

# IFRS 17: a Risk Management Tool

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# Understanding IFRS 17: Beyond Financial Reporting



Global framework for  
insurance contract  
accounting

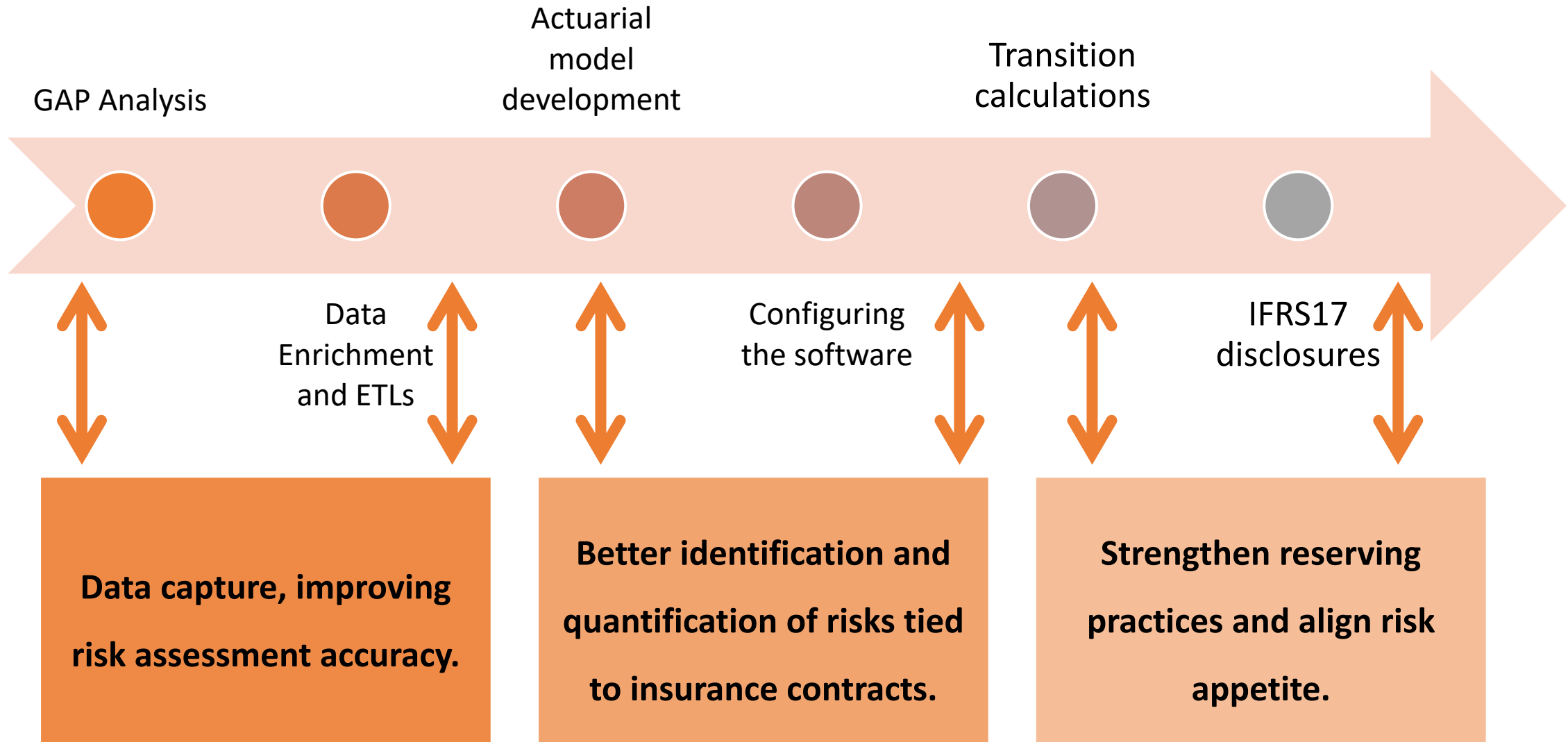


Transparency  
Consistency  
Comparability



Strategic tool for  
enhanced Risk  
Management

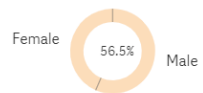
# IFRS 17 - Risk Identification and Mitigation



