

IFRS 17: The Integrate Solution

Understanding business requirements and solutions

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The business challenges of implementing IFRS 17 are top of mind for many in the industry, including Milliman. Milliman's technologists have built a state-of-the-art platform that allows you to focus on the business and not the IT infrastructure.

Background

IFRS 17 is the new International Accounting Standards Board (IASB) standard for insurance contract reporting. The expected implementation date for IFRS 17 is January 1, 2021, but early adoption is allowed.

In support of the new standard, we anticipate drastic changes to the calculations needed for measuring insurance contracts and drafting the income statement.

COMMON BUSINESS REQUIREMENTS

In discussion with management teams from companies around the world, we have observed common themes regarding fundamental expectations of an IFRS 17 solution:

1. **CSM, RA and AOC** - Calculation engines must be able to use company data, with minimal information technology (IT) infrastructure changes to calculate the contractual service margin (CSM), the risk adjustment (RA) and analysis of change (AOC).
2. **Avoid duplication** - Minimal overlap with maximum reliance upon existing processes and calculations, while providing new components only.
3. **Cost efficiency** - An optimal IFRS 17 solution needs to provide both implementation and business as usual (BAU) cost efficiencies.
4. **Timelines** – Solution should be demonstrable and deliverable to regulatory and company timescales.
5. **Cost criteria** – Costs should be definable - not just during implementation, but also during the ongoing BAU process.
6. **Flexible and scalable** - Solution should be configurable, sufficiently scalable, and flexible to support business and regulatory changes/policies.
7. **Reporting** - Solution should support data visualisation and production of reports, dashboards, analysis of change, etc.

8. **Client relationship** – Solution should ensure the client is provided with prioritised support during the implementation period and beyond.

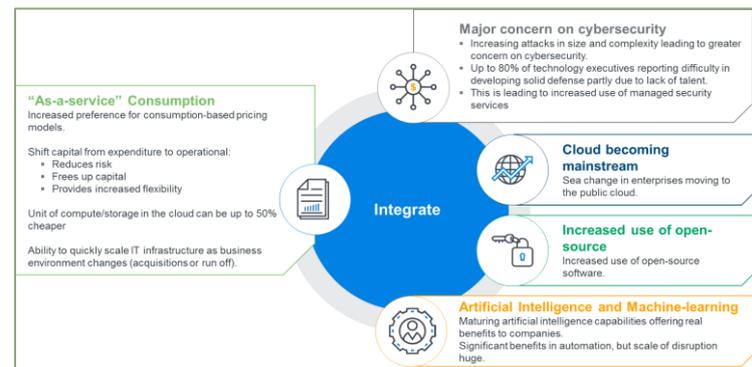
EVOLVING IT INFRASTRUCTURE

With rapid technology advancement come changes in companies' information technology infrastructure priorities. Our solution has demonstrated the ability to keep up with the continuous evolution of infrastructure.

Increasing cybersecurity and data protection concerns are leading more enterprises to leverage managed security services and a preference for consumption-based cloud pricing models.

"As-a-Service" consumption offers tangible business benefits, including: (a) decreased capital investment (b) increased flexibility, and (c) reduced risk, as highlighted in the figure below.

FIGURE 1: EVOLVING IT INFRASTRUCTURE



Integrate Solution

Integrate offers companies an end-to-end IFRS 17 workflow that is industrialised, fully automated, auditable, and version controlled, with access to virtually unlimited and secure resources.

EVALUATING REQUIREMENTS VS SOLUTION

IFRS 17 brings a unique set of requirements relative to other reporting regimes, which calls for a unique solution. We re-examine these requirements, and how they are met by Integrate, in Figure 2 on the next page.

