

# Comprehensive Examination of the New Standard

## IFRS 17 – Insurance Contract Accounting

Earn up to  
14 Hours  
CPE Credits

### Implementing New Accounting and Valuation Methods

November 21 - 23, 2017 • Toronto

IFRS 17 has finally been issued with its substantive and controversial changes to insurance accounting. In addition, ongoing accounting and regulatory developments continue to impact accounting processes and business operations. This timely conference summarizes and provides the most current information available to assist you in dealing this massive new organizational challenge, including:

- IFRS 17 Insurance Contracts – Overview and Interaction With Other IFRS Standards
- Assessing the Operational Impact of IFRS 4, Phase II – Industry Perspectives
- Initial Recognition and Measurement of Insurance Contract Liabilities
- Level of Aggregation in IFRS 17
- Subsequent Measurement Under the General Model
- Variable Fee Approach – Principles and Application
- Working with IFRS 17 – Early Observations from Sun Life Financial
- LICAT and IFRS 17 – Regulatory Capital and Accounting Interaction
- Practical Examples of Applying IFRS 17 – Examining the Impact
- Planning for Transition
- Implementing the Premium Allocation Approach for Short Duration Contracts
- Impact of IFRS 17 on Reinsurance Held
- IFRS 9, IFRS 17 and Accounting for Financial Instruments of Insurance Companies
- Presentation and Disclosure

#### Half – Day Post-Conference Workshop – November 23

##### IFRS 17 Implementation – Project Planning & Initial Decisions

Deloitte LLP

The workshop will map out initial considerations for insurance companies to address in transitioning to IFRS 17 and take a holistic approach to looking at the impact of the new standard on organizations.

**FREE**

##### Digital Copy of Conference Proceedings

All final materials delivered at the conference will be made available to delegates after the conference in electronic format in addition to the conference manual.

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**Full Program Details Inside**

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*"...provided a very good high level summary of the key impacts of IFRS to financial institutions."*

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Associate Chief Accountant  
**Bank of Montreal**

*"Well rounded. Good flow."*

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**RSA**

*"...helped to clarify my understanding of requirements..."*

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*"Presentations were clear even though topics were complex."*

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Senior Manager, Enterprise Hedge  
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*"Suffice it to say that the conference delivered on my expectations... A lot has been taken away from this conference...\$ well spent..."*

•  
V.P. Risk Management Advisory  
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*"...exceeded my expectations...skilled presenters and relevant topics. Great course overall."*

•  
Manager, Financial Reporting  
**Canadian Tire Financial Services**

*"Great Conference"*

•  
Deputy Chief Accountant  
**C.I.B.C.**

## Message From The President

IFRS 17, the insurance contracts standard, establishes a global standard for accounting and reporting of insurance contracts. It clearly embodies the IASB's commitment to an approach that severs the link between insurance assets and liabilities for accounting purposes.

Moving forward, insurers will be compelled to deal with significant new volatility on financial statements. These changes, and the resulting financial statement impact, will have appreciable collateral impact – products may be discontinued, investment strategies will be altered, regulatory capital and required ratios are significantly affected.

**IFRS 17 – Insurance Contract Accounting** has been specifically tailored to provide a thorough examination of the new standard. Looking not only at the direct accounting consequences but also at operational, regulatory and capital markets implications, this event is the **most complete assessment of IFRS 17 that you will find anywhere in Canada.**

In addition to the comprehensive two-day conference, this event also offers a **half-day optional workshop** that focuses on taking initial decisions for implementing IFRS 17 and planning the implementation project. This broad-reaching workshop will be a valuable tool in tackling the IFRS 17 challenge of understanding the impact on business processes, IT systems and mapping out the issues to address.

This signature event provides a first-hand opportunity to hear from, and speak with, leading national experts on IFRS, insurance accounting, financial reporting, and regulatory compliance. In addition, you will have a unique opportunity to meet with your peers to discuss how they are responding to the challenges that will be presented by the new standard.

I hope to meet you personally in November to welcome you to an outstanding professional development experience.

