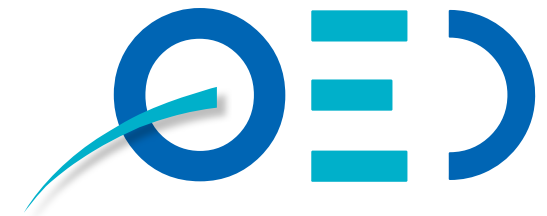




IFRS 17

Ready to go live



Beyond the horizon. Together.

IFRS 17 insurance contracts will become effective 1 January 2023

Are you ready to go live?

Do you understand the standard and what impact it will have on your organisation, IT systems and your profit and loss?

Have you completed the implementation?

QED has spent the last 3 years building our IFRS 17 capacity and knowledge. With a dedicated team and a range of tools we have already embarked on various large scale implementations.

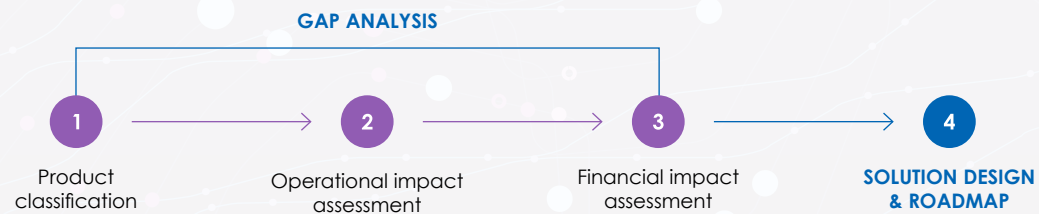
QED has developed a standardized yet flexible approach to support companies with the implementation phase of IFRS 17. We have the tools to help you kick start the next phase of your IFRS 17 project including the technical solution, the accounting policies and the engagement and project plan.

BEFORE IMPLEMENTATION

Gap analysis and solution design

Before the implementation phase comes the initial phase of the IFRS 17 project. Companies need to understand the impact it has on their organization, define a solution and a plan on how to get there.

We have used our experience to date to develop a 4 step process that takes insurance companies through the gap analysis and solution design and ensures that the organization is ready to take on the implementation.

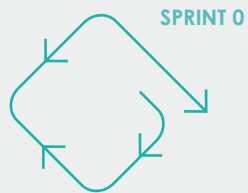


3 PHASES FOR THE IMPLEMENTATION OF IFRS 17

Phase 1

ON-BOARDING

- Project kick-off meeting
- Initialization workshops :
 - Review systems cartography and integration requirements
 - Detailed requirements review
- Sprint 0 scope and execution



- Sprint definition and project plan (including remaining gap closure investigation tasks)
- Roll out kick-off meeting

Phase 2

- Sprints to be aligned with software roadmap
- Transition, methodology decisions, assumptions derivation
- Sprints will include the following activities
 - Data preparation
 - Configuration
 - Calculation
 - Results verification
 - Lessons learnt

FUNCTIONAL EXECUTION/ROLL-OUT



NON-FUNCTIONAL EXECUTION/ROLL-OUT

- Systems integration designing and building
- Integration validation
- Data collection
- Data pre-processing
- Governance and workflow set-up
- Access control

USER ACCEPTANCE TESTING (UAT)

- Testing plan
- Historic data loading
- UAT
- Results analysis

Phase 3

- Hand-over to end-users
- Training
- Parallel Run



GO LIVE

Onboarding

Phase 1

Phase 2

Phase 3

PROJECT KICK-OFF MEETING

The objectives of the initial project kick-off meeting are to:

- Introduce the project team from QED and the client to each other
- Establish a common project vision
- Define roles and responsibilities
- Define project governance
- Describe the Onboarding phase and agree the high-level timelines

SPRINT 0

In order for all parties involved to get a better understanding of the end-to-end IFRS 17 financial reporting processes, QED starts with one of the client's major products and walks the client through the processes, from data preparation through to the final signing off of the journal postings. Training is provided to the client during this exercise which will include the new chart of accounts under IFRS 17 that will need to be implemented in client's general ledger and the various standard disclosure notes and analysis reports that are produced by the chosen software like RiskIntegrity and how to customise these reports. Sprint 0 also enables QED and the client to understand the readiness of the data for each product, the specific implementation tasks that are needed to prepare this data and the resources required for the implementation. This insight is used to inform the development of the detailed project implementation plan.

