



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**



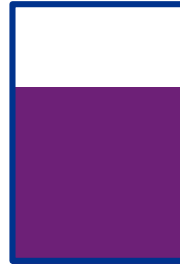
Contracts in the scope of multiple standards

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**?

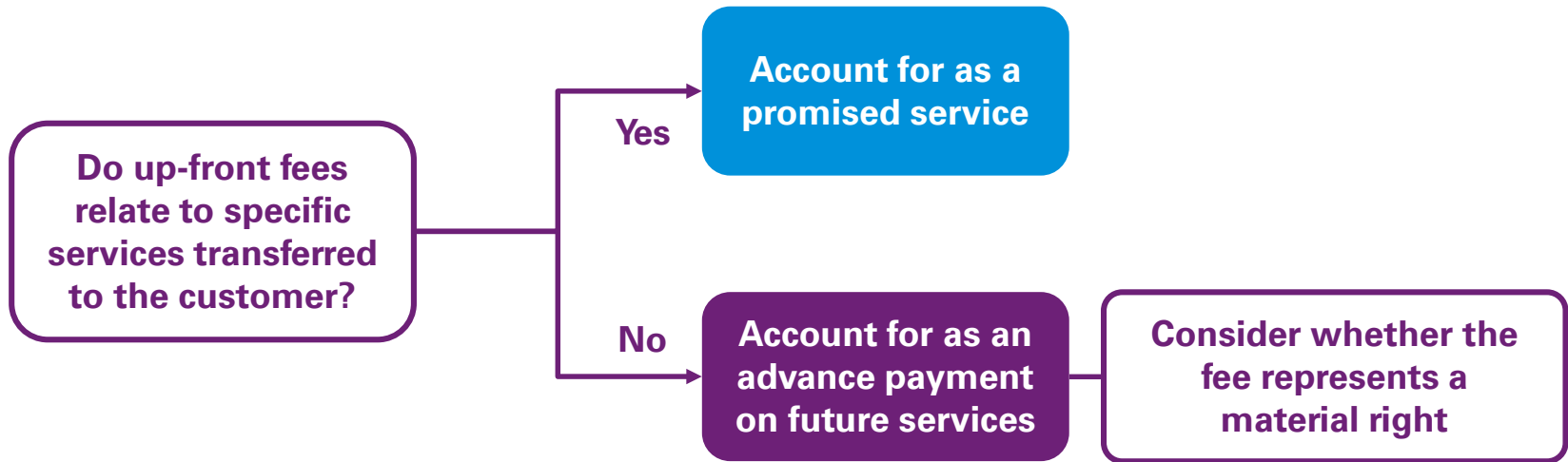


Think about...

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?



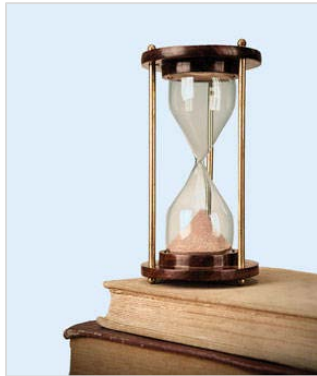
Use the helpful guidance in our *Transition Options* and *Issues In-Depth* publications



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



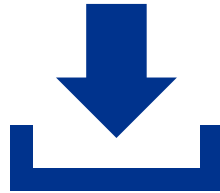
Have you...

- 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
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