

Insurance – New standard set for balloting

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“Now is the time for entities to begin assessing the impact the new insurance contracts standard will have on their key performance indicators and processes.”

Joachim Kölschbach
KPMG’s global IFRS insurance leader

The IASB expects to issue the final insurance contracts standard around the end of 2016.

Highlights

- Re-exposure of 2013 ED – Considered but deemed unnecessary
- Balloting process to start – Final standard expected around the end of 2016
- Next steps for the IASB – Effective date still to be discussed
- Next steps for you – Start assessing the impact on your business

At its February meetings, the IASB instructed the staff to begin the balloting process for the forthcoming insurance contracts standard.

In the Board’s view, the revisions to the [2013 Insurance Contracts exposure draft](#) (the ED) respond to constituents’ feedback, and re-exposing the proposals would not reveal any new concerns of those constituents.

Re-exposure deemed unnecessary

The IASB agreed that the proposals do not need to be re-exposed because, in its view:

- interested parties have already had sufficient opportunity to comment on all aspects of the proposed standard, including changes made since the ED;
- the Board does not expect to learn anything new by re-exposing the proposals, given the dialogue it has had with interested parties over the course of the project;
- no fundamental changes have been made to the ED; and
- all changes have been made by responding to feedback received in comment letters, education sessions and subsequent outreach to interested parties.

Balloting process to start

With the mandatory due process steps having been met and its proposals sufficiently developed, the Board agreed that the balloting process should begin.

Next steps for the IASB

During the balloting process, the IASB will:

- discuss the effective date and any sweep issues that arise; and
- complete targeted external reviews of certain areas of the standard to ensure the wording is interpreted consistently with the Board's objectives.

The Board will also redeliberate and finalise its [proposed amendments](#) to IFRS 4 Insurance Contracts by the end of this summer.

Next steps for you

The final insurance contracts standard is coming very soon. As it is highly likely to be issued around the end of 2016, companies should begin assessing the potential impact on their financial statements and business, and closely follow issues that may arise during the balloting process.

For some companies, the implementation will be a complicated process. Read our [visual guide](#) to understand what to start thinking about now.

Speak to your usual KPMG contact to discuss in more detail how these proposals may impact you.

Visit our [IFRS – Insurance](#) hot topics page for the latest developments in the insurance contracts project.

Visual guide

The forthcoming insurance contracts standard

Things to start thinking about now

February 2016



The Board



Audit committee

Require **reporting of progress and results** of impact analysis conducted by management.

Assess the impact that **key areas of judgement** may have on key performance indicators.

Company management



Senior management

Establish a **governance structure** and **plan** for completing an **impact analysis** on your business by assessing the effects that the forthcoming standard will have on your entity's:

- **financial key performance indicators**; and
- **data** requirements.

Analyse and determine:

- **resource and budgeting** requirements; and
- **allocation of responsibility** for completing the analysis.



Actuarial / IT departments

As guided by senior management, **collaborate** to determine:

- the need to **upgrade** systems and models; and
- the ability to leverage **Solvency II** data and processes.

We invite you to contact our specialists or your usual KPMG contact to discuss how these proposals may impact you.