Sincerely,



President,  
Acumen Information Services

### Who Will Be There:

- Chief Financial Officers
- Chief Actuaries
- Chief Accounting Officers
- Chief Risk Officers
- Controllers
- VPs, Directors and Managers
  - Actuarial Accounting
  - Financial and Regulatory Reporting
  - Finance
  - Regulatory Compliance
- Risk Managers
- Actuaries
- Internal Auditors
- Audit Committee Members
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- Industry Regulators and Standard Setters
- Corporate Counsel
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**Program - November 21**

9:00 a.m. – 9:05 a.m.

**Opening Remarks from the Chair**

*Neil Harrison, Partner, Deloitte LLP*

9:05 a.m. – 10:00 a.m.

**IFRS 17 Insurance Contracts – Overview and Interaction With Other IFRS Standards**

*Neil Harrison, Partner, Deloitte LLP*

- Introduction and background
- Definition of insurance contracts and scope
- Grouping of contracts
- Overview of the measurement model
- Interaction with IFRS 9 Financial Instruments
- Presentation and disclosure
- Transition

10:00 a.m. – 11:00 a.m.

**Assessing the Operational Impact of IFRS 4, Phase II – Industry Perspectives**

*Lynda Sullivan, Executive Vice President and Chief Accounting Officer, Manulife Financial Corporation*

*Marie-Josée Sylvestre, Director Operations and Accounting, Intact Financial Corporation*

- Looking at the business impact of implementing IFRS 17
- Organizational and business process issues that must be considered
- What accounting changes will mean to future operations
  - potential for increased volatility and the “two-sided OCI”
  - impact of measurement requirements on systems and data management
- Managing the transition period – planning, testing, roll out
- Will hedge accounting be required to manage balance sheet impact?
  - does Phase II create a trade-off between IFRS accounting and risk management?

11:00 a.m. – 11:15 a.m. Morning Networking Break

11:15 a.m. – 12:30 p.m.

**Initial Recognition and Measurement of Insurance Contract Liabilities**

*Hudson Lopez, Partner KPMG LLP*

- Expected Value of Cash Flows
  - measurement at the portfolio level and defining your portfolio(s)
  - applying the “contract boundary” concept
  - cash flows included in applying the building block approach
- Discount Rate
  - dealing with lack of linkage between assets held and discount rate for liabilities
  - top down/bottom up approaches to calculate discount rate
    - permitted approaches
    - use of OCI for interest-rate related volatility
    - managing volatility arising from IFRS 17 accounting
- Risk Adjustment
  - understanding what is required in the risk adjustment estimate
  - measuring and reporting changes in the risk adjustment
- Contractual Service Margin
  - establishing contractual service margin at inception
  - ongoing adjustment of the contractual service margin
  - recognition in profit and loss
  - accretion of interest
  - unlocking the contractual service margin

12:30 p.m. – 1:30 p.m. Luncheon

1:30 p.m. – 2:15 p.m.

**Level of Aggregation in IFRS 17**

*Jitka Uhlířová, Director, PricewaterhouseCoopers LLP*

- How does level of aggregation impact the measurement of insurance contracts
  - review of requirements
- Defining a “portfolio” of insurance contracts
  - portfolio in other areas of IFRS 17
  - consistency of accounting policy and linkage to IAS 8
  - deeper dive into issues related to definition of portfolio:
    - “similar risks”
    - “managed together”
- Defining “groups” of insurance contracts
  - deeper dive into issues related to groups of contracts
    - determining onerous contracts
    - contract with no significant risks of becoming onerous
- What is the level of aggregation on transition

2:15 p.m. – 3:00 p.m.

**Subsequent Measurement Under the General Model**

*Matthew Garnier, Senior Advisor, Deloitte LLP*

This session will describe how period over period changes in the measurement of insurance contract liabilities are reflected in the Statement of Comprehensive Income for contracts measured under the General Model including:

- Unwinding of time value of money and changes in discount rates
- Treatment of changes in the value of options and guarantees
- Treatment of experience adjustments
- Treatment of changes in estimates separately for the liability for remaining coverage and the liability for claims
- Accretion of interest on and the amortization of the CSM
- Treatment of changes related to the use of discretion

3:00 p.m. – 3:15 p.m. Afternoon Networking Break

3:15 p.m. – 4:05 p.m.

