



## IFRS 17

**Beyond compliance – unlocking value for the business**



## IFRS 17:

### Could you achieve compliance plus?

Insurers in many parts of the world are currently in the process of implementing significant changes resulting from the introduction of IFRS 17, the global accounting standard on Insurance Contracts, which comes into effect from 1 January 2022. Inevitably, many companies will initially be driven by the need to ensure that they are able to get the numbers out accurately, on time and as efficiently as possible.

As insurers are fast discovering, the intricacies and complexities of IFRS 17 multiply rapidly once you start getting into the details of calculations and presentation. The selection of options, the use of judgement in applying a principles-based approach, and the need to deal with amendments and emerging guidance all result in a complex methodological labyrinth of twists and turns.

From methodology to implementation to reporting; from people to processes to technology; Willis Towers Watson has the breadth and depth of expertise and technology to guide you through the maze of different workstreams (see *Figure 1*).

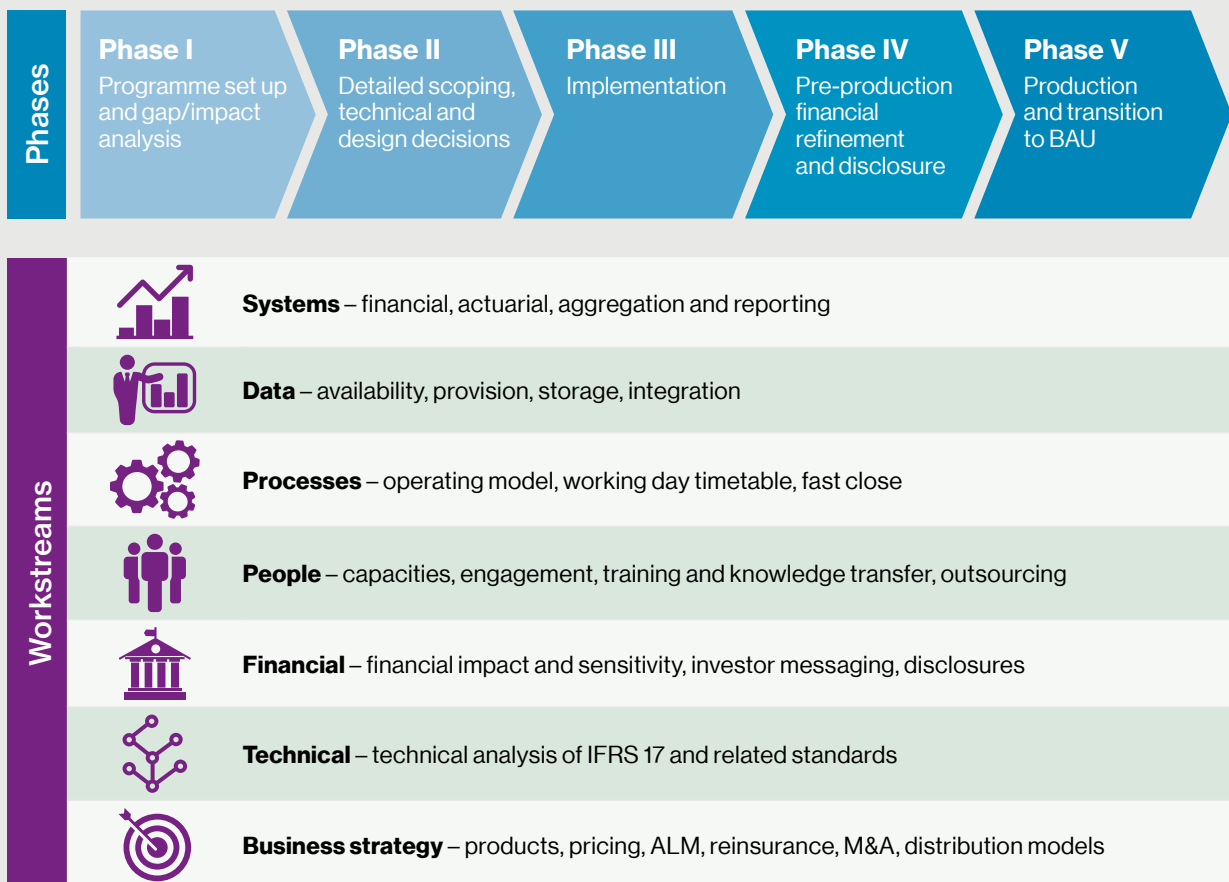
With practical and pragmatic advice, tailored to your circumstances and needs, our consulting teams can reduce the burden on your internal resources. Our technology solutions provide the mechanism to produce the numbers accurately and quickly, allowing for the storage and validation of data, auditability of calculations and the complexities of methodology and projections.

## Compliance plus

Not only that, given the work involved to be IFRS 17-ready, we believe insurers can benefit from putting the challenge in a broader context – to turn IFRS 17 in to a wider business improvement project. One that can add value to the business too.



