

( expleo )

# Mitigate the risks of IFRS 17 with assurance

A holistic, test-driven approach to IFRS 17 will deliver the high standards required and bring additional transformational benefits to your organisation. Expleo is your trusted partner for assured end-to-end system changes.



IFRS 17, the new International Financial Reporting Standard issued by the International Accounting Standards Board (IASB) in 2017, will be the most impactful change for accounting in the insurance industry for several decades. The majority of affected businesses will remain non-compliant if they don't take action, risking their right to trade and incurring severe reputational damage as a result.

In common with other industry standards for transparency and accountability, IFRS 17 insists that all affected firms worldwide report their balance sheet to investors using the same new set of metrics. However, there is no one-size-fits-all solution.

No rubber stamp approach. Each firm must interpret for themselves how the standard corresponds to their current circumstances, and then create a system of reporting that will serve their business in the future.

**“CFOs will be responsible for ensuring – and assuring – the integrity of the solution as it proceeds, right up to the moment of ‘go live’, when the eyes of the business world will be on the insurance sector. How confident are you in the testing and quality structures that are in place?”**

# Golden thread of assurance

Although the IFRS 17 deadline was delayed until 1<sup>st</sup> January 2023, firms must now take the necessary steps to ensure their internal systems are fully operational – and robustly tested – before the first reports are shared with investors. Assurance is the golden thread that runs through the change programme, bringing confidence before go-live and avoiding set-backs along the journey to compliance.

**“Underestimating the importance of testing on IFRS 17 would be an oversight. To get the right level of confidence, firms could easily end up spending 30–40% of budget on testing the solution. Investing upfront is critical, rather than playing catch-up as the deadline looms. Expleo has a track record of delivering confidence for change programmes like IFRS 17. We can help put a strategy in place so that testing is done early and effectively.”**



## Assure the integrity of your solution as it proceeds

IFRS 17 challenges firms to change the way they measure and report their revenue and profits – which means changing the way they manage and share interdepartmental data. Firms will need to reconfigure their internal systems, especially in their accounting and actuarial teams. This transformation will carry varying degrees of risk, depending on the current processes and structures within respective firms. As a result, meeting the standard may require a more far-reaching response than first anticipated.

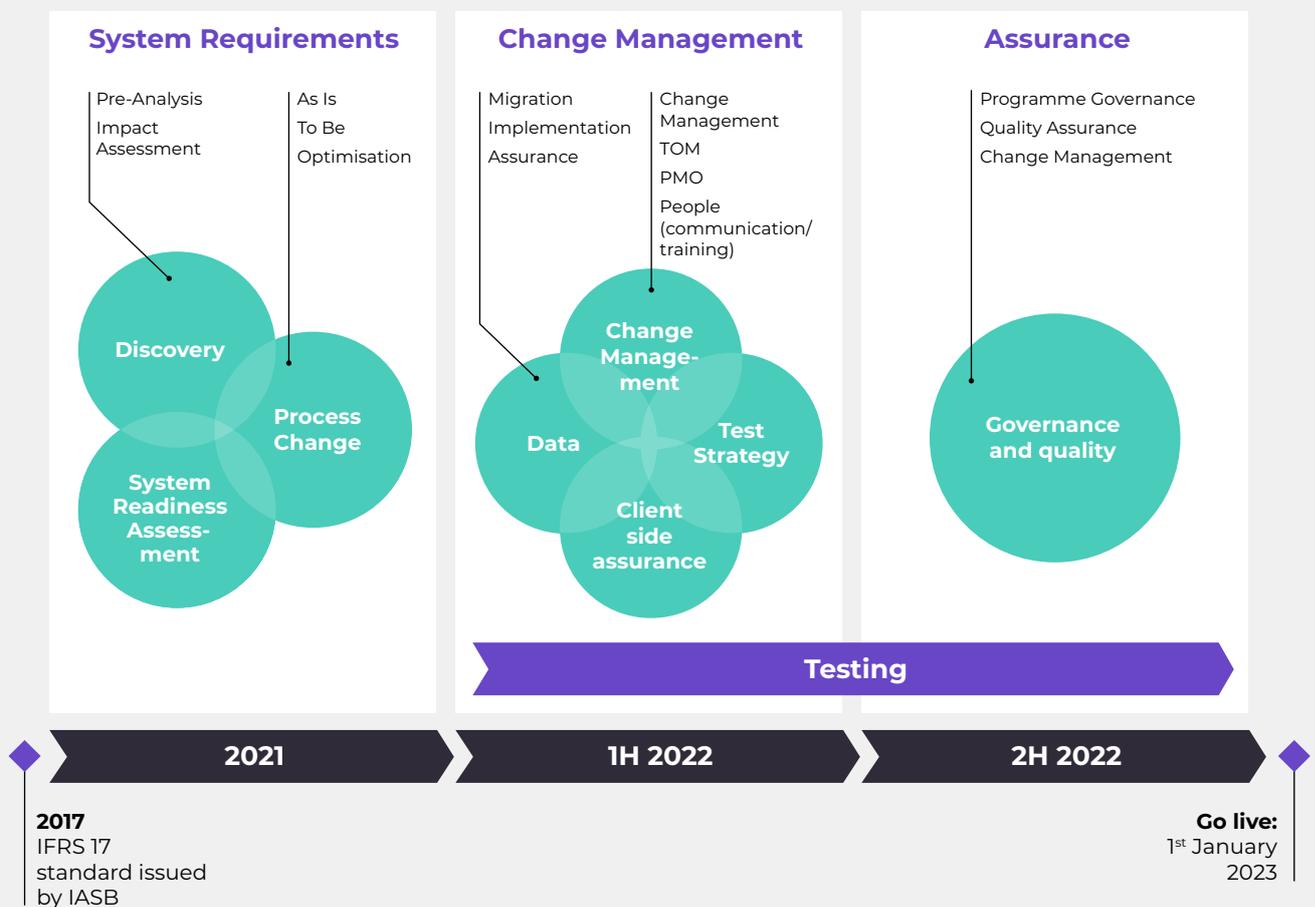
**“IFRS 17 is asking insurance firms to shift from 123 to ABC. The sheer scale of change, and the scale of impact on day-to-day processes and people, will come into view as firms continue their journey towards IFRS 17. There could be some turbulent months ahead, as the practicalities of transformation kick in. The vision of IFRS 17 – that all firms should communicate insurance contracts to investors using the same new set of metrics – risks turning into a ‘hydra-headed’ challenge: whenever you solve one problem, another two emerge in its place.”**