**Variable Fee Approach – Principles and Application**

*Janice Deganis, Partner, Ernst & Young LLP*

*Bobby Thompson, Senior Manager, Ernst & Young LLP*

- Assessing the benefits of the Variable Fee Approach
- Differences between General Model and Variable Fee Approach
- Determining contracts eligible for the Variable Fee Approach
  - understanding the business model of the direct participating approach
  - treatment of indirect par vs. non-par and subsequent measurement
- Identifying discretionary cash flows
- Issues for implementation
  - use of mutualization
  - accounting for time value of options and guarantees
  - occurrence of a loss component
  - mixed measurement asset portfolio
  - change of underlying portfolio
- Differentiating “changes related to market variables” vs. discretion
- Changes to asset-dependent cash flow due to financial components
- Discount rates for CSM adjustments
- Risk mitigation
- Illustrative examples

4:05 p.m. – 5:00 p.m.

**Working with IFRS 17 – Early Observations from Sun Life Financial**

*Erin Taylor, Vice President Finance and Chief Accountant, Sun Life Financial*

*Lesley Thomson, Deputy Chief Actuary, Sun Life Financial*

Sun Life has been closely tracking the evolution of IFRS 17 for several years. Providing comments and recommendations to the IASB based on their examination of the impact and practical outcomes along the timeline of the standard's development, Sun Life has been at the forefront of understanding and evaluating its impact on the insurance industry. This session will provide practical perspectives on key issues that are most timely at the date of the conference and features two of the company's senior executives most involved in the IFRS 17 planning process.

## Program - November 22

9:00 a.m. – 9:05 a.m.

**Opening Remarks from the Chair**

*Hudson Lopez, Partner KPMG LLP*

9:05 a.m. – 9:50 a.m.

**LICAT and IFRS 17 – Regulatory Capital and Accounting Interaction**

*Stephane Levesque, Partner, KPMG LLP*

- Overview of key interactions between new accounting standard (IFRS 17) and new regulatory capital requirements (LICAT)
- LICAT Implementation - Key issues and how to leverage the experience for IFRS 17
  - data and assumptions
  - systems and models
  - processes and controls
  - reporting and analysis
- IFRS 17 implementation – Key policy decisions and associated regulatory capital considerations
  - transition approach
  - discount rate
  - risk margin
  - contractual service margin

9:50 a.m. – 10:45 a.m.

**Practical Examples of Applying IFRS 17 – Examining the Impact**

*Owen Thomas, Partner, PricewaterhouseCoopers LLP*

- Practical examples of subsequent measurement considerations for the contractual service margin, including
  - addition of new contracts
  - changes in assumptions
  - accretion of interest
  - allocation to profit or loss
- Additional practical examples of subsequent measurement considerations for reinsurance contracts held

10:45 a.m. – 11:00 a.m. Morning Networking Break

11:00 a.m. – 12:00 p.m.

**Planning for Transition**

*Janice Deganis, Partner, Ernst & Young LLP*

*Bobby Thompson, Senior Manager, Ernst & Young LLP*

*Todd McRae, IT Partner, Ernst & Young LLP*

- Establishing a steering committee to guide the change program
- Determining program work flow streams and internal project management structure
- Scoping the program and understanding changes needed to the existing reserving infrastructure
- Consider new data requirements
- Assess initial impacts to products
- Establish communication protocols with the Board of Directors
- Use initial scoping exercise to understand implications and limitations in applying the transition methods:
  - Full retrospective approach
  - Modified retrospective approach
  - Fair value approach
- When and how to use each transition approach
- Costs and benefits of each transition approach
- Communicating transition to IFRS 17 to stakeholders internally and externally

12:00 p.m. – 1:00 p.m. Luncheon

1:00 p.m. – 1:45 p.m.

