

International Financial Reporting for Insurers Certificate Pilot Program

Learning Outcomes and Objectives

Module 1 – Basic Concepts of IFRS® Standards

Learning Outcome

The participant will understand the basic concepts in International Financial Reporting Standards applicable to insurance products.

Learning Objectives

1. Explain the conceptual framework of the International Financial Reporting Standards.
2. State the definition of an insurance contract. Identify an insurance contract within the scope of IFRS 17.
3. Identify components within an insurance contract and explain the appropriate treatment of each component according to IFRS 17.
4. Identify portfolios of insurance contracts for a given fact pattern. Apply principles for separating each portfolio into groups of contracts.
5. Determine the contract boundary and coverage period given the facts and circumstances of an insurance contract.
6. Explain recognition and derecognition requirements for insurance contracts and how contract modifications should be treated.
7. Identify the main components of the general measurement model for insurance contracts.

Module 2 – The General Measurement Model.

Learning Outcome

The participant will understand (and be able to apply) the general measurement model (GMM) for insurance contracts on initial recognition and subsequent measurement.

Learning Objectives:

1. Explain the general approach for determining an initial liability amount on recognition of an insurance contract and calculate such an amount for a given fact pattern.
 - a. Describe the future cash flows to be included in the measurement. Identify common approaches for estimating projected values.
 - b. Explain the need for a risk adjustment for non-financial risk and apply common techniques for calculating such an adjustment.
 - c. Explain the requirements for determining discount rates. Compare and contrast the bottom-up approach with the top-down approach.

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2. Explain the concept of a **contractual service** margin (CSM) for profitable contracts, or loss component (LC) for onerous contracts. Calculate such amount on initial recognition of a group of contracts for a given fact pattern.
3. Identify and calculate the insurance acquisition cash flow amounts that are included in the measurement of a group of contracts at initial recognition and determine the amortization and recovery of these amounts in each reporting period.
4. Calculate the following amounts on subsequent measurement:
 - a. CSM/LC
 - b. The liability for remaining coverage (LRC)
 - c. The liability for incurred claims (LIC)

Module 3 – Variations on the General Measurement Model

Learning Outcome

The participant will understand the modifications to the General Measurement Model and be able to apply the appropriate accounting model to the insurance products for life insurers, general (i.e., property and casualty) insurers, reinsurers, takaful operators and mutual insurers.

Learning Objectives:

1. Calculate the core financial reporting elements for a contract or group of contracts using the premium allocation approach (PAA)
 - a. Describe the eligibility criteria for application of the PAA
 - b. Explain the treatment of acquisition cash flows under the PAA
 - c. Calculate liability on initial and subsequent recognition for a given fact pattern
2. Calculate the core financial reporting elements for a contract or group of contracts using the variable fee approach (VFA).
 - a. Identify contracts with direct participating features
 - b. Compare and contrast the CSM roll forward under the VFA vs. the GMM
 - c. Calculate the insurance contract liability on initial and subsequent recognition
3. Apply the GMM and PAA to reinsurance contracts held
 - a. Identify the modifications in the application of the GMM to reinsurance contracts held when compared to direct contracts with respect to initial recognition and subsequent measurement
 - b. Calculate the loss recovery component on initial recognition of a group of reinsurance contracts held corresponding to onerous underlying contracts being recognized
 - c. Calculate the required assets on reinsurance contracts held for a given fact pattern

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Module 4 – Accounting Policies, Presentation and Disclosures

Learning Outcome

The participant will understand the impact of accounting policy choices on measurement and be able to apply the presentation and disclosure requirements of applicable IFRS Standards for an insurance company.

Learning Objectives:

1. Describe the rationale for accounting policy choices provided by IFRS 17 and explain the impacts on financial results.
2. Explain and interpret the accounting concepts related to:
 - a. IFRS 9 - Financial assets and financial liabilities that are not insurance contracts,
Hedge accounting
 - b. IAS 12 - Income taxes,
 - c. IFRS 15 - Service contracts, and
 - d. IFRS 13 - Fair Value of liabilities on transition or business combination
 - e. IAS 34 – Interim reporting
3. Calculate and justify the movement and reconciliation of key items in an insurer’s statement of financial position (balance sheet) and statement of financial performance (income statement).
4. Calculate significant disclosure items in the financial statements. (insurance revenue, insurance expense, insurance finance income or expense) and be able to explain the key drivers that impact them
5. Explain financial results to their peers, management and other stakeholders
6. Propose and support recommendations related to financial results in the role of a business advisor.

Module 5 – Application and Implementation of IFRS

Learning Outcome

The participant will understand the potential organizational and financial impacts of adopting IFRS 17

Learning Objectives:

1. Identify significant organizational issues related to the potential operational and financial impact of IFRS 17 on an insurer’s financial statements.
2. Identify significant regulatory resources related to implementation in a variety of key jurisdictions in which an insurer may operate under IFRS 17.
3. Explain key transition considerations for an insurer’s financial reporting elements with respect to the implementation of IFRS 17.
4. Perform calculations in the application of the transition approaches set out under IFRS 17.
5. Propose and support recommendations related to financial results on adoption of IFRS 17.
6. Business combinations
7. Identify circumstances when a business combination is deemed to occur

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8. Determine financial impacts for a given set of facts
9. Communicate financial impact to stakeholders

Module 6: Actuarial Financial Reporting Process

The participant will understand the key requirements of an actuarial financial reporting operating model to support IFRS reporting requirements, including data, processes and controls.

Learning Outcomes

1. Explain the role of the actuary in financial reporting under IFRS Standards.
2. Explain the operational aspects of an actuarial financial reporting process.
3. Assess the appropriateness of available data to support modeling.
 - a. Assess the sufficiency of available data.
 - b. Interpret the potential impact of sampling methods and data consolidation on outcomes.
 - c. Identify steps to deal with deficiencies in data including adjustment to the data or the outcomes.
4. Explain the potential new modeling requirements arising from IFRS 17 and the key practical applications of generally accepted model governance principles to the resulting changes.
5. Identify principles and regulatory considerations for satisfying auditors as to the appropriateness of controls surrounding the financial reporting process.