

# Delivering strategic value and cost savings with an eye toward compliance

## Leveraging the KPMG/SAS alliance to provide an IFRS 17 approach and roadmap



**KPMG assisted a major carrier to assess gaps and prepare a “no regrets” implementation roadmap for over 30 legal entities and jurisdictions around the globe across property and casualty and life products.**

### Context/Client challenge

One of the world's largest international insurance carriers had federated International Financial Reporting Standards (IFRS) reporting to local entities, since consolidation was not needed.

When implementing IFRS 17, the carrier sought to:

- Increase centralization and harmonization, for controls and efficiency benefits
- Relocate accounting close processes from the local entities to offshore resource centers to generate cost savings
- Simplify the IFRS reporting process, including via streamlined IFRS 17 accounting policy interpretations
- Follow the regulatory requirements
- Implement using a “no regrets” approach to balance implementation cost savings and flexibility.

### Approach

KPMG assessed the 30+ global entities in risk-weighted tiers, based on entity size, product mix, and local regulatory conditions—including IFRS 17 adoption expectations. In-depth workshops and procedures included:

- **Accounting:** Initial portfolios were defined and contract boundary issues identified via contract level review
- **Actuarial:** PAA eligibility and onerous contract testing executed on more than 35 (re)insurance products
- **Data:** Key data elements and significant gaps identified for sourcing into the SAS data model
- **SAS implementation:** Actuarial prototype cash flows staged into the SAS sandbox; LRC and LIC balances tested compared to with accounting desktop tools
- **Operating model:** Identified close processes changes needed for pivot to SAS-centric, offshore business-as-usual model.

### Benefits

Insights helped the client to:

- Quickly identify which approximately 20 percent of products have a significant possibility of GMM treatment
- Facilitate hard risk and budgetary choices, concerning which activities are needed immediately under “no regrets” approaches, versus where waiting maintains flexibility
- Focus accounting policy development on items with the greatest impact on implementation (e.g., PAA eligibility, contract boundary, reinsurance, expenses, transition)
- Fast-track SAS IFRS17 solution procurement and infrastructure development, to provide a stable core for upstream actuarial and data and downstream accounting teams to build out from
- Engage country executives, with holistic views of the implementation process and end state
- PMO a lean, effective, SAS-based IFRS 17 implementation.

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