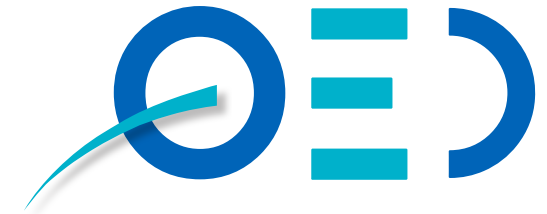




# IFRS 17

## Managed Solution



Beyond the horizon. Together.

## Simplify IFRS 17

**Are you looking to comply with the new accounting standard IFRS 17 in a cost effective way and as such have not yet started your journey to implement it?**

QED Actuaries & Consultants, the largest independent actuarial consultancy in Africa, has developed an almost fully outsourced, cost effective IFRS 17 solution in partnership with Moody's Analytics, an internationally recognised firm. The solution is aimed at easing the burden for small and medium sized insurance companies. QED has a proven track record supplying actuarial services including IFRS 17 implementation.

## QED'S MANAGED SOLUTION

QED's Managed Solution leverages the partnership with Moody's Analytics, using their cloud-based software (RiskIntegrity™ IFRS17) to perform the required IFRS 17 calculations, based on inputs from existing actuarial models and accounting transaction data. Customised journals, the required quantitative disclosures and internal management reports at the required level of granularity are output from RiskIntegrity in an easily integrable format.

The implementation focuses on collecting the required data from the client, transforming this data for upload to RiskIntegrity, running and validating the processes and calculations, and exporting the output files to the client for integration to their reporting systems.

As clients grow, they are able to convert the Managed Solution into an in-house solution by choosing to licence the RiskIntegrity software themselves. Historic data for prior valuation would be transferred along with QED providing user training and support.

# Onboarding

## Phase 1

## Phase 2

## Phase 3

### PROJECT KICK-OFF MEETING

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#### 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

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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 performs an introductory manual process, from data preparation through to the final signing off of the journal postings. Guidance 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 RiskIntegrity and how to customise these reports to meet the clients' requirements. 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.

### SPRINT PLANNING

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#### 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 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.

### NON-TOOL INFRASTRUCTURE DECISION INVESTIGATION

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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. The final decision regarding infrastructure does however rest with the client's board and senior management.

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 IFRS 17 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 IFRS 17 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.



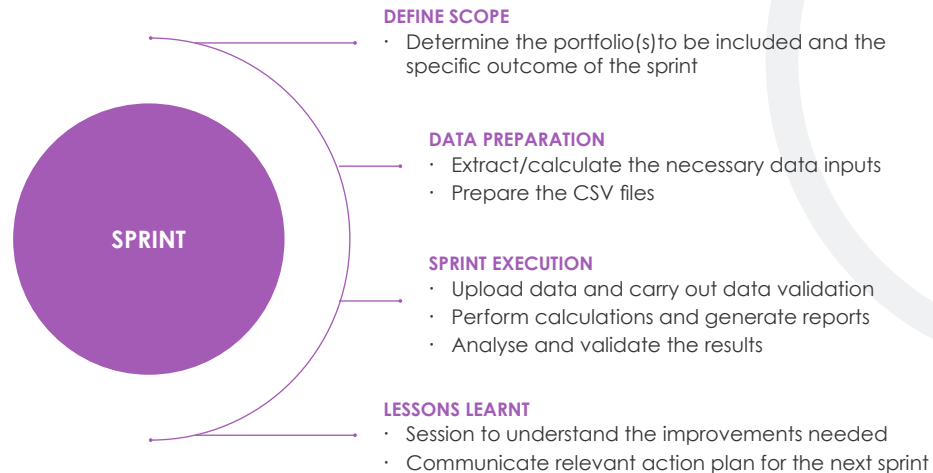
## Agile implementation approach

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 REVISED VALUATION PROCESSES NOW NEED TO BE HANDED OVER AND BE EMBEDDED IN PRODUCTION ENVIRONMENT TO PREPARE FOR THE GO LIVE STAGE. THIS WILL TYPICALLY INCLUDE THE FOLLOWING PROCESSES:**

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

**QED is partnering with  
Moody's Analytics to provide  
the Risk Integrity™ IFRS17  
solution to all our clients.**

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

QED also offers to run the IFRS 17 calculations for you on our Risk Integrity™ IFRS17 license including all accounting entries as part of our Managed Solution package.

MOODY'S





## WHAT MAKES THIS SOLUTION **DIFFERENT?**

QED's streamlined Managed Solution offering will have a minimal impact on the client's resources to implement. We will engage the client on all key decisions and equip the Board and senior resources to understand and interpret their financial results. We will also ensure a smooth transition with the Head of Actuarial Function (HAF) / Appointed Actuary / Statutory Actuary and external auditors. All QED requires will be the agreed data extracts and time with the individual responsible for enhancement of the client's general ledger to cater for the new IFRS 17 accounts.

## WHAT MAKES THIS SOLUTION **COST-EFFECTIVE?**

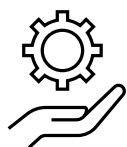
The core of the Managed Solution (including internal QED processes) has already been built. A client implementation only requires configuration of the solution to the client's needs, actual products and available data. These internal processes have been developed to leverage the experience that we have gained to date, which maximises efficiency and enables QED to advise on the best and most pragmatic approach in all situations.

Training is client specific and relevant to each stakeholder's needs, with focus aimed at developing an understanding of and the ability to analyse the financial results.

The fee is proportionate to the number and complexity of insurance products and reinsurance in place and will range between USD55,000 and USD90,000 for the full implementation. For each financial year thereafter, QED would prepare the interim and annual processes as agreed during the implementation project. The annual fee for these services would range between USD10,000 and USD30,000 (subject to escalation in line with inflation)

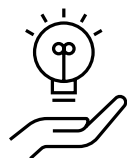


**QED will ensure that your organisation will implement IFRS 17 successfully**, with fairly little strain on your own resources. The full Managed Solution will be implemented within 6-8 months, with the results of the first tranche of products available within 2-3 months.



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Should you be interested in a demonstration, please do contact one of the team members mentioned below.



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

# Conclusion

# Industry leading experts



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