**Implementing the Premium Allocation Approach for Short Duration Contracts**

*Pierre Lepage, Partner, KPMG LLP*

- Rationale and scope for eligible contracts
- Measurement of pre-claims obligation and liability
  - alignment with new revenue recognition criteria
  - determining onerous contracts
- Measuring liabilities for claims incurred
  - impact of inclusion or risk adjustment and ongoing remeasurement
- Use of premium allocation approach for coverage periods longer than one year
- Examples in the application of the premium allocation approach

1:45 p.m. – 2:30 p.m.

**Impact of IFRS 17 on Reinsurance Held**

*Marco Fillion, Partner, PricewaterhouseCoopers LLP*

- How IFRS 17 changes the accounting
  - review of requirements specific to reinsurance contracts held
- Deeper dive in some of the issues
  - does the contract transfer significant insurance risk?
  - initial recognition of a group of reinsurance contracts
  - contract boundaries - some examples
  - non-performance risks and ceding commissions
  - determining risk adjustment and diversification benefits
  - accounting mismatch
    - recognition of gains and losses
    - different models for direct and ceded

2:30 p.m. – 2:45 p.m. Afternoon Networking Break

2:45 p.m. – 3:45 p.m.

IFRS 9, IFRS 17 and Accounting for Financial Instruments of Insurance Companies

*Raghuvir Rajagopalan, Senior Manager, KPMG LLP*  
*Jana Russell, Senior Manager, KPMG LLP*

- Overview of IFRS 9 as it applies to insurance industry assets/liabilities
  - treatment of insurance contracts/liabilities not subject to IFRS 17 requirements
- Interaction of IFRS 17 with IFRS 9 classification and measurement criteria (including designation criteria)
- Impairment of financial instruments
- Hedge accounting for insurers

3:45 p.m. – 4:45 p.m.

Presentation and Disclosure

*Janice Deganis, Partner, Ernst & Young LLP*  
*Katy Gardiner, Partner, Ernst & Young LLP*  
*Bobby Thompson, Senior Manager, Ernst & Young LLP*

Presentation

- Statement of Financial Position
  - applying the requirement to disaggregate components
    - under general model
    - under premium allocation approach

- separation of insurance contracts and reinsurance contracts
- presenting unit-linked contracts and contract with investment components
- Statement of Comprehensive Income
  - applying the earned-premium presentation
    - impact of key metrics – loss of volume information?
    - presentation of short and long-duration contracts
    - allocations to non-claims fulfillment costs
    - considerations for tracking of assumptions over life of contract
    - acquisition costs
- Other Comprehensive Income
- Examples of financial statement presentation

Disclosure

- Examination of the new disclosures required by IFRS 17
- Understanding the aggregation principle for disclosures
  - determining the appropriate aggregation level
- Mandatory confidence level disclosure equivalent for risk adjustment
- Required level of disaggregation of reconciliation of carrying amounts
- Addressing effect of regulation on reported equity in disclosures
- Disclosures for contracts with cash flows linked to underlying items
- Disaggregation disclosures for contracts using the building block or premium allocation approaches

## Optional Post-Conference Workshop

### IFRS 17 Implementation – Project Planning & Initial Decisions Practical Issues for Approaching the Transition to IFRS 17

**Program - November 23**

9:00 a.m. – 12:30 p.m.

(There will be a 15 minute break mid-morning)

Workshop Leader(s):

*Paul Downes, Partner, Deloitte LLP*  
*Andrew Holland, Partner, Deloitte LLP*  
*Elaine Hultzer, Partner, Deloitte LLP*  
*David Spratt, Director, Deloitte LLP*

The objective of this workshop is to map out initial considerations for insurance companies to address in transitioning to IFRS 17. A holistic approach to looking at the impact of the new standard on organizations is contemplated with a view to addressing all/much of the following:

1. What are the first steps that should be taken?
2. How does IFRS 17 interact with/impact other accounting and regulatory processes?
3. How can existing processes and systems be leveraged to assist in the implementation?
4. Understanding differences, and similarities, in terms and concepts between LICAT and other IFRS'
5. Practical exploration of how IFRS 17 will change from current accounting and the consequent changes in accounting, models, etc. that must be anticipated
6. Who needs to be involved in the process, and why?
7. How much new testing and modelling does IFRS 17 require (by implication if not expressly)
8. Planning time lines and project phases

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