



**SOA Predictive Analytics Seminar – South Korea**  
**30 Aug. 2019 | Seoul, South Korea**

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## **Session 6**

**Exponential actuary - How will the role of  
Actuary be transformed under IFRS17?**

Ka Hei Choi

# Exponential Actuary

How will the role of Actuary be transformed under IFRS 17?

KA HEI CHOI

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30<sup>th</sup> August 2019 | Seoul, South Korea



## Introduction

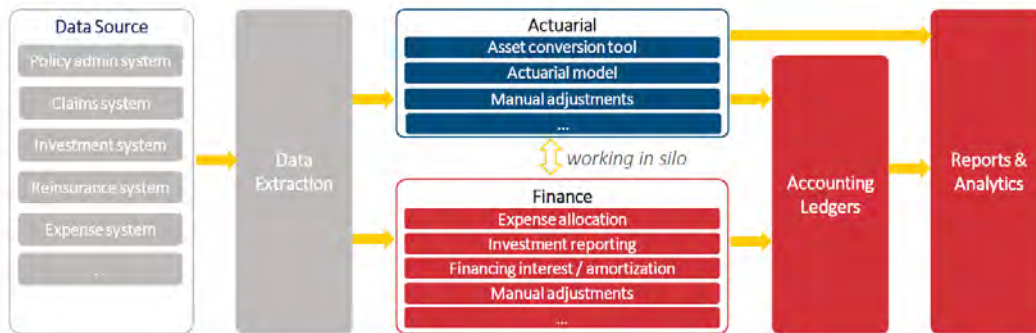
- **IFRS 17** will be effective in 2022\*
- What would be the **impact on Actuaries** in financial reporting?



\* Proposed by International Accounting Standards Board in Exposure Draft ED/2019/4 *Amendments to IFRS 17* published in June 2019

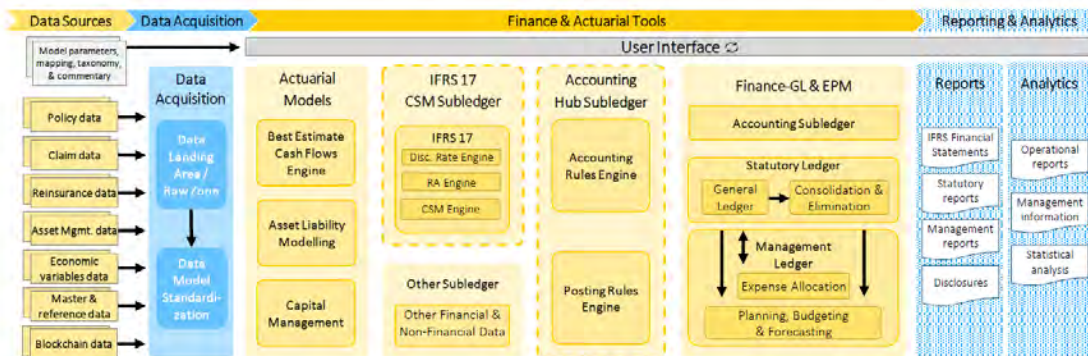
# Traditional Reporting Process

Traditionally, valuation works mainly fall between Actuarial and Finance departments. The division of work is clearly defined with separable deliverables. Limited co-working exists between Actuarial and Finance people.



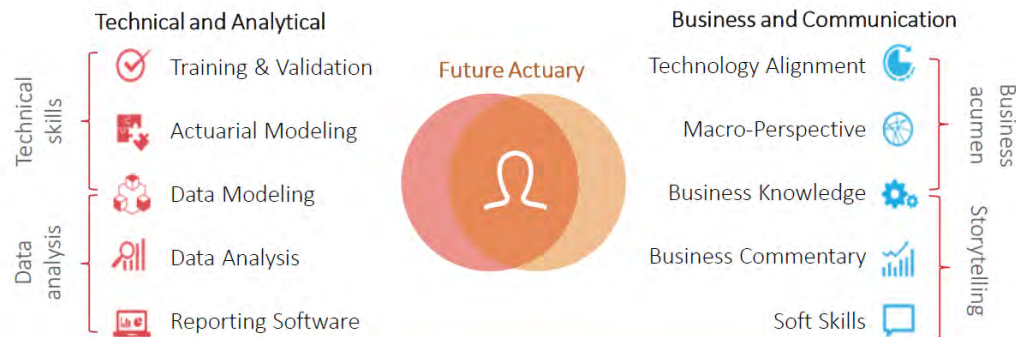
# IFRS 17 Reporting Process

In the future, IFRS 17 valuation involves a series of business and system processes, which requires **close collaboration between Actuarial and Finance**. These processes run from data extraction to cash flow generation and CSM calculation, and stop at accounting posting and financial reporting.



