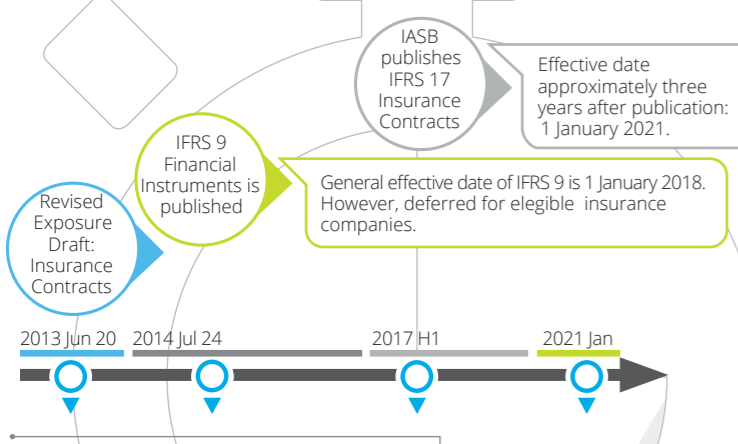
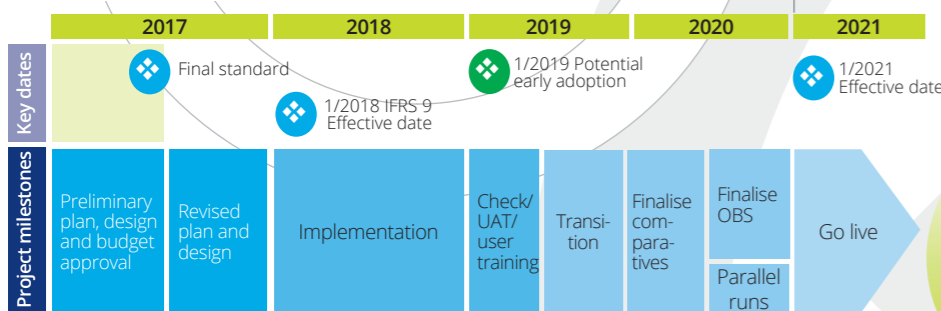


## Timeline

Latest updates: IASB timeline



## Tackling the challenges: Illustrative IFRS timeline

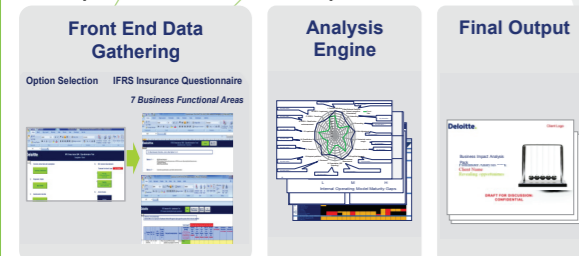


## Cost/impact

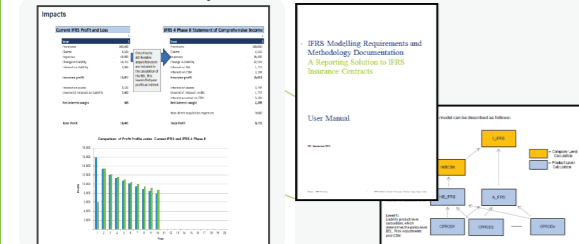
### How can Deloitte help you?

Deloitte has been developing its IFRS 17 proposition and arsenal over many years

The Deloitte Business Impact Assessment Tool is composed of three distinct components



The Deloitte Financial Impact Assessment tool and Prophet can assess P&L impact

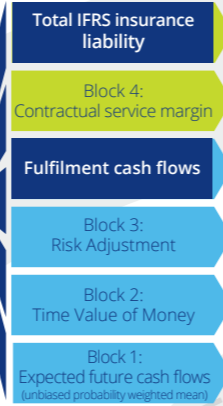


## Building Block Approach ('BBA')

Overview measurement at initial recognition

### Principles

- Measurement model uses a "building block" approach
- Measurement uses current estimate assumptions
- Measurement objective based on notion of the entity-specific "fulfillment of obligations"
- Discount rate can be developed from market interest rates using either a "top down" or "bottom up" approach
- Discount rates based on market interest rates whose characteristics match those of the liability (currency, duration, liquidity)



**Total IFRS insurance liability**  
Obligation to provide service, measured at inception as the expected contract profit

