



## IFRS 17 - Insurance contracts summary

The IASB published a new standard, IFRS 17 'Insurance Contracts' on Thursday 18 May 2017.

### Key objectives of IASB in introducing this standard

Creating one single IFRS accounting model for all types of insurance contracts.

- Increasing transparency by adopting the new accounting model and
- Align insurance accounting with the general IFRS accounting of other industries.

Insurance companies have been waiting for a long time to have a single global accounting standard that fits their unique and complex industry.

### Applicability

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023 and it replaces IFRS 4

### Key features

- It applies to insurance contracts, including reinsurance contracts, it issues; Reinsurance contracts it holds; and Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts (unless falls under IFRS 15)

- IFRS 17 reflects the IASB Board's view that an insurance contract combines features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, the Board developed an approach that:

- Combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;

- presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and

- requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognise all insurance finance income or expenses for the reporting period in profit or loss or to recognise some of that income or expenses in other comprehensive income.

*Prepared by: Rishi Chawla, Partner*

*If you want to discuss more IFRS 17, please drop us an email at [info@premier-brains.com](mailto:info@premier-brains.com) or call us at + 971 4 3542959.*

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- Company incorporations (under group entities)