

Moody's Analytics - PwC Small Insurers Webinar



February 2021



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Speakers – PwC Canada



Joe Soga



Andre Gauthier



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Speakers – Moody's Analytics



Srinivasan Iyer
IFRS17 Global SME



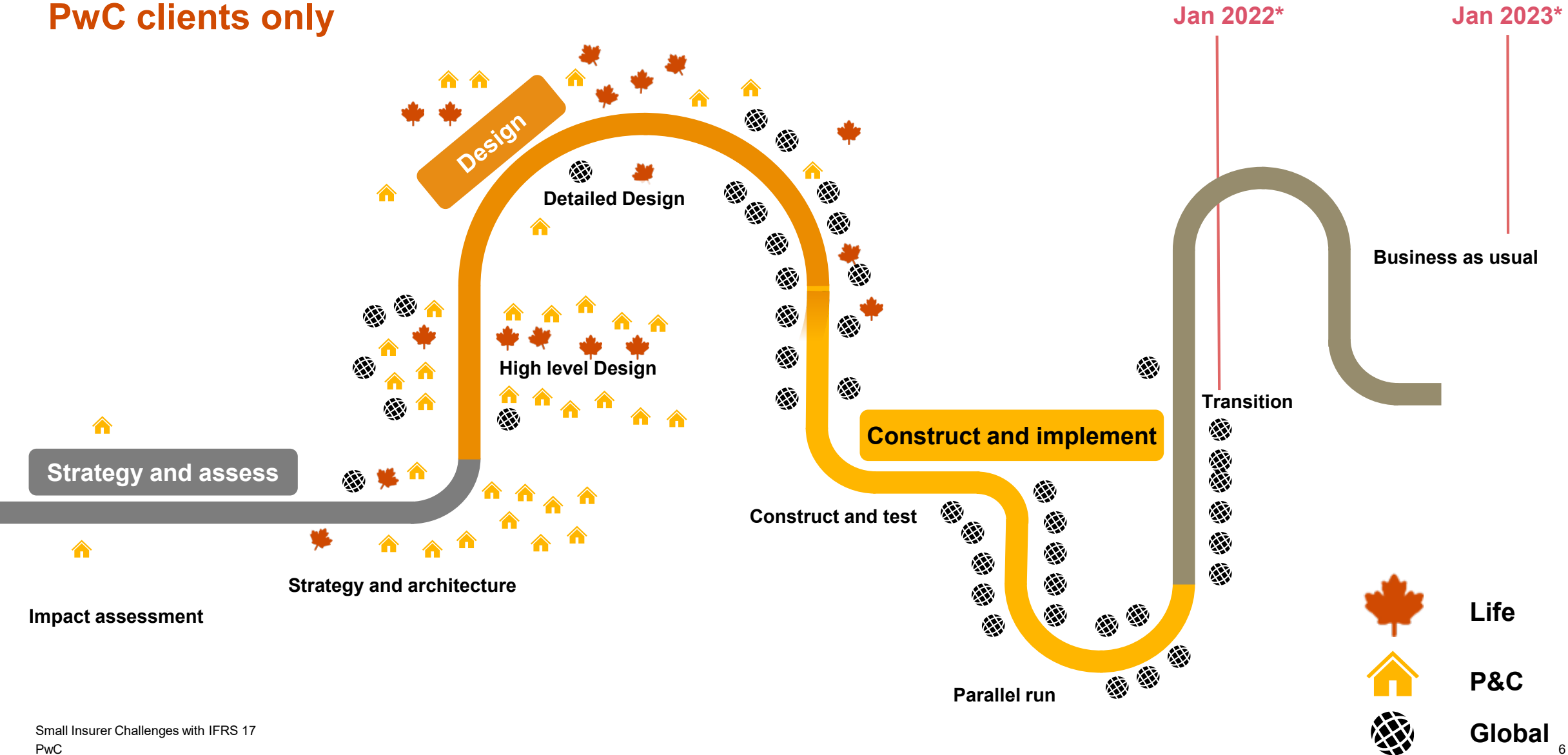
Manuel Martinez
IFRS17 Implementation
Specialist

Agenda

- PwC Industry Survey Results
- Data Management
- Measurement Models
- Accounting & Financial Reporting
- Q&A, Wrap up & Resources