NON-TOOL INFRASTRUCTURE DECISION INVESTIGATION

Whilst Software tools like RiskIntegrity address many of the IFRS 17 gaps that insurers have, the product classification and gap analysis assessment often highlight the need for other infrastructure or the possibility to consider altering existing infrastructure to close the remaining gaps. The decision as to which infrastructure is best may involve investigations that should be completed to assist with the decision. This would include the cost versus benefit of each option available. QED will assist with these investigations as well as assisting the client to review proposals from outside parties as required. The final decision regarding infrastructure does however rest with the client's board and senior management.

SPRINT PLANNING

i.e. Constructing the full project implementation plan, for which QED has developed a comprehensive template/tool

This will include the planning of all sprints and tasks that are needed to fully implement IFRS 17. The detailed plan defines clear tasks, milestones, success factors, dependencies, priorities and resources required for each sprint. The planning process will include the client's project team, QED's project team, internal and external auditors and any other parties to be involved in the project. The sprint plan will also need to include the communication plan with the client's external auditors (and Appointed Actuary where needed) to enable them to review various components of the implementation project as the project progresses. This will allow any differences of opinion to be resolved.

The **execution phase** contains the following sub-tasks:

Phase 1

Phase 2

Phase 3

ACTUARIAL ASSUMPTIONS

The actuarial assumptions setting includes the determination of discount rates to be used each period for each group of insurance contracts; the determination of the risk adjustment for non-financial risk methodology and calibration thereof; and other actuarial model assumptions.

RISK ADJUSTMENT

Decision required on the level of confidence for the disclosure of reserves and subsequent determination of the chosen percentile through stochastic reserving methods.

INITIAL AGGREGATION

Identify groups of insurance contracts containing similar risks that are managed together so that issue dates are not more than one year apart, that are consistent with internal reporting and still have all required data on this level.

TRANSITION METHODOLOGY

The transition methodology specifies the approach to be taken to restate the opening for the accounting period starting on or after 1 January 2023 as if IFRS17 had always existed. The transition methodology assessment will decide which transition approach (Full retrospective, Modified retrospective, or Fair value) will apply to each group of insurance contracts.

EXPENSE ANALYSIS

Allocation of all insurance expenses to the group of insurance contracts either directly or using allocation keys. Requires a thorough analysis of overhead expenses and determination of expenses under IFRS 9 and IFRS 15.

CHART OF ACCOUNTS

A new chart of accounts will be required to allow for the new IFRS17 financial reporting format. QED will assist with the design of these accounts and assist with the mapping of these accounts to RiskIntegrity's master accounts.

