

Insurance

Navigating through uncertainty

Our service offerings



IFRS 17

- Gap Assessment
- Financial Impact Assessment
- Implementation
- Financial Instruments Valuation and Hedging
- Hedge Accounting Advisory



Risk Management

- ICAAP and Capital Management
- Risk Based Capital
- Conduct Risk
- Cyber Risk
- Recovery and Resolution Planning



Others

- Digital Transformation Strategy
- Strategic Sales and Distribution
- Takaful
- Project Management Office
- Data Governance and Management
- Internal Audit
- Treasury Advisory

What is IFRS 17?

The International Accounting Standards Board (IASB) issued the highly anticipated IFRS 17: Insurance Contracts in May 2017. Designed to achieve the goal of a consistent, principle-based accounting for insurance contracts, this new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts and related interpretations and is applicable for annual reporting periods beginning from 1 January 2021.



Key objectives of IFRS 17



Create a standard IFRS accounting model applicable to all insurance contract types (insurance, reinsurance and investment contracts with discretionary participation feature).



Ensure the new model is transparent and faithfully represents the obligation and rights of the insurance contract.



Synchronise IFRS accounting of insurance with that of other industries to improve comparability between insurers.

Main features of the IFRS 17 General Measurement model



General Model (Building Block Approach)

For entities utilising the general model, a group of insurance contracts are measured by the sum of fulfilment cash flows (FCF) and contractual service margins (CSM).



Premium Allocation Approach (PAA)

Applicable for insurance contracts with coverage duration of less than or equal to a year.



Variable Fee Approach (VFA)

Applicable for insurance contracts which allow the policyholders to engage in investment activities with the insurer itself.

An IFRS 17 implementation journey with Deloitte

Deloitte has served a number of leading insurance corporations in Asia. Based on our experience of past and ongoing IFRS 17 projects, we have identified key IFRS 17 implementation activities and potential road blocks.

A typical IFRS 17 project consists of the following modules:

Gap Analysis

Scope:

- IFRS 17 workshop
- Assess implementation requirements, efforts and costs
- Develop a robust implementation blueprint

Value-added:

- Identify key stakeholders and relevant system subject to change (Finance, Actuarial, IT, Business)
- Establish implementation roadmap in gap-closing and setting priorities on critical areas
- Recommendations based on international market best practice

