Adoption of IFRS 17 in the Asia-Oceania Region – Effective Date

1st January 2023

1st January 2024

1st January 2025

TBD
Experiences of those who have implemented

✓ Complications in determining Contract Boundaries and Fulfilment Cashflows
✓ IFRS 17 being a principle-based standard, requires the preparers to make a variety of actuarial assumptions leading to impairment of comparability of information between insurers
✓ Requirement of more data at a more granular level leading to concerns regarding data quality
✓ Actuarial models are much more complicated, and handling them is challenged by an absence of talented human resources and mature financial systems
✓ The need to make significant modifications if existing systems are continued
✓ Restatement of comparatives with retrospective adjustments required considerable time and cost (in spite of few expedients)
✓ Alignment with tax and solvency requirements
Experiences of those who have implemented

Those who have not implemented – Why?

✓ Facing the same issues experienced by those who have implemented
✓ The solutions are out of reach:
  • High cost of IT resources
  • High cost and lack of technical resources
    o Actuaries
    o IFRS 17 experts
    o IT experts with IFRS 17 and Actuarial knowledge
Sri Lankan Context

Effective date has been delayed until 2025 in response to requests made by the insurance industry from the regulator.

Subsidiaries of multinationals were ready for 2023 implementation, but the local insurers were not ready.

Standards setter is not in favour of further implementation delays, and discussions are under way to resolve the issues.

CA Sri Lanka has offered to build capacity on IFRS 17 knowledge.

Major issues remain:
- IT infrastructure will cost around $2,000,000
- IFRS and Actuarial experts will cost around $200,000
- Not affordable for small players in the industry
- Lack of tone from the top, who are not convinced

Knock-on effects of delaying IFRS 17 implementation:
- Insurance entities are not yet complying with IFRS 9;
- Non-insurers to whom IFRS 17 may apply are not complying
Asia-Oceania Region Perspectives

Improving implementation efficiency

✓ Transition Resource Group* with user, preparer, auditor and regulator representatives from the insurance industry that will monitor implementation and liaises with the standards setter for any relevant issues

✓ Engagement of appropriate consultants in the implementation process

✓ Certain exemptions and modifications were required and provided for in applying IFRS-17 for public sector insurers
  - Optional exemption by EU from applying the annual cohort requirement that relates to the timing of the recognition of the profit in the contract, the contractual service margin, in profit or loss
  - Practical expedients on retrospective application for comparative figures margin, in profit or loss.

* Jurisdictional specific Transitional Resource Group