



In it to win it

Feedback on IFRS 17 and IFRS 9 implementation for insurers one year in



It is a little over a year since the *IFRS 17 Standard on Insurance Contracts* was published and the clock began ticking towards implementation in 2021. Many insurers will choose to implement IFRS 9 at the same time. A quarter of the period for preparation has already slipped away. The changes that need to be made are truly significant. Indeed, for most insurers adopting IFRS 17 for the first time will have a bigger impact and be a greater challenge than adopting IFRS accounting in the first place.

The survey conducted by KPMG International in the second quarter of this year is the second in our series. The first survey, carried out 6 months earlier in the third quarter of 2017, was large enough: taking in 82 insurers from more than 20 countries. Our second research exercise has been even more comprehensive: 160 insurers from over 30 countries — including the 10 largest insurers of the Forbes Global 500 that report using IFRS.

This gives us a powerful base from which to analyze the trends across the sector. Several key themes have become apparent:

- Time pressure is already becoming acute — there is a vast amount to do.
- The organizations that have got furthest with their projects (generally, larger insurers) are the ones feeling the time challenge the most — the more they do, the more they realize how complex the task is and how much work is involved.
- Even so, while working on implementation, leading insurers are seeking to optimize systems and processes in order to reap longer-term, enterprise-wide benefits too — though recognizing that this may take longer than 2021.

- Smaller insurers have done the least to date — many of them urgently need to engage and get started, hence why we say they need to be in it to win it.

We hope that this analysis will help management teams in insurance companies across the world to benchmark their progress against their peers and crystallize their thinking on what the key challenges and priorities are for their individual organizations.

“

... for most insurers, adopting IFRS 17 will have a bigger impact and be a greater challenge than adopting IFRS accounting in the first place. ”

Key findings

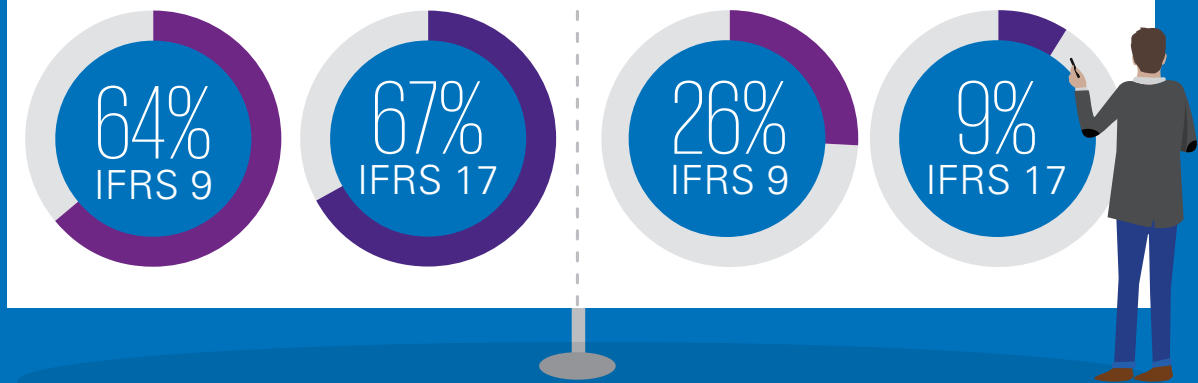
A call to action to deliver compliance and optimize the finance and actuarial function



Design and implementation

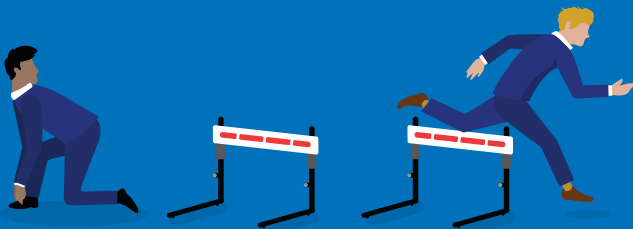
Large insurers*

Smaller insurers**



24% of respondents haven't started an IFRS 17 project yet or are still following developments.

Larger companies are significantly more likely to be further along on both IFRS 17 and IFRS 9.



The majority of respondents are targeting 1 year of parallel running to get ready for 'go live'.

160 respondents from over 30 countries.

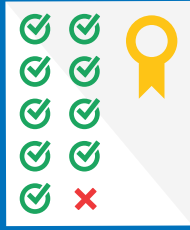


8% plan to implement after 2021, because of later local adoption, or because they are investigating the voluntary adoption of IFRS to increase comparability with global peers.

* Large insurers — premiums > US\$10 billion per annum
** Smaller insurers — premiums < US\$1 billion per annum

9/10

respondents foresee difficulties in securing sufficient skilled people to do the job.



VS



5/10

respondents are worried about securing the necessary budget.

