

# Insurance

IFRS 15 Revenue – Are you good to go?

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# Are you good to go?

IFRS 15 may change the way some insurers account for non-insurance services.

To help you drive your IFRS 15 implementation project to the finish line, we've pulled together a list of key considerations that many insurers need to focus on.



**For each of the following,  
documenting your analysis  
and the conclusions drawn  
will be essential**



# Contracts in the scope of multiple standards

**Have you applied the allocation guidance to investment contracts?**



**Total contract amount**

–



**IFRS 9 amount**

=



**IFRS 15 amount,  
which may be nil**

# Performance obligations

**Do any non-insurance services promised in the contract meet the new 'distinct' test to be accounted for separately?**



**A good or service is distinct if it is...**

Capable of being distinct



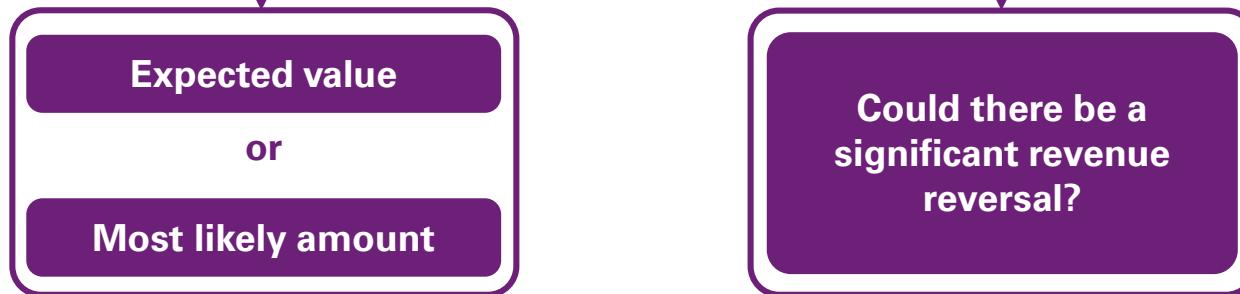
Distinct in the context  
of the contract

**Think about...**

**Administrative services | Custody services | Asset management | Insurance broking**

# Variable consideration

If the contract price contains variable consideration, have you decided on the **estimation method** and applied the **constraint**?

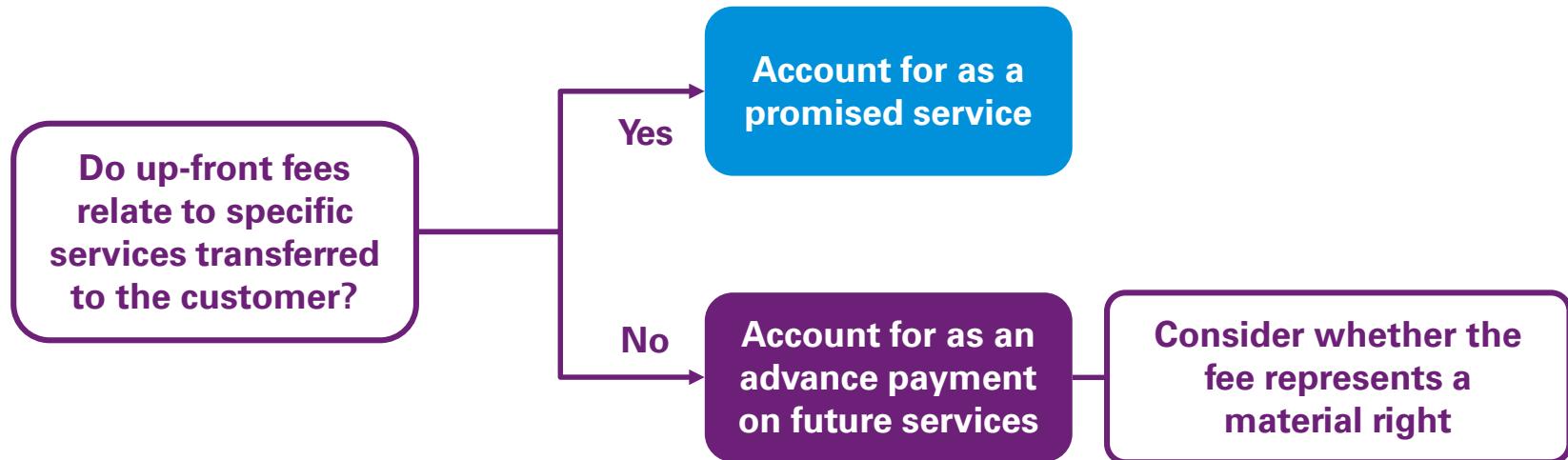


Think about...

Management fees | Performance fees | Transaction-based fees

# Up-front fees

## How will you account for up-front fees?



# Costs of obtaining contracts

Will you **capitalise** your costs related to obtaining contracts?

Only if...

Incurred as a result of  
obtaining the contract



Recovery is expected

e.g. commissions



Practical expedient – Expense costs as incurred if  
amortisation period < 1 year

# Transition adjustments

**Have you identified all of the areas where differences exist between IFRS 15 and your existing accounting?**



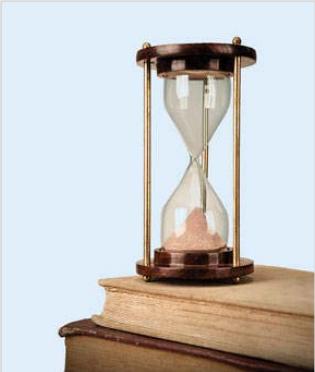
**Use the helpful guidance in our *Transition Options* and *Issues In-Depth* publications**



**IFRS 15 is more detailed than the existing revenue requirements, so you may find unexpected changes in your accounting**

# Disclosure requirements

**Have you identified the additional information and processes needed to meet the disclosure requirements?**



**Read our *Guide to annual financial statements – IFRS 15 supplement***



**Under IFRS 15, you'll need to provide more detailed information about contract terms, as well as how and when you recognise revenue**

# Checklist of actions

Have you...?		Have you...?	
Determined whether your agreements are in the <b>scope of multiple standards</b> ?	<input checked="" type="checkbox"/>	Checked that your accounting policy for <b>costs to obtain a contract</b> meets IFRS 15's requirements?	<input type="checkbox"/>
Determined whether your contracts include <b>more than one performance obligation</b> ?	<input type="checkbox"/>	Identified and quantified your <b>transition adjustments</b> ?	<input type="checkbox"/>
Revised your estimates of <b>variable consideration</b> elements?	<input type="checkbox"/>	Identified the additional information needed to meet the <b>disclosure requirements</b> ?	<input type="checkbox"/>
Determined whether <b>up-front fees</b> transfer specific services to the customer?	<input type="checkbox"/>		

# How did you do?

**How many of our seven questions  
have you answered 'yes'?**

**All 7 – You're good to go!**

**4-6 – You're on your way**

**0-3 – You really need to engage**



# Don't forget the broader business impacts



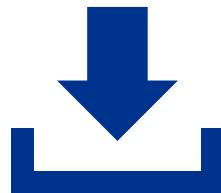
**Have you...**

- **updated your management reporting, including KPIs?**
- **developed a transition plan for parallel runs, including reconciliations?**
- **thought about the tax implications?**
- **calculated the impact on bonus schemes?**
- **compared your approach with peers?**

# Find out more



**Talk to your  
usual KPMG  
contact**



**Use our  
Transition  
toolkit**



**Follow the  
discussion on  
LinkedIn**



[kpmg.com/socialmedia](http://kpmg.com/socialmedia)

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