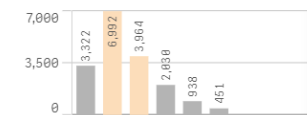
# Cash Flow Projections Under IFRS17

In-force Premium Analysis

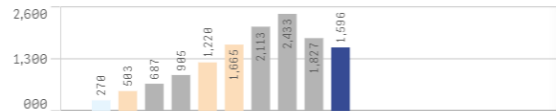
Policies by Gender



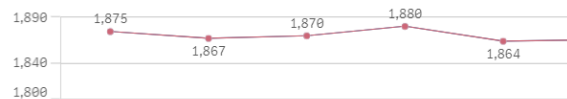
Average Premium (1,825)



Average Premium (In Force) by Age Group



Historical Trend (Avg In Force Premiums)

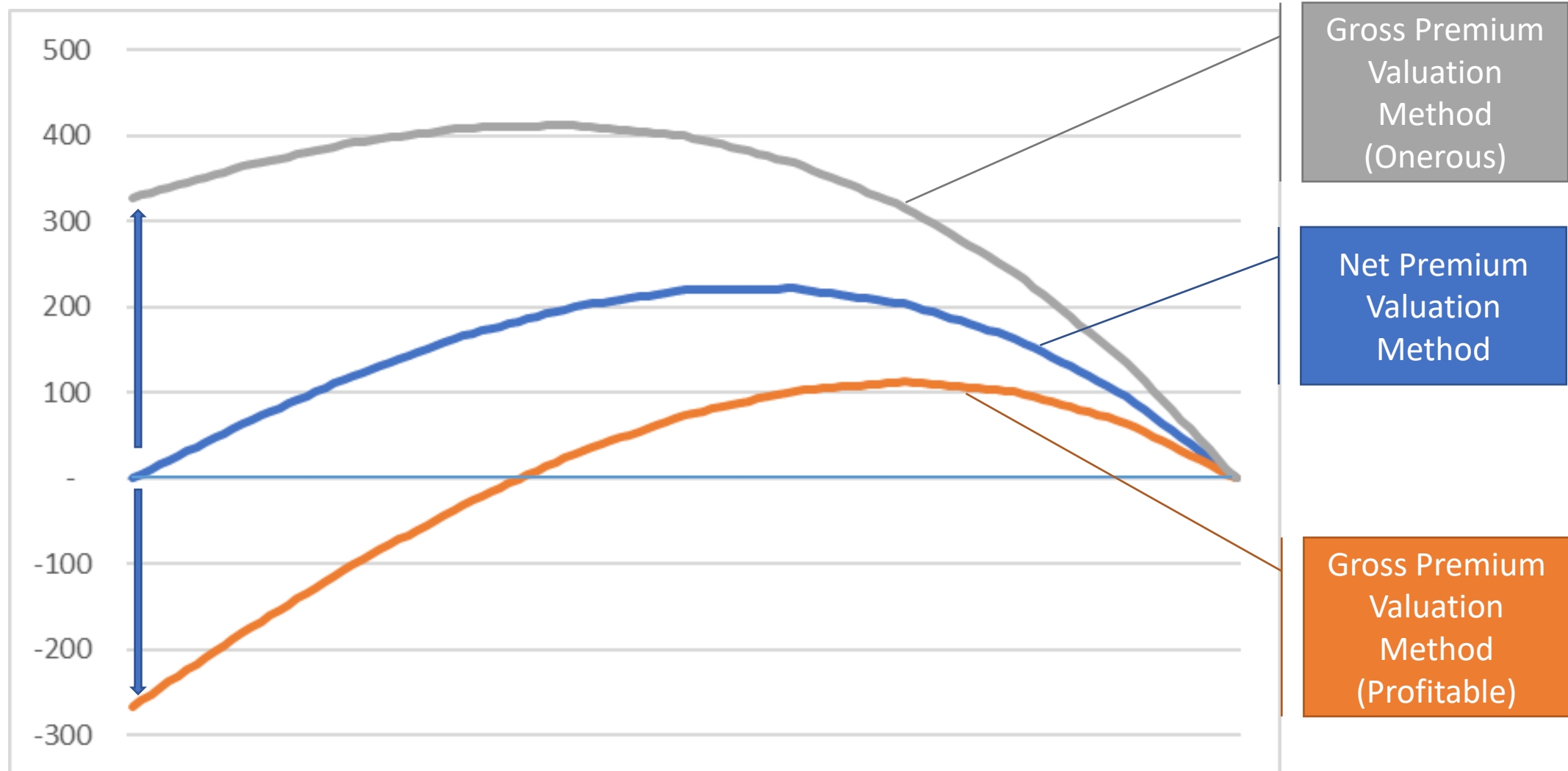


Financial Planning and Analysis

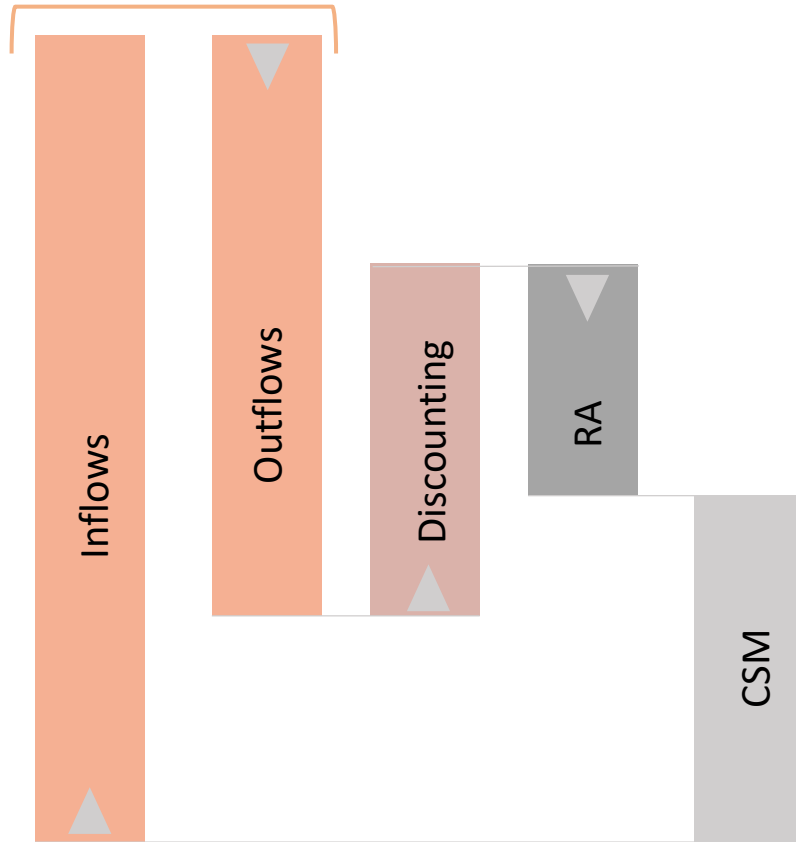
Capital Management

Pricing and Product Design

# Current Practice: Liabilities



# Contractual Service Margin (CSM)

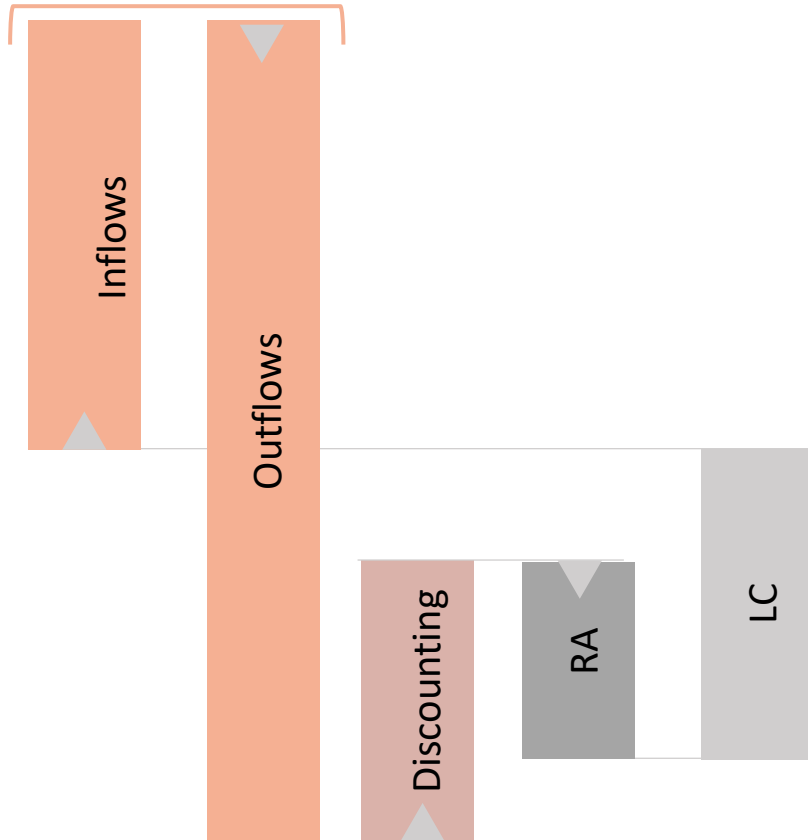


Unearned profit of an insurance contract.

Stabilize profit recognition over the lifetime of contracts

