It’s time to get ready for IFRS 17!
Financial Impact Assessment
Background and purpose

The IASB has issued the new standard IFRS 17 which will become effective 1 January 2021. The standard is expected to significantly change the result and balance sheet, and Deloitte's Financial Impact Assessment Tool (FIAT) can help highlight the most significant changes and choices to be made.

The Financial Impact Assessment Tool (FIAT) developed by Deloitte is an Excel-based cash flow model, which can be tailored to fit your company's products. The outputs will help you to:

• Understand the impact on assets and liabilities on your balance sheet
• Understand the impact on future profits and how your profit profile may change over time
• Understand the impact on income statement and balance sheet disclosures
• Compare the impact of different implementation choices
• Highlight areas of impacts to prioritize efforts
• Understand how components such as CSM, Risk Adjustment and onerous contracts works

Benefits

- Visualize cash flows, e.g. profit profile under IFRS 17 and release of Risk Adjustment and CSM
- Use output from existing actuarial models to generate IFRS 17 cash flows
- Calculate cash flows based on different methods provided by the standard
- Illustrate sensitivity to changes in assumptions
- Onerous contracts and development of loss component
A FIA project can be completed within 3-4 weeks, depending on the number of products to be analyzed. A project plan will comprise the following steps, but can easily be adapted to fit your needs:

- Deciding which products are the most relevant for analysis
- Collecting information
  - Assumptions and parameters
  - Cash flows
- Calculate CSM and the corresponding release pattern
- Generate
  - Impact of change in Risk Adjustment
  - IFRS 17 Statement of Financial Position (Balance Sheet)
  - IFRS 17 Income Statement
  - Impact of changes in assumptions

"The Financial Impact Assessment will provide insight into the difference between the current reporting standard and IFRS 17 reporting standard."
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