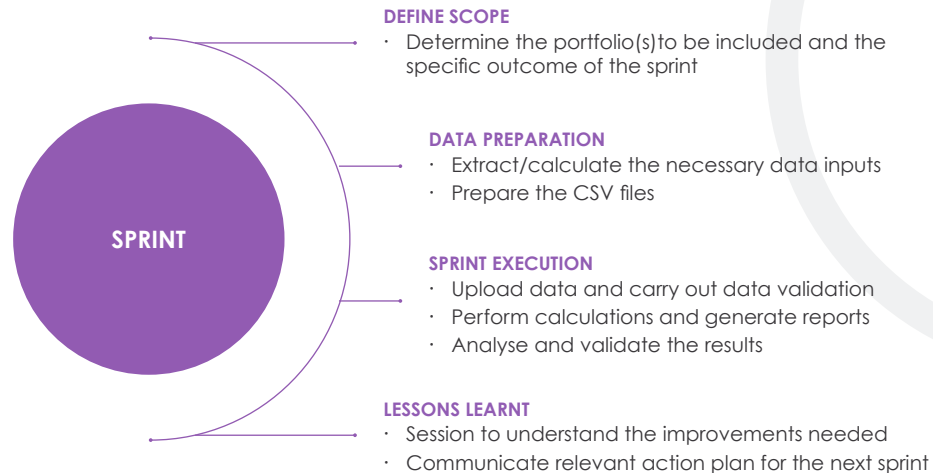
Agile implementation approach

Phase 1

Phase 2

Phase 3

QED follows an agile approach for the implementation where each functional sprint is planned and executed separately including determination of resources, dependencies and data readiness. Project milestones and success criteria are planned upfront as well as the user acceptance testing (UAT).



**FUNCTIONAL &
NON-FUNCTIONAL
ROLL-OUT**



The non-functional roll-out is equally important for a successful project and includes the systems integration design, building and validation as well as the governance, control and workflow set-up.

Phase 1

Phase 2

Phase 3

PARALLEL RUN AND PLANNING OF POST-IMPLEMENTATION PROCESSES

Performing a parallel run gives an opportunity to run the full reporting processes from end to end across the whole company as a final test of the implemented solution.

THIS WILL TYPICALLY INVOLVE:

- a dry run in the production environment;
- final project lessons learnt review; and,
- final sign-off of the implemented solution.

ALL IFRS 17 PROCESSES NOW NEED TO BE HANDED OVER AND BE EMBEDDED IN PRODUCTION ENVIRONMENT TO PREPARE FOR THE GO LIVE STAGE. THIS IS WILL TYPICALLY INCLUDE THE FOLLOWING PROCESSES:

- 3 quarterly valuations;
- an annual valuation, including the production of an actuarial report; and,
- an annual forecasting and scenario testing exercise.

During all the 3 phases of the implementation, **QED will impart knowledge and skill to all those involved in IFRS 17 through dedicated training.** In this last phase before the Go Live Stage, all the lessons learned in the previous phases need to be understood by the organization.

**QED is partnering with
Moody's Analytics to provide
the Risk Integrity™ IFRS 17
solution to all our clients.**

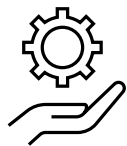
MOODY'S

This software offers full support of all measurement approaches, all entries in the sub- and general ledger and all quantitative disclosure notes.

For smaller clients, QED also offers to run the IFRS 17 calculations for you on our Risk Integrity™ license including all accounting entries as part of our Managed Solution package.



QED will ensure that your organisation will implement IFRS 17 successfully on time and on budget. We have developed the expertise and tools over the last 3 years to guide you through the implementation process so that you will be ready to go live in 2023.



We will transfer knowledge to your organisation so that you will be able to complete the financial processes without external support once you are live.



QED's IFRS 17 team are made up of actuarial, technical accounting and project management resources.

Conclusion

Industry leading experts



Lance Moroney
FASSA
Country Head, Mauritius
M +230 5258 2316
lance.moroney@qedact.com



Tracy Lister
FIA FASSA CERA
Associate Director
D +27 11 038 3706
tracy.lister@qedact.com



Yeside Oredugba
BSc
Country Manager, Nigeria
M +234 803 056 5911
yeside.oredugba@qedact.com



Nicolai von Rummell
Aktuar (DAV) FASSA
Associate Director
D +27 11 038 3713
M +27 72 199 0147
nicolai.von.rummell@qedact.com



Christine van Heerden
FASSA FNAS
Senior Actuarial Manager
D +27 11 038 3732
M +27 72 738 3725
christine.van.heerden@qedact.com



Anton Reinke
FIA FASSA
Director
D +27 11 038 3742
M +27 82 552 0524
anton.reinke@qedact.com



Connect with us