Figure 1. Willis Towers Watson's view of the IFRS 17 challenge. Where are you on the journey?





# Our IFRS 17 support

We bring the technological, commercial and technical skills to create a unique offering that delivers compliance or compliance plus:

- We have the consulting expertise to provide the insight around the needs of insurers
- We have the technology to deliver the automation, the calculations, and validation you need, at the speed that is required. Coupled with this, we have the consulting expertise and experience to help implement it correctly for you
- We have the technical experience and expertise to guide you through the technical changes of the standard

## Consultancy

We are totally immersed in the key technical financial issues of IFRS 17, including the contractual service margin (CSM), and can help you identify where gaps in your ability to respond or add value exist, be they related to data, systems, processes, reporting or people. Our consultants have the depth of expertise to support you with specific issues or to develop end-to-end compliance solutions. We can also work with you to review your own in-house implementation project at key stages.

Simply complying with IFRS 17 will bring many challenges, which often carry significant business implications. Whether you need to assess and address dividend implications, how you communicate to investors, or how you make other product and strategic choices, our consultants, who are insurance specialists, have the technical knowledge, deep domain expertise and practical experience to help you.

And if you are looking beyond compliance, this is a once-in-a-generation opportunity to take a step back and take a more holistic view of your processes and systems; to assess the use of Robotic Process Automation to control calculations and introduce better governance and controls; to explore Cloud Computing to enable cost-effective scaling up and down of computing power to meet peak demands; and to release expensive actuarial resource from mundane tasks to focus on where they can add real value for the business. We offer a range of finance and process transformation solutions, all drawing on the proven technical, consulting and technology services and solutions that we offer.

What we believe makes us different from most other IFRS 17 consultants is that we can implement in a very practical, pragmatic and tailored way what is needed to achieve your goals – whatever their scope or breadth.

## Technology

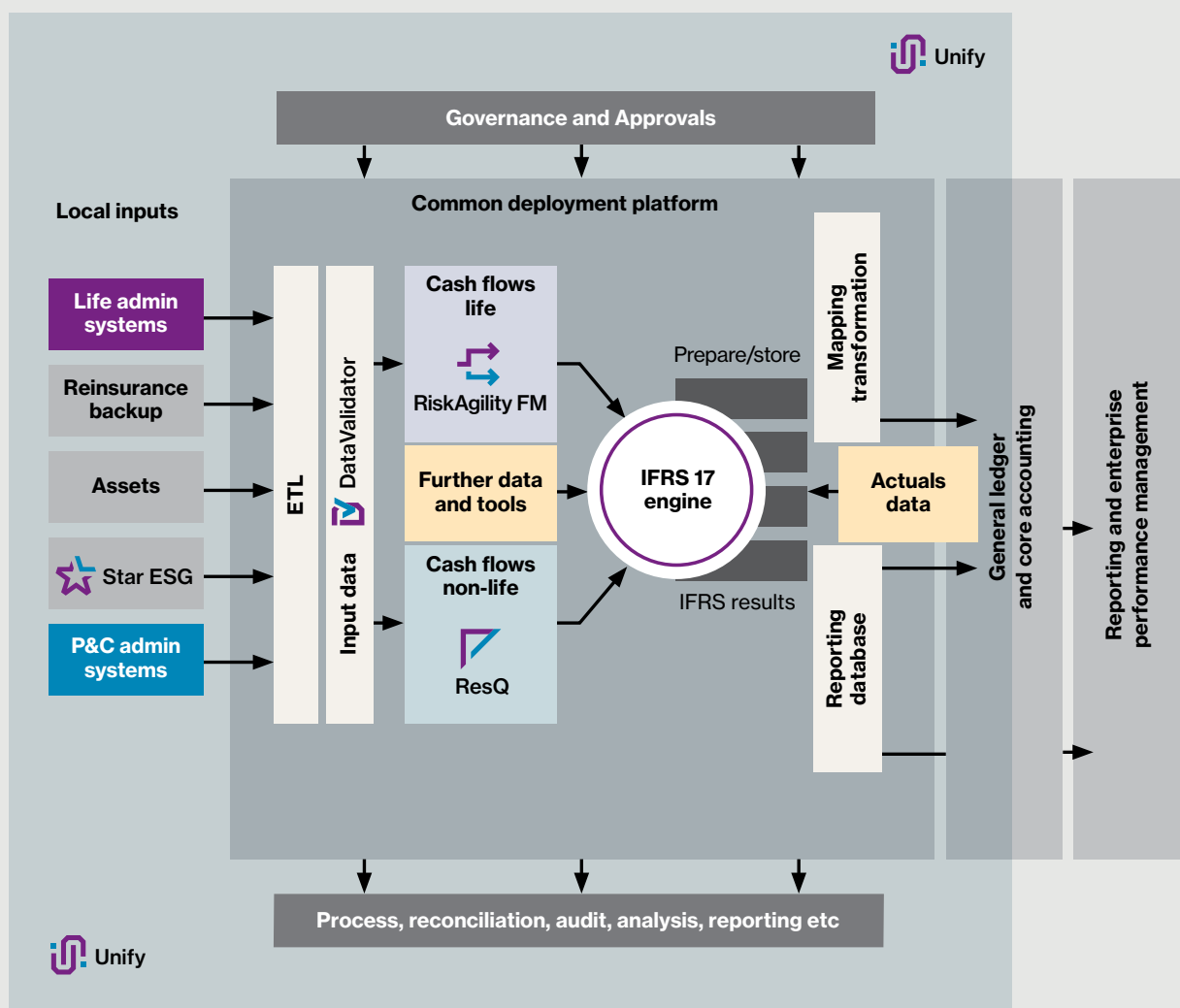
Our state-of-the-art technology, developed specifically for the insurance sector, also plays a big part in that.