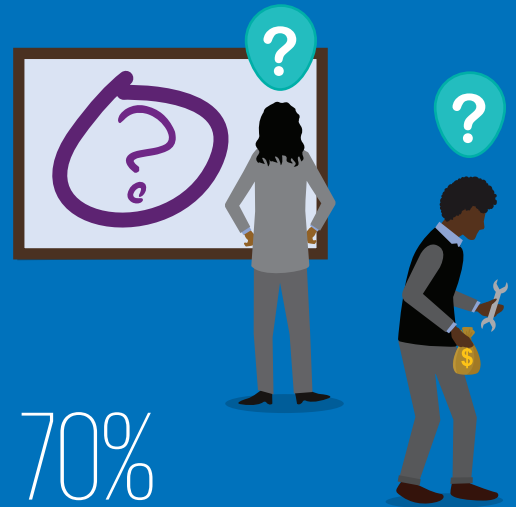
The pressure is on



35%

report that it will be challenging or highly challenging to meet their planned implementation date. **Late starters face multiple jeopardies** — more ground to make up and a smaller talent pool on which to draw.

CSM calculator



70%

of respondents who plan to buy a solution have not yet selected a vendor.

Top opportunities — in it to win it

Despite the scale of the challenges,

97% of the largest companies are keen to seize the opportunity to transform their business, identifying the following key opportunities:

77%



process optimization

65%



actuarial process

58%



system modernization

Source: All information contained in this document is based on the *In it to win it, Feedback from insurers on the journey to IFRS 17 and IFRS 9 implementation one year in survey* conducted by KPMG professionals during May 2018.

How KPMG member firms can help

The implementation of IFRS 17 and IFRS 9 can be a daunting task. However, if you look beyond simple compliance, this can present you with opportunities to realize real benefits for your business.

The approach KPMG professionals take is tailored to help us answer the questions that are important to clients, while building on their market leading knowledge. KPMG professionals:

- Have a hypothesis-driven approach, starting top down rather than bottom up with a gap analysis. This allows design decisions to be taken earlier, reducing demands on scarce resources.
- Bring bring deep market insights from advising many leading insurers on IFRS 17 and IFRS 9 and bring the experience from this work to accelerate thinking in the most complex aspects of the new requirements.

- Understand that one size doesn't fit all enabling clear communication of the issues that matter to you.
- Leverage proprietary tools and accelerators to fast-track your impact assessment, tailoring their approach to meet your needs and aspirations, whether quick wins, cost savings, high quality and efficient financial and regulatory reporting as well as improved teamwork and other benefits.
- Highly-qualified teams bring you insights every step of the way, actively promoting knowledge transfer to your people from the outset, so that you have a sound base of expertise to deliver the new ways of working.

To learn more about how KPMG member firms can help unlock value from your IFRS 17 and IFRS 9 programs please contact your usual KPMG contact or any of the contacts listed below.

**Some or all of the services described herein may not be permissible for audit clients and their affiliates.

For more information, contact:

Laura Hay

Global Head of Insurance

KPMG International

T: +1 212 872 3383

E: ljhay@kpmg.com

Danny Clark

Global Insurance Accounting Change

Global Accounting Lead Partner

KPMG in the UK

E: danny.clark@kpmg.co.uk

Erik Bleekrode

Asia Pacific Insurance

Accounting Change

Lead Partner

KPMG China

E: erik.bleekrode@kpmg.com

Mary Trussell

Global Insurance Accounting

Change Lead Partner

KPMG International

T: +49 89 9282-6383

E: maryhelentrussell@kpmg.com

Pierre Planchon

Global Audit Insurance Accounting

Change Lead Partner

KPMG in France

E: pplanchon@kpmg.fr

Ian Moyser

Insurance Accounting Change

Lead Partner

KPMG Australia

E: ianmoyser@kpmg.com.au

Joachim Kölschbach

Global IFRS Insurance Lead Partner

KPMG in Germany

T: +49 221 2073 6326

E: jkoelschbach@kpmg.com

Simona Scattaglia Cartago

Global Insurance Accounting Change

Implementation Lead Partner

KPMG in Italy

E: sscattaglia@kpmg.it

Briallen Cummings

IFRS 17 Actuarial Lead Partner

KPMG Australia

E: bcummings01@kpmg.com.au

Ferdia Byrne

Global Insurance Actuarial Lead

Partner

KPMG in the UK

E: ferdia.byrne@kpmg.co.uk

Martin Hoser

Global Insurance Accounting Change

Data and Systems Lead Partner

KPMG in Germany

E: mhoser@kpmg.com

Michael Lammons

North America Insurance

Accounting Change

Lead Partner

KPMG in the US

E: mlammons@kpmg.com

kpmg.com/socialmedia



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