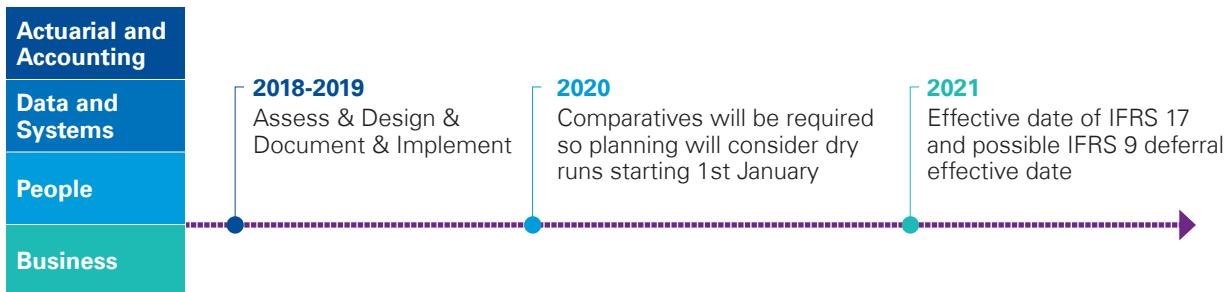




A new ERA
is starting,
Be Aware
and Mind the
GA(A)P

2017

The new insurance accounting standards will be effective from 1st January 2021, but still there is no time to wait or watch.



We need to understand the new era as the insurance experts, actuaries, data analysts and accountants in Turkey. We did not have to digest Solvency II but IFRS17 is a change that affects the financials and it was enacted in May 2017.

1. Which companies will need to adopt?

The multinational companies in Turkey have already started or will soon start due to the Group reporting requirements. We expect many to kick off during 2018 as nobody can afford standing still. Eventually all insurance companies that have to report under IFRS, such as those owned by large banks in Turkey or quoted to stock market, will have to report under the new standards.

2. Is it just a compliance issue?

The answer to this question may not be perceived as important today from where we stand. However if we perceive this as an opportunity to improve our current business and processes then it will be beyond a compliance issue. The insurance industry in Turkey is large, developing with skilled people and 'we can do it better': 'what can we do better?'

3. Inertia could result in financial risks as well as reputational

When you decide to wait, you will be watching the market. The new standard is expected to bring more transparency and comparability of the financial performance of the insurance companies across the world. So if you have not started analyzing financial

impact, how will investors be able to assess the future financial performance after 2019?

4. Multi-disciplinary exercise

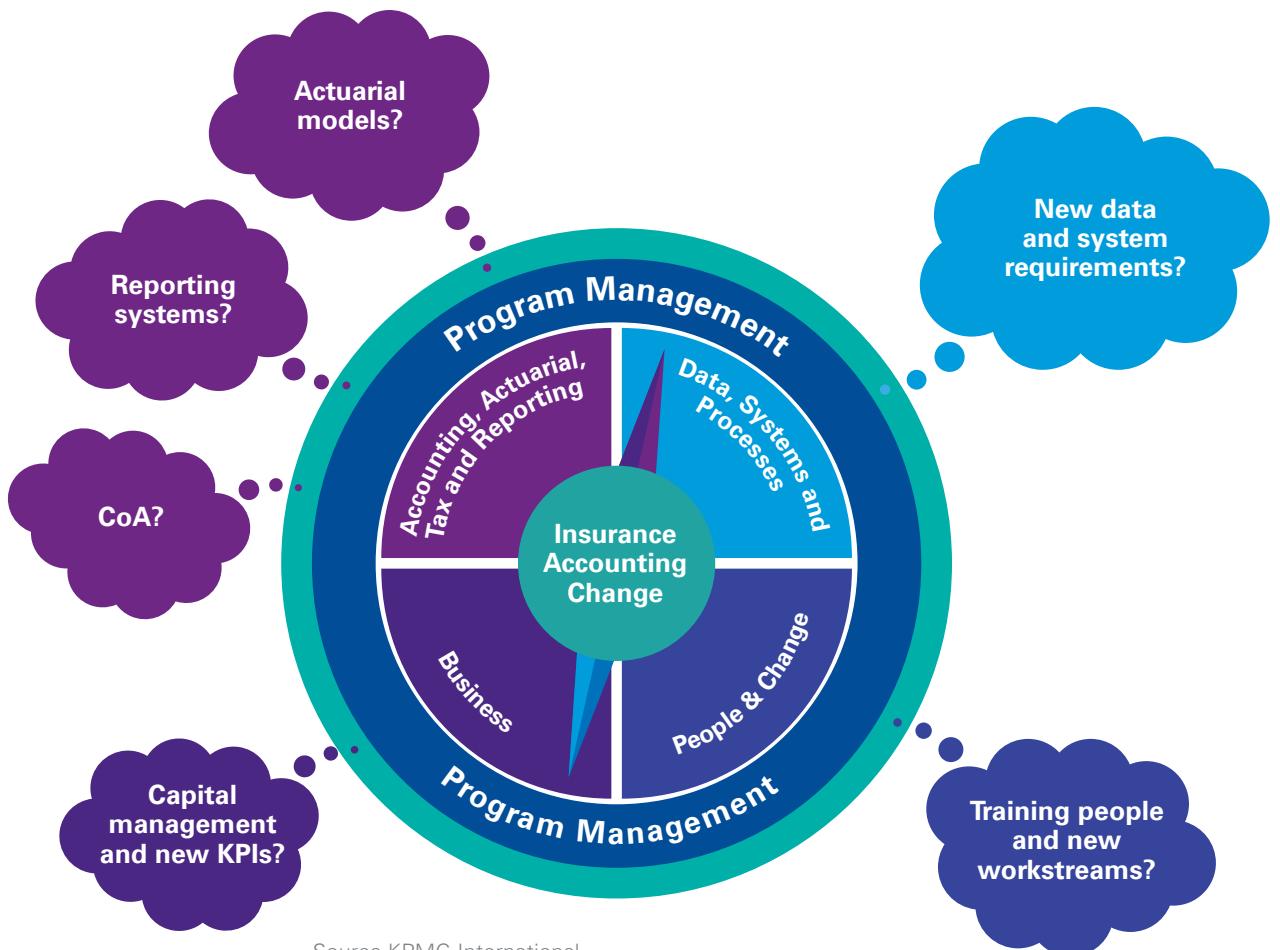
The new standard also brings different working groups together from different expertise. Accountants, actuaries, data analysts, IT specialists and tax experts. We all need to be ready to work in small groups but see the full picture.

5. Ask the right questions to the right team at the right time

There are three main topics: 'Financials', 'Operations' and 'People'. We need to ask the right questions and understand our challenges according to local GAAP policies and practices. The first question popular in the market may be 'What is the classification of Motor Third Party Liability Pool?' but the right questions may be:

- Do we issue non-profitable policies?
- Do we need to change the design of the new products from profitability or process point of view?
- Do we need review and revise reinsurance policies?
- How will the new standard impact capital management?
- What are the new KPIs?
- How do we make sure people in the organization are ready and trained for the change?
- What are the new data and system requirements?
- Will it trigger further queries on tax?

The comparatives will be required for 2020, ready for projecting 2021 as well?



How can we support as your trusted advisor and auditor with our global KPMG know-how and experience?

KPMG professionals can help you navigate this important change management being a part of your team and understanding your organization with deep global coverage and connectivity.

- KPMG Global team has already engaged with large multinational insurance companies. The tools and templates are enriched and developed with each subsequent project.
- We have global toolkits and we work with insurance companies to adopt according to the specific circumstances of the organization
- We have consistent approach across sites

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