Canadian & Global progress - January 2021

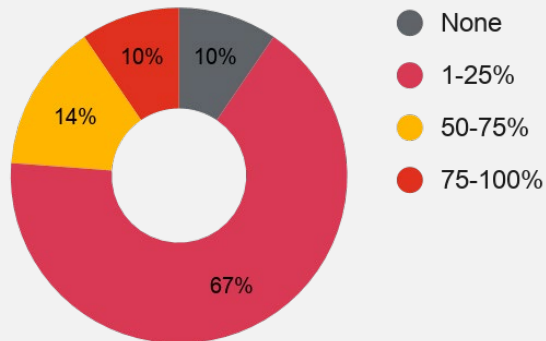
PwC clients only



PwC Survey Insights

PAA Eligibility Testing

While over **95%** of P&C insurers believe that most of their business will qualify for PAA, but **75%** of respondents intended to perform minimal eligibility testing



IT Impact

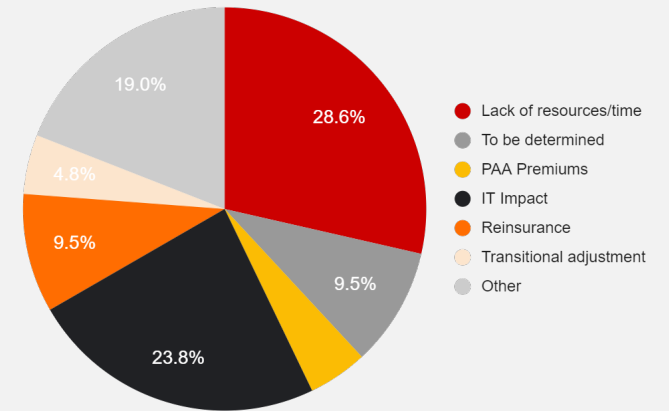
>90% Intend to have a Data Warehouse

24% Need to set up a new Data Warehouse

67% Leverage an Existing Data Warehouse

70% Using a vendor-supplied IFRS17 solution

Primary Implementation Challenge



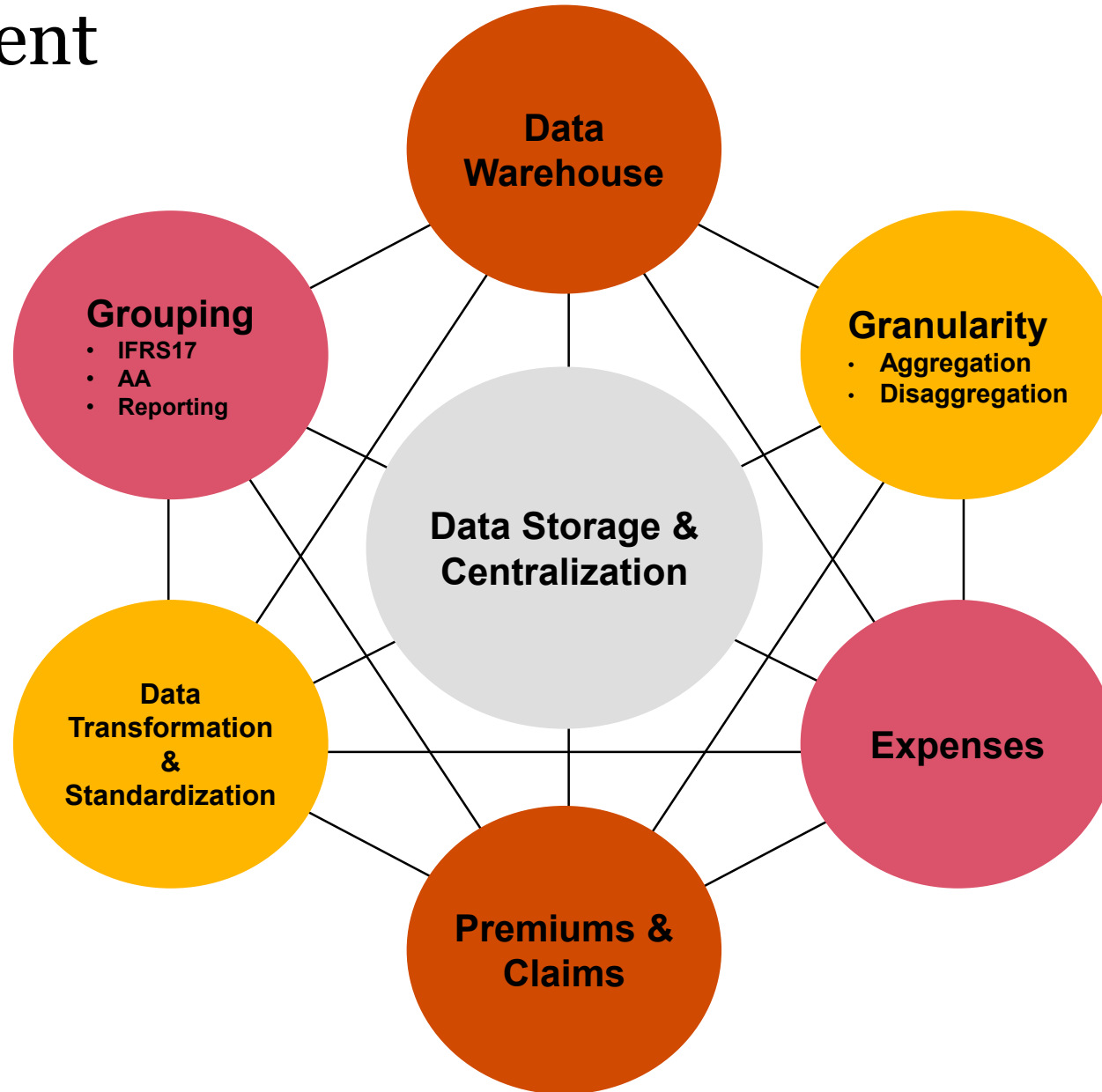
29% Lack of resources/time

24% IT Impact

30% Other & TBD

Data management

Data management



Data management

Premiums & Claims

Pain Points:

- Granularity
- Received vs Written

Considerations:

- Data tagging to include date
- Accounting Rules

Data Transformation & Centralization

Pain Points:

- Destination for aggregated data
- Legacy systems

Considerations:

- Interdependency of all systems
- Where are transformations performed

Measurement models

Measurement models

Expense Allocation

PAA Eligibility and Proof

Onerous Contracts & Loss Component

Discount Rate & Liquidity Risk

Risk Adjustment

CSM

Reinsurance

Disclosure

KPI

Integration of Actuarial and Accounting



Measurement models

Expenses

Pain Points:

- **Classification of expenses**
- **Expense allocation**

Considerations:

- **Attributable vs Non-Attributable**
- **Acquisition vs Maintenance Expenses**

PAA Eligibility

Pain Points:

- **Materiality**
- **Assumptions required for GMM**
- **Onerous contracts**

Considerations:

- **Discuss level of evidence required with auditors**
- **Contract boundary**
- **Loss ratios**

Measurement models

Reinsurance

Pain Points:

- PAA Eligibility
- Non-Proportional Reinsurance

Considerations:

- Risk-attaching policies
- Offsetting Loss Component

Discount Rates

Pain Points:

