

## 1 IFRS 17 *Insurance Contracts*



**One**  
accounting model for all insurance  
contracts in all IFRS jurisdictions



## 2 Who is affected?



**450**  
listed insurers using  
IFRS Standards



**\$13 trillion**  
total assets of those  
listed insurers

## 3 When?



**2021**  
mandatory effective date  
of the new Standard



**3.5**  
years for companies  
to implement the new  
requirements

## 4 What changes?



**More**  
useful and transparent  
information



**Better**  
information about  
profitability

## 5 How did we get feedback?



**600**  
comment letters



**900**  
meetings, roundtables  
and discussion forums

## 1 IFRS 17 Insurance Contracts

IFRS 17 is the first truly international IFRS Standard for insurance contracts.

IFRS 17 replaces IFRS 4 *Insurance Contracts*. When introduced in 2004, IFRS 4—an interim Standard—was meant to limit changes to existing insurance accounting practices. Hence, IFRS 4 has allowed insurers to use different accounting policies to measure similar insurance contracts they write in different countries.

Some practices currently used by insurance companies have evolved in tandem with circumstances in particular countries; often the practices address only insurance products most prevalent in a country. In many cases, features of the accounting models used by the insurance industry are inconsistent with the IFRS Standards applied by other industries in the same country—limiting comparisons with other industry sectors.

IFRS 17 provides consistent principles for all aspects of accounting for insurance contracts. It removes existing inconsistencies and enables investors, analysts and others to meaningfully compare companies, contracts and industries.

IFRS 4—a lack of comparability	IFRS 17—a consistent framework
<b>Comparability among companies across countries</b>	
Accounting for insurance contracts varies significantly between companies operating in different countries.	Companies will apply consistent accounting for all insurance contracts.
<b>Comparability among insurance contracts</b>	
Some multinational companies consolidate their subsidiaries using different accounting policies for the same type of insurance contracts written in different countries.	A multinational company will measure insurance contracts consistently within the group, making it easier to compare results by product and geographical area.
<b>Comparability among industries</b>	
Some companies present cash or deposits received as revenue. This differs from accounting practice in other industries, in particular, banking and investment management.	Revenue will reflect the insurance coverage provided, excluding deposit components, as it would in any other industry.

## 2 Who is affected?

IFRS 17 applies to insurance contracts. Although this means that IFRS 17 affects any company that writes insurance contracts, such contracts are generally not written by companies outside of the insurance industry.

Most listed insurers use IFRS Standards. The total assets of insurers using IFRS Standards in 2015 was \$13 trillion.

## 3 When?

IFRS 17 is effective from 1 January 2021. A company can choose to apply IFRS 17 before that date, but only if it also applies IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*.

The Board will support the implementation of IFRS 17 over the next three and half years.

## 4 What changes?

IFRS 17 requires a company to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. This requirement will provide transparent reporting about a company's financial position and risk.

IFRS 17 requires a company to recognise profits as it delivers insurance services (rather than when it receives premiums) and to provide information about insurance contract profits the company expects to recognise in the future. This information will provide metrics that can be used to evaluate the performance of insurers and how that performance changes over time.

IFRS 4—little transparent or useful information	IFRS 17—more transparent and useful information
<b>Information about the value of insurance obligations</b>	
Some companies measure insurance contracts using out-of-date information.	Companies will measure insurance contracts at current value.
Some companies do not consider the time value of money when measuring liabilities for claims.	Companies will reflect the time value of money in estimated payments to settle incurred claims.
Some companies measure insurance contracts based on the value of their investment portfolios.	Companies will measure their insurance contracts based only on the obligations created by these contracts.
<b>Information about profitability</b>	
Some companies do not provide consistent information about the sources of profit recognised from insurance contracts.	Companies will provide consistent information about components of current and future profits from insurance contracts.
Many companies provide alternative performance measures—non-GAAP measures—to supplement IFRS 4 information, such as embedded value information.	Companies and users of financial statements will use fewer non-GAAP measures; supplementary information will enable more meaningful comparisons.

## 5 How did we get feedback?

The Board has sought and considered feedback at each stage of the project to develop this new IFRS Standard for insurance contracts. It has published three sets of proposals for the public to comment on and held hundreds of meetings and roundtables.

Public consultations in 2007, 2010 and 2013—more than 600 comment letters received and analysed

Roundtables, meetings and discussion forums in 18 countries in 2010 and 2013

More than 900 meetings with individual and groups of investors, analysts, companies, actuaries, regulators, standard-setters, accounting firms and others

Meetings with the Board's advisory bodies, including the Insurance Working Group

## Materials available



**IFRS 17 *Insurance Contracts***—specifies the requirements for the accounting for insurance contracts.

**Basis for Conclusions on IFRS 17**—summarises the Board’s considerations in developing the requirements in IFRS 17.

**Illustrative Examples on IFRS 17**—illustrate aspects of IFRS 17 but provide no interpretative guidance.

**Effects Analysis on IFRS 17**—describes the likely costs and benefits of IFRS 17.

**Project Summary of IFRS 17**—provides an overview of the project to develop IFRS 17.

**Feedback Statement on IFRS 17**—summarises feedback on the proposals that preceded IFRS 17 and the Board’s response.



International Financial Reporting Standards®

IFRS® Foundation

IFRS®

IAS®

IFRIC®

SIC®

IASB®

Contact the IFRS Foundation for details of countries where its trade marks are in use or have been registered.

Copyright © 2017 IFRS Foundation. All rights reserved.

International headquarters  
30 Cannon Street | London, EC4M 6XH | United Kingdom  
Telephone: +44 (0)20 7246 6410  
Email: [info@ifrs.org](mailto:info@ifrs.org)

Asia-Oceania office  
Otemachi Financial City | South Tower 5F, 1-9-7 | Otemachi Chiyoda-ku | Tokyo 100-0004 | Japan  
Telephone: +81 (0)3 5205 7281  
Email: [asiaoceania@ifrs.org](mailto:asiaoceania@ifrs.org)

Web: [www.ifrs.org](http://www.ifrs.org)