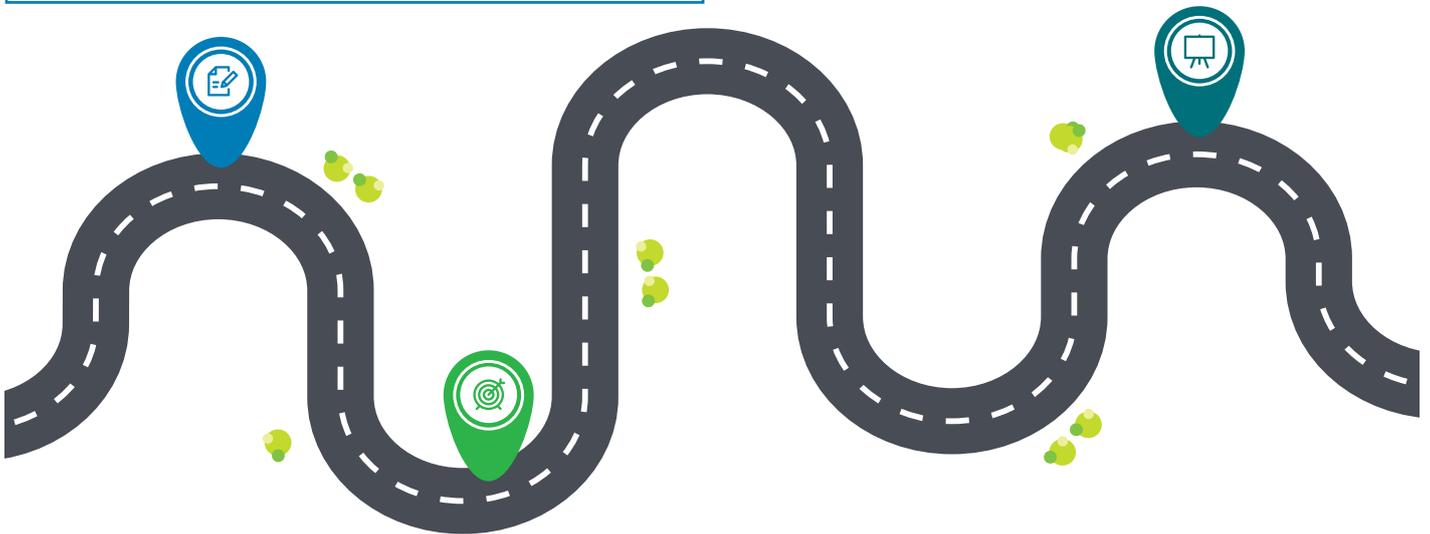
Implementation

Scope:

- Develop prototype actuarial model
- Accounting policy (Proof of Concept) and IT system advisory
- Project Management Office and deep dive IFRS 17 training

Value-added:

- Actuarial model building as per leading industry practice
- Establish decision making process on accounting policy
- Informed decision on selection of sub-ledger system
- Elevated knowledge and awareness of IFRS 17 throughout the whole company



Impact Assessment

Scope:

- Impact assessment on IFRS 17's effect on policy administration, actuarial modelling, accounting, data capture and data management
- Top-down balance sheet assessment and high level product review

Value-added:

- Strengthen financial analysis capability and better understanding of IFRS 17 key concepts
- Awareness on potential impact on its business operations and P&L statement

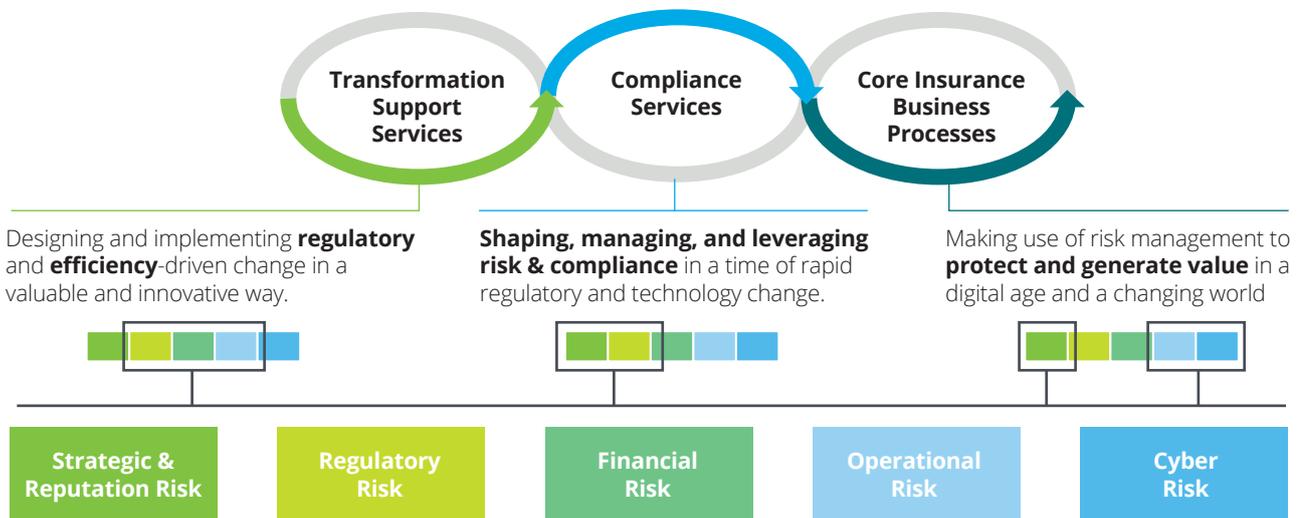
Key Challenges in IFRS 17 Implementation

- Interpreting the IFRS 17 standard and understanding regulatory requirements
- Stakeholder management – The need to manage relationships to ensure the overall market effect is favorable,
- IT system implementation and centralised data collection.