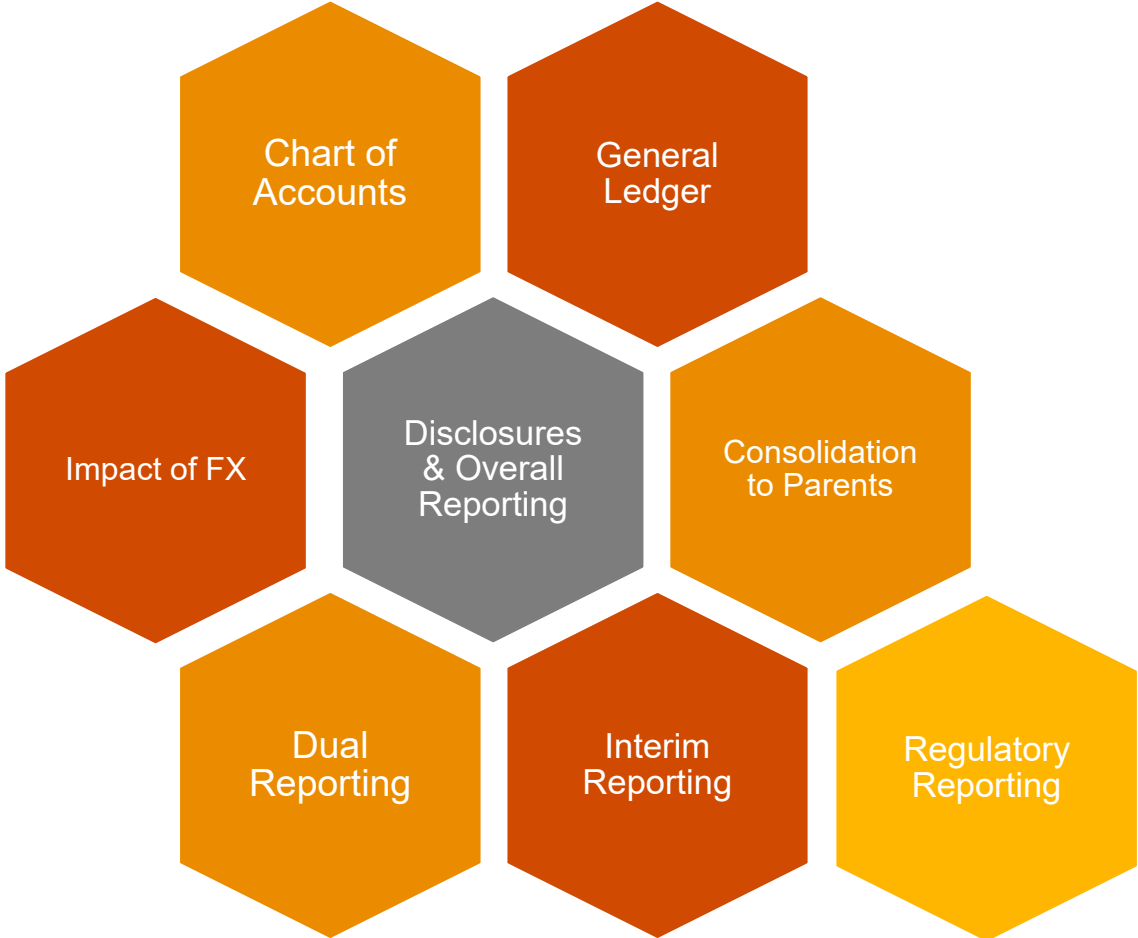
- Liquidity premium
- Currency of transactions
- Responsibility shifts

Considerations:

- Multiple discount rates for multiple liquidity levels
- Possibly separate rates by currency
- Integration of Finance and Actuarial

Accounting & financial reporting

Accounting & Financial Reporting



Accounting and financial reporting

General Ledger

Pain Points:

- Storage of information
- IFRS17 Chart of Accounts
- 2022 Parallel run
- Multi-GAAP Reporting

Considerations:

- IFRS17 Engine vs G/L
- In house vs vendor solution
- Maintaining multiple environments

Disclosure

Pain Points:

