integrated in relation to how information and data is shared and managed. This will inherently create an environment which can produce synergies in relation to cost efficiencies, and increased agility in response to market changes.”

## **Notes to Editors:**

### **About the survey**

This report ‘**2021 countdown underway: Insurers prepare for IFRS 17 implementation**’ is the third in a series written by the Economist Intelligence Unit on behalf of Deloitte. It tracks the global insurance industry’s progression towards the adoption of IFRS 17. Findings of this latest research are based on the responses of 340 insurance executives from global insurers, located across the UK, US, Canada, Italy, Germany, France, Japan, Switzerland, Spain, China, South Korea, and the Netherlands. Respondents are director or vice-president level and above from a range of insurance companies, including: non-life

insurers (29%), reinsurers (20%), composite insurers (18%), life insurers (18%), and health insurers (15%). Net written premiums ranged between €300m to €5bn and above. Respondents were surveyed in February and March 2018.

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