We have created a suite of IFRS 17 technology solutions (Enterprise Solution; IFRS 17 Engine; ResQ Financial Reporter) and a model workflow architecture (see *Figure 2*), based on our proven software products, to meet the market's diverse needs. These are covered in more detail in specific brochures.

Whether you are a property and casualty or life insurer, our technology solutions are tailored to the specific nature of your business. They support cash-flow generation, the CSM and IFRS 17 numbers, through to posting to the general ledger. They share a modular approach, so you can take as much or as little as you need of each and tailor a solution to your situation, including building in automation, governance and workflow management specific to IFRS 17 or for broader finance and business transformation projects.



Figure 2. Willis Towers Watson's model IFRS 17 workflow architecture<sup>1</sup>



<sup>1</sup>The architecture and workflow design is based on a core belief that the IFRS 17 engine should be close to the cash flow projection models

# Why Willis Towers Watson?

- Our financial and regulatory reporting experts have studied IFRS 17 at length, including taking an active part in the consultation process leading to its introduction. Our consultants know the areas that can cause potential difficulty and those where time and cost efficiencies are possible.
- We also offer a compelling vision of how to make meeting your IFRS 17 obligations more than a compliance exercise, targeting cost effectiveness and process efficiency.
- We offer a unique blend of insurance consulting and technology expertise to make your IFRS 17 journey a success.
- We offer very practical implementation support, not just advice and theories.
- Around 1,000 insurers around the world trust our track record for improving their businesses. Our software is used by over 950 insurance companies worldwide.
- Our IFRS 17 technology solutions are built around existing Willis Towers Watson technology solutions that already set industry standards.
- Our IFRS 17 technical systems architecture is entirely modular. The building block design allows you to pick and choose component modules and integrate them with the systems you already have.
- We have an end-to-end solution that delivers class-leading automation, efficiency and auditability for insurers.

## Tailored IFRS 17 support: an example

The client, part of a German multinational reinsurer, was looking for IFRS 17 support for its reinsurance and primary insurance activities, the latter comprising entities across the world of vastly different scale, underwriting profiles and systems landscapes.

As an existing user of our ResQ software, the group had already developed a global reserving platform to provide a unified and consistent framework for its various entities.

Consequently, and with Willis Towers Watson working as part of an integrated team of client personnel, accounting and IT advisors, the IFRS 17 project has targeted a consistent interpretation of the accounting standard. This has involved implementation of the ResQ functionality to support the standard's alternative approaches to actually producing the numbers, either of which could be appropriate for operating entities depending on their size. We have also helped with the creation of consistent processes and the necessary governance, engaging local Willis Towers Watson offices to assist in training key client staff in different country operations.







# Software at a glance

Our IFRS 17 technology solutions use Willis Towers Watson's proven insurance software products:

## Willis Towers Watson DataValidator

DataValidator is a flexible and user-friendly software package that enables insurers to efficiently validate, cleanse and prepare data for use in downstream financial modelling and reporting processes. It provides easily auditable reports that bring a higher level of rigour and governance to insurers' data processes.



## Willis Towers Watson RiskAgility FM

RiskAgility FM is a multi-purpose financial projection system designed to enable a life insurer to create a modelling process that is adapted to its business processes. The separation of modelling functions makes the system easy to use, understand and learn, while improving model governance and control.



## Willis Towers Watson ResQ

ResQ is a property and casualty insurance and reinsurance loss reserving system. It combines powerful modelling and reserving methods with flexible mechanisms to structure, access and manage data sets.



## Willis Towers Watson Unify

Unify is an enterprise risk and actuarial systems integration platform for insurer's financial modelling and reporting processes that manages workflow. It is a transformational solution that enables insurers to fundamentally change financial modelling and reporting processes. The ability to integrate, automate and govern actuarial and risk processes enables companies to do more, faster and for less.



## Further information

For more information about how we can support your IFRS 17 project, please contact your Willis Towers Watson contact or:

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## About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimise benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at [willistowerswatson.com](http://willistowerswatson.com).

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