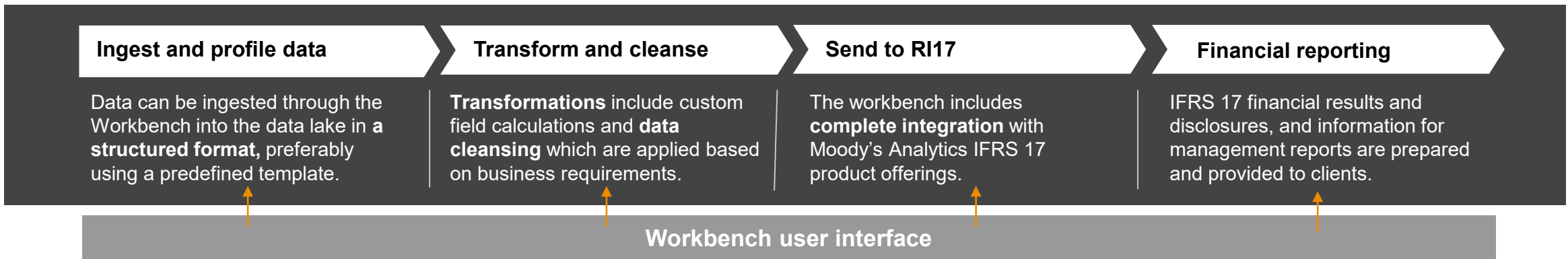
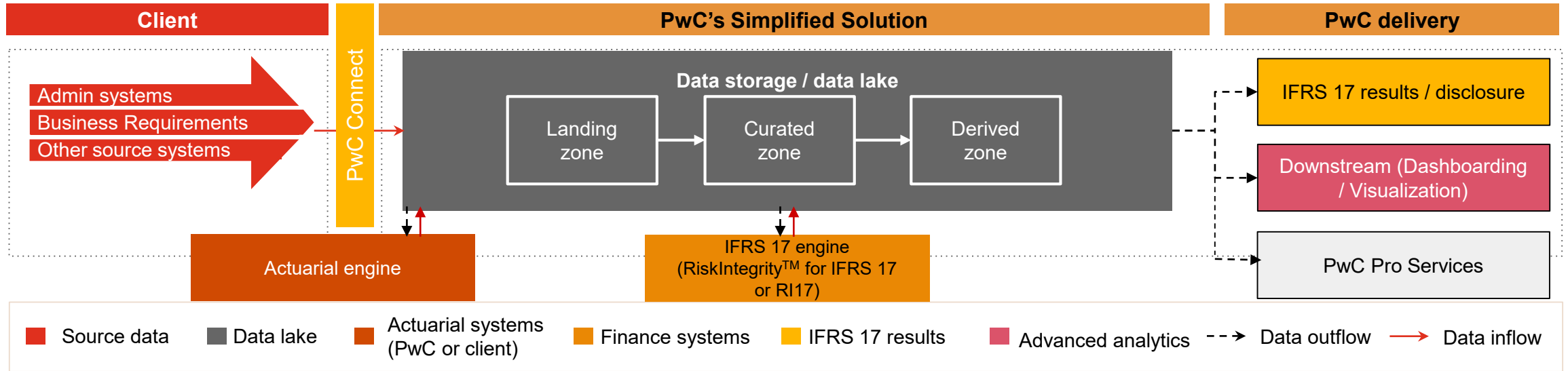
- Roll-forward
- Granularity
- Data sourcing
- Output Template

Considerations:

- Integration of actuarial and accounting
- Auditor buy-in
- G/L vs S/L
- In-house vs predefined

Overview of PwC Simplified Solution for IFRS 17 (SS17)

Using data from your admin system and actuarial engine, SS17 will provide you with the IFRS 17 financial statement journal entries and disclosures you need. The solution is a cloud based service that includes full data management capabilities including curation and standardization for building data models, and supports integration with various actuarial tools, financial reporting systems and downstream applications such as PwC Pro Services.



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Resources

- PwC Industry Insights Blog
https://pwc.blogs.com/industry_perspectives/
- PwC Transition into IFRS17
<https://www.pwc.com/gx/en/audit-services/ifrs/publications/ifrs-17/transition-to-ifrs-17.pdf>
- PwC Canada IFRS17 Homepage
<https://www.pwc.com/ca/en/industries/insurance/ifrs17.html>
- Simplified Solution for IFRS17
<https://www.pwc.com/ca/en/industries/insurance/ifrs17/simplified-solution-for-ifrs17.html>



Act with
integrity



Make a
difference



Care



Work
together



Reimagine
the possible

Who we are

At PwC Canada, our more than 7,300 partners and staff in offices across the country are committed to delivering quality in assurance, tax, consulting and deals services. PwC Canada is a member of the PwC network of firms with more than 284,000 people in 155 countries.

Find out more by visiting us at: www.pwc.com/ca.

Our purpose, vision and values

At PwC Canada our culture is built upon two important building blocks: our purpose and our vision.

Our purpose is to build trust in society and solve important problems. Our purpose is what guides our decisions and shapes our conversations.

Our vision is 'creating leaders, inspiring people and bringing perspectives together to achieve what matters most'. Our vision reflects who we are and what we want to be.

To deliver on our purpose and realize our vision, we're guided by our values which are: Act with integrity, Make a difference, Care, Work together, and Reimagine the possible. Our values are what we have in common and define how we behave and work with our clients, communities and each other.

New world. New skills.

The speed of technological change and lack of qualified talent is creating a broadening gap between the skills people have and those needed for a new world. There is an urgent need for organizations, governments, educators and citizens to come together to fix this growing problem. PwC Canada is committing \$150 million over the next three years to upskill its 7,850 people to be future ready and to share their knowledge to support clients and communities. In addition to upskilling its own people, PwC Canada is also committed to providing upskilling to 1 million people and NPOs across Canada to help them maximize their potential.

To learn more, visit: www.pwc.com/ca/newworldnewskills