Risk Management

The need for a review

With the constant change in business environments and technology, a holistic review of the Risk Management process is vital to ensure its effectiveness, relevance and standards are up to date with the best practices. Other than the common Risk Management Advisory work, Deloitte adds value by providing business/industry-specific risks and compliance services as per the illustration below.



Risk Management service offerings

-  **ICAAP and Capital Management**
Enhanced governance, checks and controls result in enhanced monitoring and optimal use of capital
-  **Risk Based Capital**
Better quality RBC Report for efficient decision making
-  **Market Conduct Risk**
Strategy to enhance conduct risk culture and identify early warnings of misconduct
-  **Cyber Risk**
Cyber risk management strategies encompassing security, vigilance and resilience
-  **Recovery and Resolution Planning**
Comprehensive and effective recovery plans are in place to ensure more appropriate response to crisis



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Other services

With the fast-moving landscape of the Insurance industry, Deloitte is prepared to provide the following wider services:



Digital Transformation Strategy
Fintech and Telematics



Strategic Sales and Distribution



Takaful
Regulation, framework and policy



Project Management Office
General programme management for projects across all functions within an insurance organisation



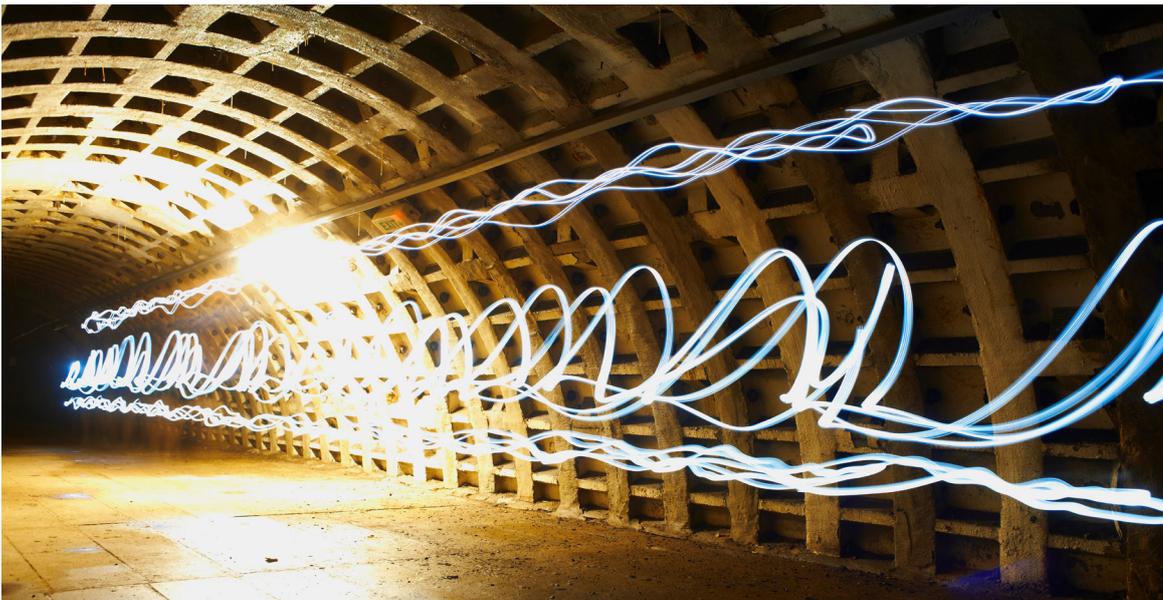
Data Governance and Management
Managing data to support regulatory and management reporting, risk analytics and business planning



Internal Audit
Audit services to assist clients in achieving business objectives and improve business performance



Treasury Advisory



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