**Fulfilment cash flows**  
An assessment of the uncertainty about the amount of future cash flows

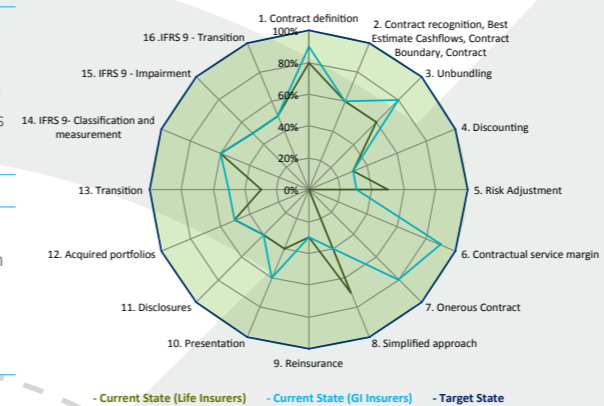
On adjustment that converts future cash flows into current amounts

Expected cash flows from premiums and claims and benefits

Measured as the difference between the risk-adjusted present value of expected inflows and outflows at inception.

Probability-weighted estimate of cash inflows and outflows that will arise as the entity fulfils the contract.

## Maturity assessment on technical requirements for IFRS 17 and IFRS 9 (if applicable)

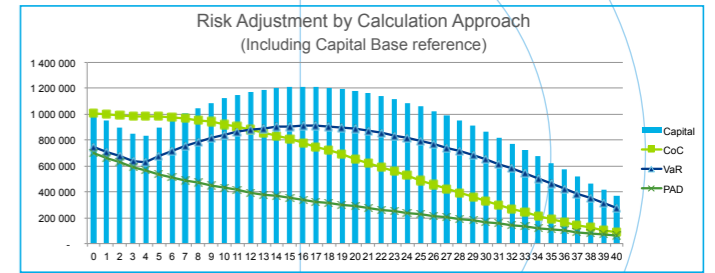


## Technical requirements

### Risk adjustment techniques and approaches

How do we calculate risk adjustment?

- The Standard does not specify the technique that is used to determine the risk adjustment.
- Three main methods commonly discussed in market today:
  - Cost of capital
  - Quantile (e.g. Value at risk or conditional tail expectation)
  - Explicit assumption (e.g. factor-based or judgment based on experience studies)



## Material financial impacts

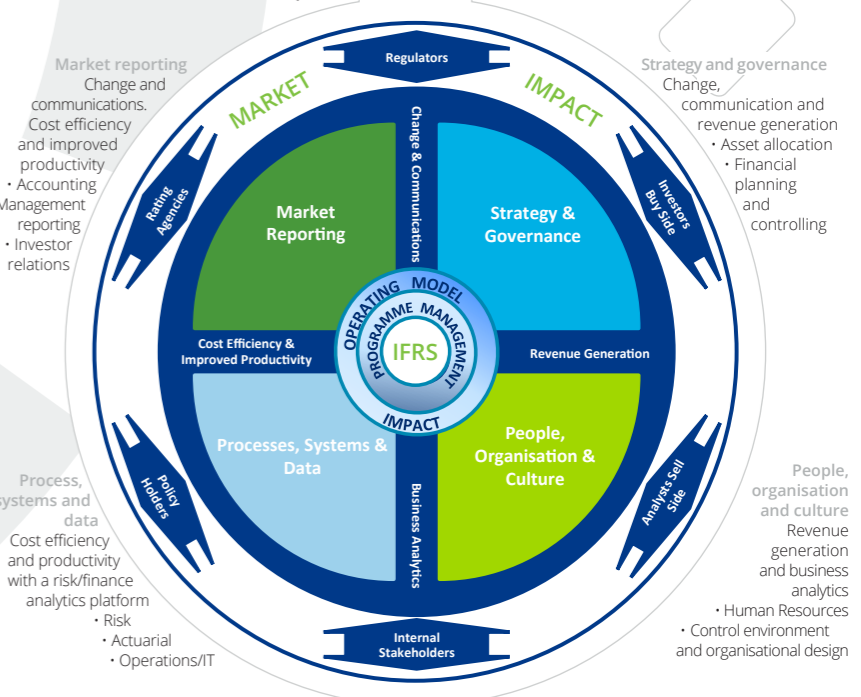
IFRS 17 will have a material impact on the financially reported results of insurance companies.

Area	Impact
Profit	There is no consistency in "point of sale" profit reporting under current IFRS practices and certain companies report profit at initial recognition and this will be no longer possible.
	Equally, companies which report day one losses because of policies based on solvency considerations would have a very different (better) profit profile in terms of new business profitability.
	In addition the timing of profitability in subsequent periods could be significantly different.
	Deloitte work to date suggests that IFRS 17 tends to give a stable profit signature in many cases.

## Operating Model

### How will IFRS 17 impact the insurers?

IFRS 17 will have a pervasive impact on the operating model of the insurers. Six groups of stakeholders will be affected and insurers need to manage these relationships effectively to ensure the overall market impact is beneficial.



## More than actuarial and finance