# Why Expleo is ready to help

As a trusted partner for systems change, we can help your organisation to progress along the end-to-end passage to compliance. In particular, our unrivalled experience in testing and quality assurance will prove critical for delivering an effective reporting solution by the 2023 deadline.

Expleo can help on all areas of the following timeline – whether end-to-end or in part, individually or in partnership with other suppliers.

## IFRS 17 – our solution



“While firms can adapt their experience of IFRS 9 and Solvency-II, they will be cutting new ground with IFRS 17. Nobody has done this exact journey before. The autonomous demands of the standard only add to the complexity. At Expleo, we have a proud track record of working closely with partners to deliver customised testing strategy, change management and data migration. Our ability to help clients respond to contextual challenges is what stands us apart.”



## System Requirements

How significant an impact will IFRS 17 have on your business? With a combination of system readiness assessments, process change (as is, to be and optimisation), discovery (pre-analysis and impact assessments), we can support you in better understanding the requirements for compliance and scale of change. Our System Readiness Assessment would include a rigorous review of your systems, IT and data sharing between teams to gauge the impact of systems change. This fact-finding will provide the necessary intelligence to develop a cohesive change programme.

**“Do you have the right level of competency, stakeholder engagement and senior sponsorship? How well aligned are your departments? For those firms at the start of your journey into IFRS 17, this troubleshooting can help bring you up to speed and generate momentum.”**

## Change Management

Compliance will demand more than shifting the way you report on your balance sheet. Our change consultants can help you to seize the wider opportunities of a holistic transformation programme. The ability to manage change of significant proportions that affects people, processes, as well as multiple systems across the organisation is critical. We can provide the right Target Operating Model (TOM) and a strong Programme Management Office in order to consistently deliver the changes required whilst maintaining business as usual and mitigating risk.

**“Our consultants will use their experience in project management to develop your target operating model and change programmes for your people, including training and communications. This will help your leaders and their teams to gain the required knowledge, skills and attitudes, so they can own the change in the longer term.”**

## Data migration and analytics

How you integrate and manage information across teams and third parties will largely determine the ease in achieving compliance. We can help you to certify that data is fit for purpose and well managed, allowing more accurate analysis to reduce risk and aid decision making. Our quality assurance experts are also experienced in client-side assurance, providing real-time guidance around potential setbacks and working with your teams to find alternative solutions.

