

High Level IFRS 17 / IFRS 9 first application key messages

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IFRS 17 / IFRS 9 first application key messages

As of 1 January 2023, listed insurance companies have started applying IFRS 17 and IFRS 9 for classifying and measuring insurance contracts liabilities and financial instruments instead of IFRS 4 and IAS 39. While a few companies are expected to publish their first IFRS 17 / IFRS 9 results in interim financial statements for Q1 2023, for most insurance companies the first financial reports compliant with IFRS 17 and IFRS 9 are expected to be published as part of this year's half-year reporting.

- **Insurer's business model, their cash flow generation capability, and Solvency position remain the same.** The adoption of IFRS 17 and IFRS 9 are merely accounting changes. Insurers' underlying business strategy and capital management are not directly impacted by their implementation.
- **IFRS 17 and IFRS 9 are generally considered to bring more comparability and increased transparency to insurers' financial statements.** Transparent and comparable communication will be beneficial to all stakeholders, though it may require more upfront work to get familiar with the new accounting model applied. Furthermore, the new accounting standards provide a strong foundation for more streamlined and insightful communication about insurers' financial performance, which both internal and external stakeholders will greatly value from.
- **IFRS 17 and IFRS 9 are expected to impact each insurance company differently.** The application of IFRS 17 and IFRS 9's overall impacts will differ for insurance undertakings based on their underlying business models, their specific circumstances and previous reporting environment and practice.
- **Time is needed for the reporting practice to establish itself and to allow all stakeholders to develop a common understanding which KPIs are best to use when assessing IFRS 17 figures.** Insurers have started their communications efforts to the market as early as possible to share their gained insight about the expected implications of the standard. As a matter of fact, the concrete impact, and any forecast for the market on IFRS 17 results can be done on an individual basis only.