FIGURE 2: EVALUATING IFRS 17 BUSINESS REQUIREMENTS AND SYSTEM SOLUTIONS

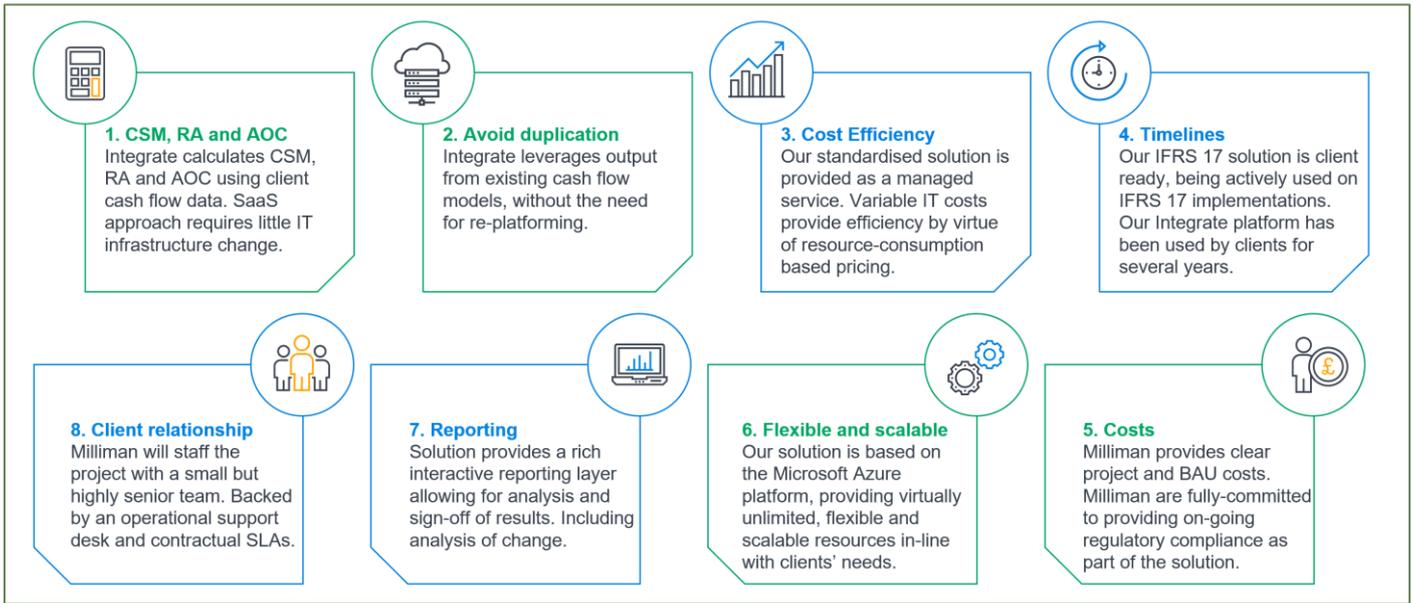
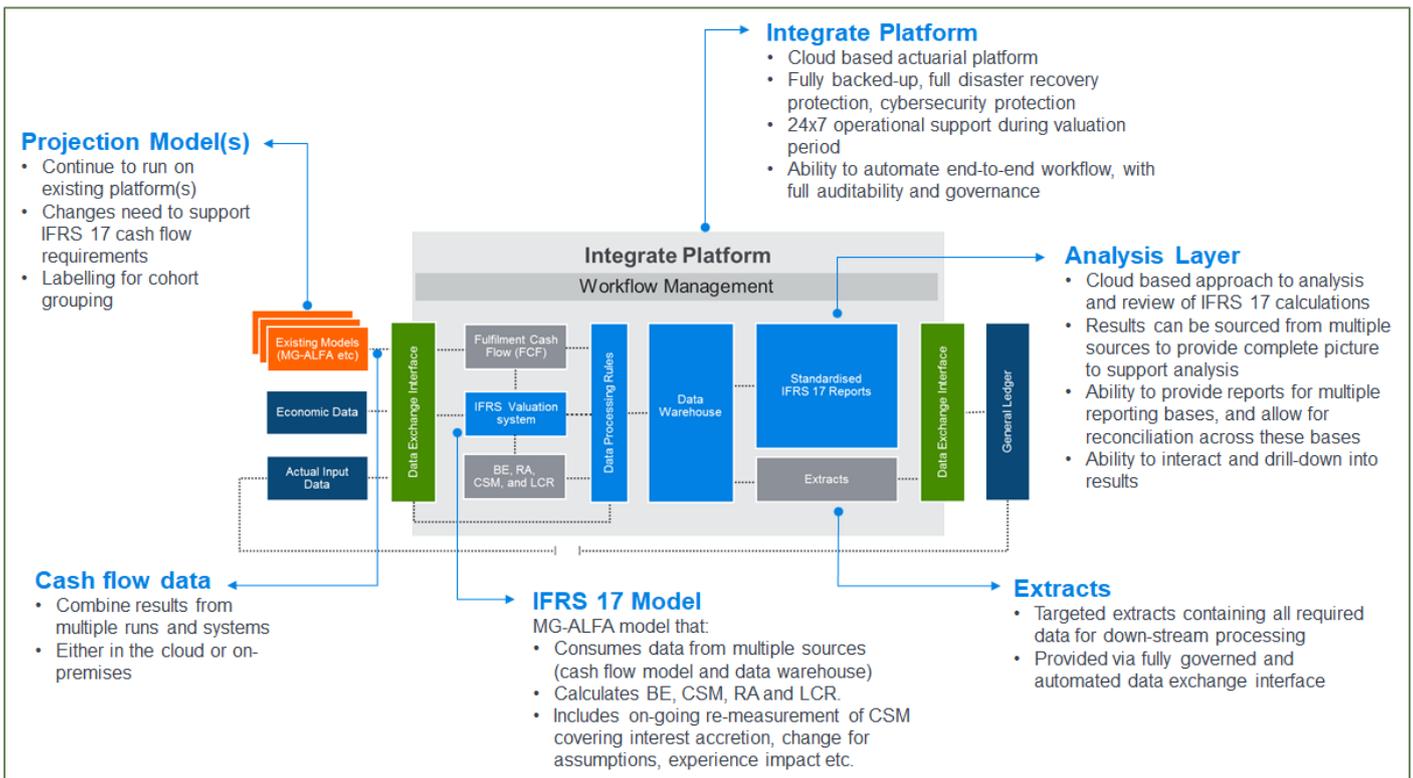


FIGURE 3: END-TO-END INTEGRATE SOLUTION



NEXT STEPS

For further information please refer to the contacts below.

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