Allows insurers to adjust and manage their profit realization strategies based on performance

# The Loss Component in IFRS 17



Recognized when a group of insurance contracts is loss-making

To show the financial impact of loss-making contracts

Acts as an early indicator of potential financial distress from specific contracts.

# Onerous and Non-Onerous Contracts

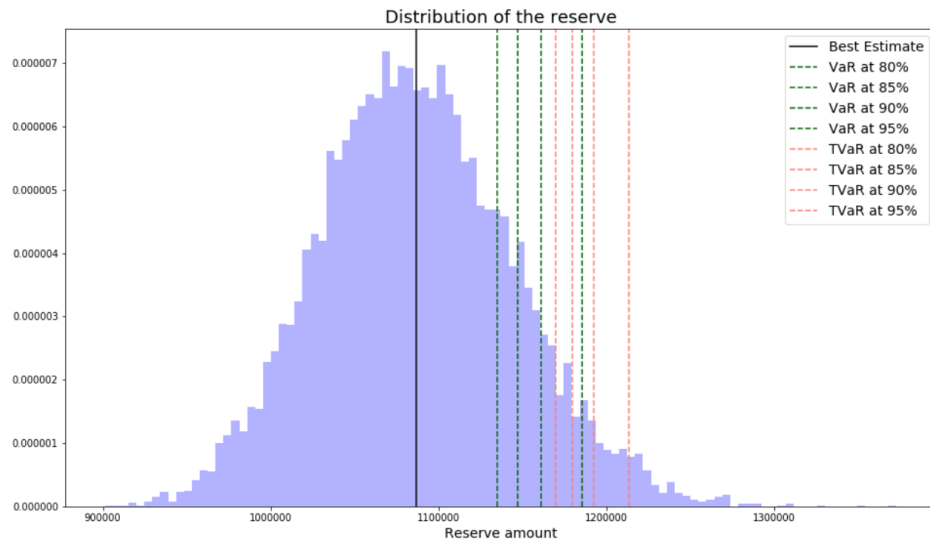
**Study the  
profitability of the  
business**

**Financial Reserves  
and Capital  
Requirements**

**Pricing Strategy  
Adjustments  
Enhances  
transparency for  
stakeholders**

**Aids in making  
strategic**

# Risk Adjustment for Non-Financial Risk



Provide a more accurate estimation of the liabilities

Financial buffer to absorb unexpected losses

Enables insurers to incorporate a margin of prudence in their liability estimation,

# What the companies are expecting future Actuaries to do?

Monitor business performance in real time

Provide results to stakeholders where and when they need them

Close the books in short period of time and fully explain what drove the results

Identify profitable customer segments/ guide sales to those customers

To have a deeper understanding of their business optimizing business processes

# Conclusion

IFRS 17 is more than an  
accounting change

It's a strategic  
enhancement to how  
we view and manage  
risk in the insurance  
industry



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# THANK YOU.....