

The Moody's Analytics suite of software solutions, models, content, and services helps support the new requirements of IFRS 17 Insurance Contracts. Our modular and flexible design helps enable interoperability with your existing infrastructure, build on your existing processes, and support your unique approach for IFRS 17.

On May 18, 2017, the International Accounting Standards Board (IASB) published the final draft of the International Financial Reporting Standard (IFRS) 17 Insurance Contracts accounting standard, along with several supporting documents with guidance and illustration. This new accounting framework impacts the insurance industry around the world and becomes effective for the 2021 reporting year.

The standard applies a principles-based approach which requires interpretation, and practices will likely evolve differently in different markets. Insurers transitioning to IFRS 17 face significant challenges during its implementation. Primarily an accounting-driven standard, IFRS 17 will require greater integration of actuarial and accounting systems, creating significant operational challenges related to data, processes, modeling, governance, and auditability.

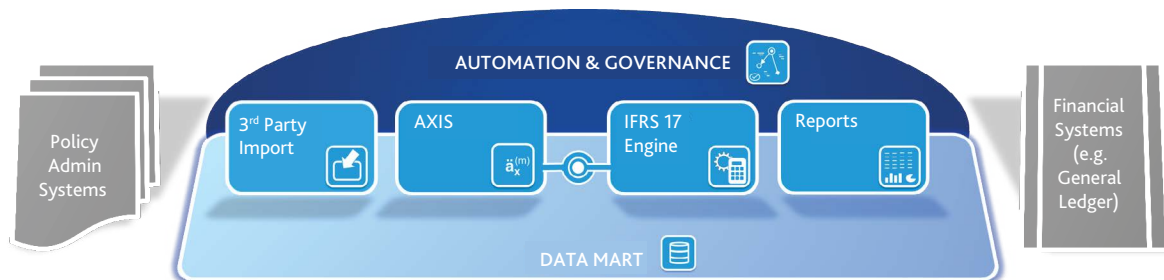
Moody's Analytics is helping insurers to meet these requirements with existing and new functionalities from our models, tools, and software.

|   |  |
|---|--|
| Classification of Liabilities                   | » New Classification Process (Onerous, Non-Onerous, Others)                |
| Development and Management of IFRS 17 Groups    | » New Accounting and Actuarial Processes                                   |
| Source of Earnings Calculations                 | » New Revenue Models   |
| Future Cash Flows on an IFRS 17 basis           | » New Calculation  |
| Calculation of Risk Adjustment                  | » New Calculation Model  |
| Calculation of Contractual Service Margin       | » Three new Calculation Model  |
| Unlocking, Releasing and Tracking of RA and CSM | » New Tracking/ Releasing Mechanism<br>» New P&L Attribution Rules         |
| Disclosures and Internal Reports                | » New Set of Disclosures<br>» New Metrics to Monitor Business Performances |
| Data  | » Storage of Cash Flows, Assumptions, CSM/RA Values, Changes               |

## Integrate Models, Data, and Actuarial Expertise into Powerful IFRS 17 Solutions

IFRS 17 introduces significant changes into the financial accounting process. Moody's Analytics data, models, and tools support market-consistent valuation of liabilities, as required by the new IFRS 17 standard. Our suite of actuarial, data, and modeling solutions also addresses the data and process governance challenges introduced with IFRS 17.

Our solutions reduce the need for manual processes and ensure that calculations are carried out in a controlled environment with auditability, reporting, and archiving capabilities. Improving automation, governance, and controls over the IFRS 17 process reduces production time and helps managers and auditors feel confident about the results.



Moody's Analytics IFRS 17 Solution: End-to-End Modularity and Efficiency

IFRS 17 includes new disclosure requirements, in more detail, depth, and granularity than before. Our finance, risk, and actuarial data models have been enriched to facilitate storage of the information required for IFRS 17, financial statements, general ledger posting, and required management reporting.

## Produce IFRS 17 Calculations

Among the new requirements and depending on which accounting model applies, IFRS 17 introduces the need for insurers to generate new revenue recognition profiles, new balance sheets, and revenue items using several new or revised calculations, including:

- » Present value of expected future cash flows on an IFRS 17 best estimate basis.
- » Risk adjustment to reflect the uncertainty in the non-finance cash flows.
- » Contractual service margin, which is a new calculation representing unearned profit.

Moody's Analytics provides a comprehensive set of actuarial solutions that can process the various calculations required under IFRS 17. Our modular solutions facilitate insurers' efforts to address IFRS 17 requirements while integrating with existing systems.

## Benefit from Moody's Analytics AXIS™

Moody's Analytics IFRS 17 solution includes the option to use our AXIS actuarial system to produce the cash flows required for valuation. A full service actuarial engine, AXIS can produce an IFRS 17 financial statement at a specified reporting date, and provide a future new business forecast, allowing insurers to plan their future balance sheet and income statement.

Support for IFRS 17 in AXIS is consistent with existing financial frameworks focused on the following actuarial applications:

- » Stochastic valuation of actuarial liabilities, and supporting data needed for current financial reporting of balance sheet values, and related actuarial validation and audit support activities.
- » Realistic financial projections related to modeled life, annuity, and disability/health contracts, and their associated investments to support risk analysis, ALM, business planning, and reporting.
- » Analysis of movement in actuarial liabilities between reporting dates and of actual to expected earnings

AXIS supports the actuarial functions for both IFRS 17 and existing financial frameworks simultaneously in one integrated solution. AXIS has been enriched to support functions for both IFRS 17 and existing financial frameworks simultaneously in one integrated model.



## CONTACT US

Find out more information about Moody's Analytics award winning products and solutions.

[www.moodyanalytics.com/contact-us](http://www.moodyanalytics.com/contact-us)

### CONTACT DETAILS

Visit us at [moodyanalytics.com](http://moodyanalytics.com) or contact us at a location below.

#### AMERICAS

+1.212.553.1653  
[clientservices@moody.com](mailto:clientservices@moody.com)

#### EMEA

+44.20.7772.5454  
[clientservices.emea@moody.com](mailto:clientservices.emea@moody.com)

#### ASIA (EXCLUDING JAPAN)

+852.3551.3077  
[clientservices.asia@moody.com](mailto:clientservices.asia@moody.com)

#### JAPAN

+81.3.5408.4100  
[clientservices.japan@moody.com](mailto:clientservices.japan@moody.com)