

# IFRS 17 – not just for insurance companies

News story

We are helping clients make sense of new reporting requirements ahead of the introduction of the IFRS 17, a new accounting standard for insurance contracts.



The Government Actuary's Department (GAD) is helping government departments and public sector clients make sense of new reporting requirements.

The [International Financial Reporting Standard 17 \(IFRS 17\)](#) is the new accounting standard for insurance contracts. It will be effective for annual reporting periods beginning on or after 1 January 2023. The exact date of adoption in the public sector is subject to confirmation.

The underlying aim of IFRS 17 is to make risk transfer contracts more comparable between different entities.

## **Scope and data**

GAD's range of services includes helping departments place a value on risks which are difficult to quantify. This type of calculation is likely to be required even more for IFRS 17, so GAD has been working through the requirements.

We have already engaged with some government departments and arm's-length bodies to help consider scope and potential data requirements for the new style of calculations.

## **Important development**

Actuary Nick Clitheroe is GAD's lead on IFRS 17. Commenting on the development he said: "It's not just insurance companies that will be affected. Potentially any significant transfer of risk between 2 parties could also be in scope."

“It’s worth organisations looking through existing liabilities and even remote contingent liabilities to consider if these involve a contractual transfer of risk.

“The new rules could affect, for example, a government department agreeing to take on potential future liabilities from employed contractors.”

### **Planned webinar**

It’s anticipated that IFRS 17 will involve considerable actuarial input. This will be around the assessment of probability weighted cashflows, and new concepts such as the contractual service margin and risk adjustments.

GAD plans to run a webinar later this year to introduce IFRS 17, and the calculations and concepts involved.

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