## Governance and Quality Assurance

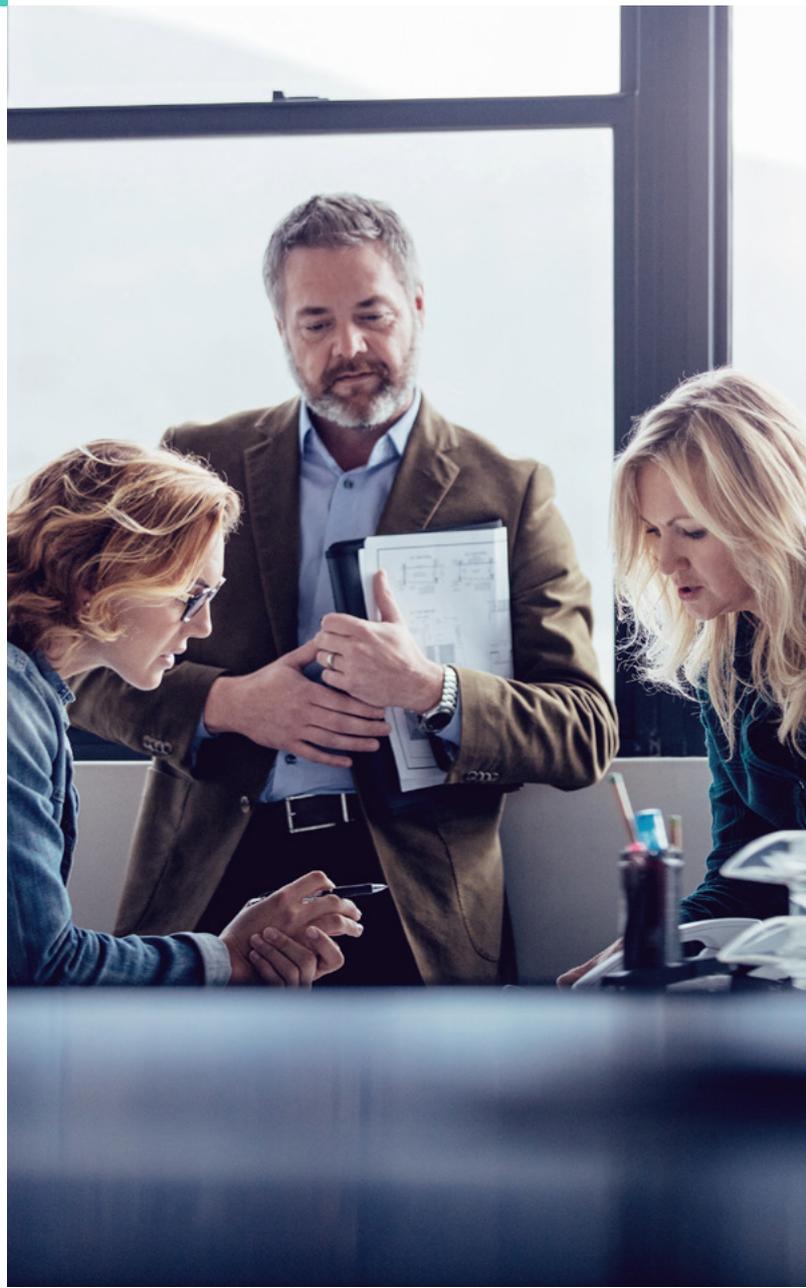
We help ensure the right governance approach is in place to enable visibility and confidence of progress, so you can make relevant changes to your business functions, operating models and human resources that will create organisational efficiencies and synergies that stretch beyond IFRS 17.

**“Firms may already face disruption from remote working following the COVID-19 pandemic, as well as ongoing digital transformation away from legacy systems. Our consultants can help you to fit the pieces of the IFRS 17 puzzle together.”**

## Testing

Firms will need to spend a considerable amount of time and budget in testing the solution, to gain confidence in its effectiveness. Therefore, agreeing on a structured testing strategy and governance from the outset will put that outlay to best use and improve the chances of a successful delivery within the time frame. Moving testing earlier in the programme lifecycle will harvest the benefits of functional, static, systems and component testing throughout the programme. Spreading the intensity of testing is a more successful (and less stressful) approach than scrambling for compliance before go-live.

The IASB has decided to extend the exemption currently in place for some insurers regarding the application of IFRS 9 Financial Instruments to enable them to implement IFRS 9 and IFRS 17 at the same time. While running both in parallel isn't mandatory, it presents a valuable opportunity to test incrementally as you scale up to IFRS 17. Firms could end up parallel testing for six to even 12 months.



# Partner of choice

IFRS 17 is complex, and means multiple levels of change involving people, process and numerous systems, which can lead to high cost and high-risk outcomes. Expleo has an extensive track record of supporting significant transformation programmes in heavily regulated sectors. Our insurance domain expertise combined with our depth and breadth of technical experience in systems testing and data migration will support your firm in delivering this business-critical transformation with confidence.

As your trusted partner, Expleo will help maintain business as usual and protect your reputation.

## Contact us today

### Expleo: Think bold, act reliable

Organisations in technology-intensive sectors must keep changing to operate successfully in today's disrupted world. Agility and speed are more business critical than ever before. Expleo provides the reliability and accountability that ensure our clients' decisions achieve quality outcomes. We help clients' teams to create, test, and scale digital solutions and operationalise at pace. And once they're on the right trajectory, we can ensure they progress and improve continuously. Our vision is to help clients gain sustainable competitive advantage with a constant flow of customer value.



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