# Future Actuary

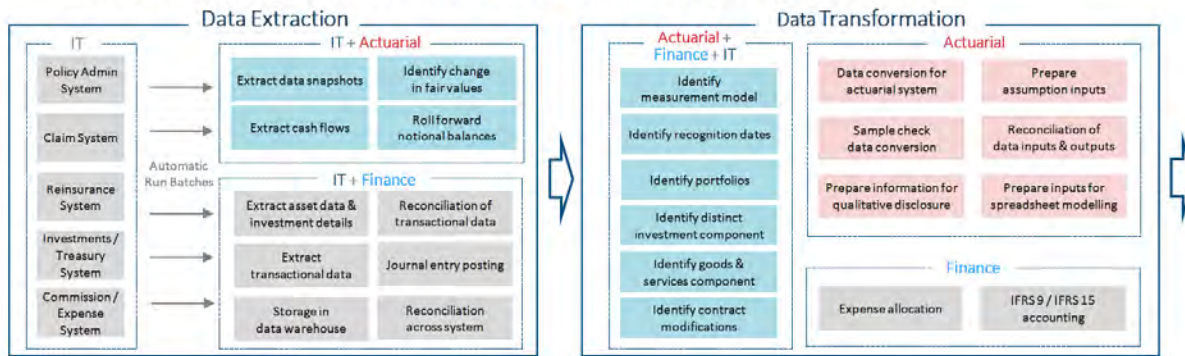
Ability to understand the right business questions, **modelling expertise** to gain the insight and the **presenting capabilities** to communicate insight in a compelling way are important skills for a successful actuary in the digital world.



# A Glance at Future IFRS 17 Process



# Data Extraction and Transformation

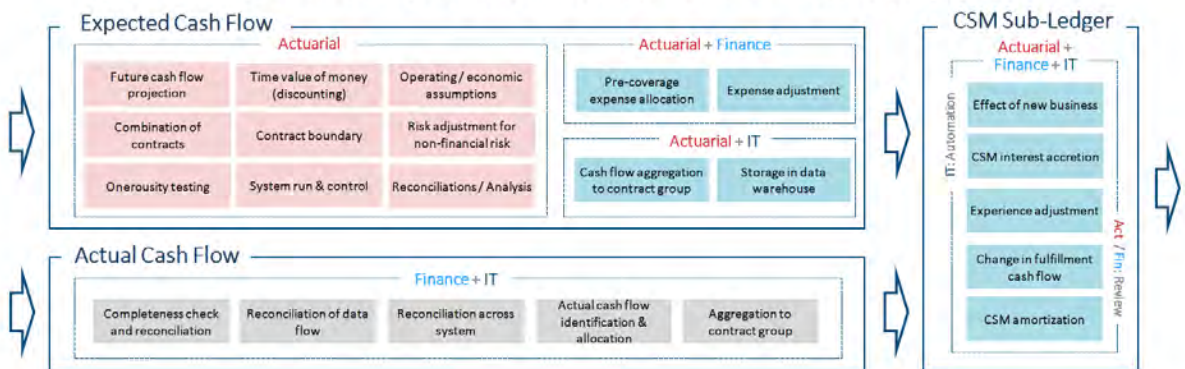


**New Role**  
 Coordinate with data team to perform off-cycle system logic updates

**New Skillset**  
 Possession of 'sense' of data and ability to extract information from massive volume of data

**New Collaboration**  
 Reliance on IT experts to automate data processing

# Cash Flow Generation and CSM Calculation



**New Role**  
 Interpret effect of cash flow movements on CSM of individual contract groups

**New Skillset**  
 IFRS 17 knowledge on how current and future cash flows affect CSM

**New Collaboration**  
 Bring together accounting professionals' understanding of dynamics in "actual" cash flows

# Account Posting and Financial Reporting

Current P/L	Income Statement	IFRS 17 P/L																																																			
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**New Role**  
Analyze and interpret financial results to generate and deliver business insights

**New Skillset**  
Knowledge of financial statements and basic understanding of accounting ledgers

**New Collaboration**  
Leverage on accounting experts in specialized aspects and unique practice of the company

## What's Next?

- 
**Actuarial professionals:** Coordinate with accounting professional bodies to ensure accountants and actuaries acquire relevant knowledge to work together
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**Insurance companies:** Refine the financial reporting process and responsibility matrix for IFRS 17
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**Beyond IFRS 17:** New management information and business planning approach to utilize the more granular data available due to IFRS 17

Questions?

