

eFrame – IFRS17

Release Notes Combined

20/11/2025 - EN

Document History

Version	Date	Signoff
V1.0	2024-07-25	First version, all release versions combined
V2.0	2024-08-16	IFRS17 config 7.1.0 added
V3.0	2025-11-20	eFrame version 6.0.1.11 added

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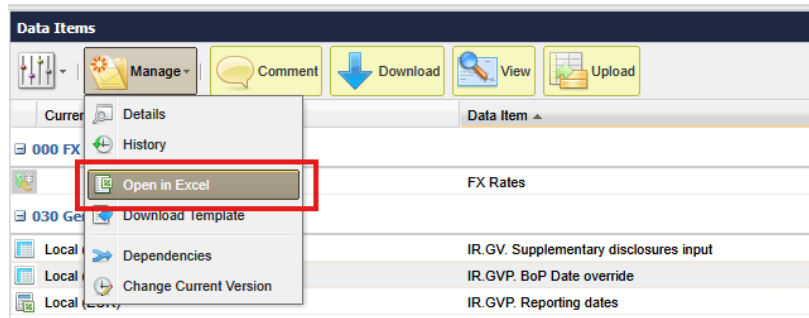
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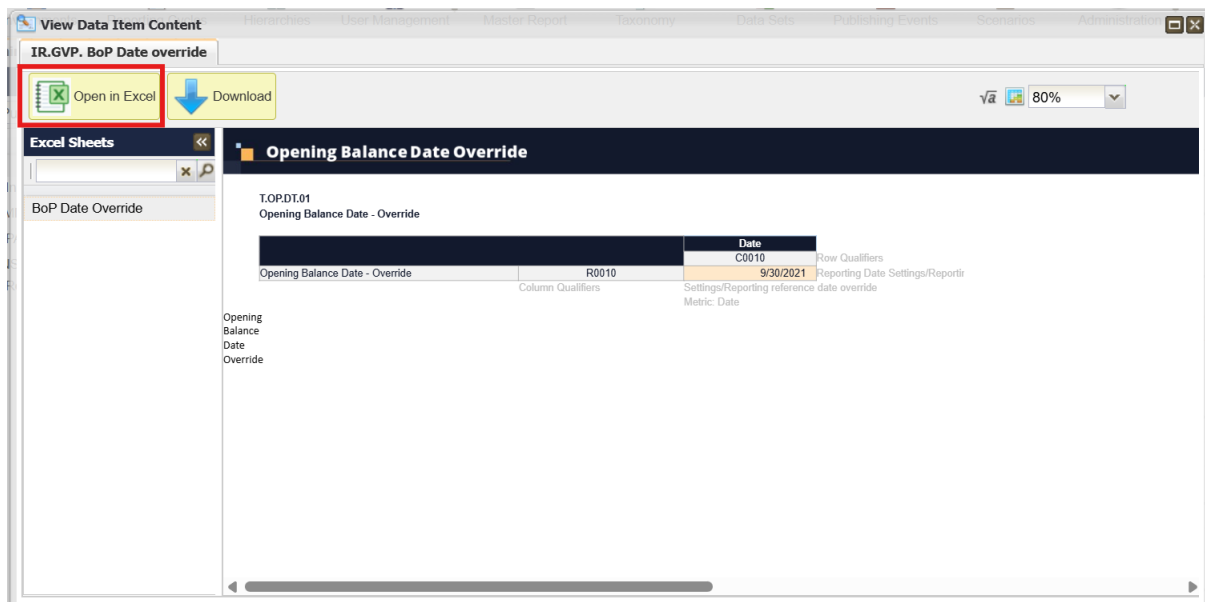
eFrame release 6.0.1.11 (November 2025)

Open in Excel (new)

The system will allow to open and edit Excel workbooks directly from the browser without having to download and upload Excel files. This feature will now facilitate easier data changes in the system. For that purpose there is a new feature added “Open in Excel”:

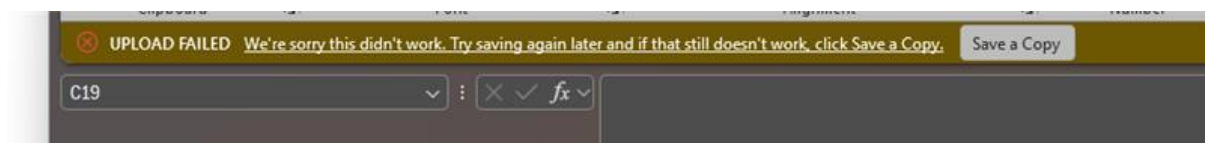


This option is also available from the “View” window:



The button will allow to open the file in the application on the desktop. The user will then be able to change any input and save the file. Saving the file will result in the same behaviour as the “Upload” of the file meaning that the data will be saved in eFrame, the new revision will be created and consumers will be invalidated. The user can also close the file without saving.

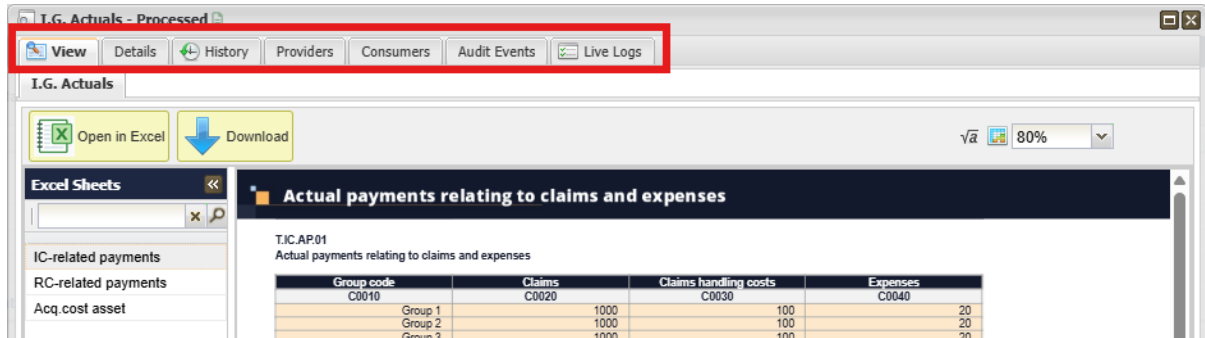
In case of unsuccessful upload (e.g. due to technical validation errors), then the Excel application will return Upload Failed message which will be shown on the top (see screenshot below). The File with errors description will be available for download from the audit events in eFrame.



The same error message in Excel will be visible if Users attempt to save/edit the calculation model since the configuration does not allow to edit calculation models.

Data items details tabs (improvement)

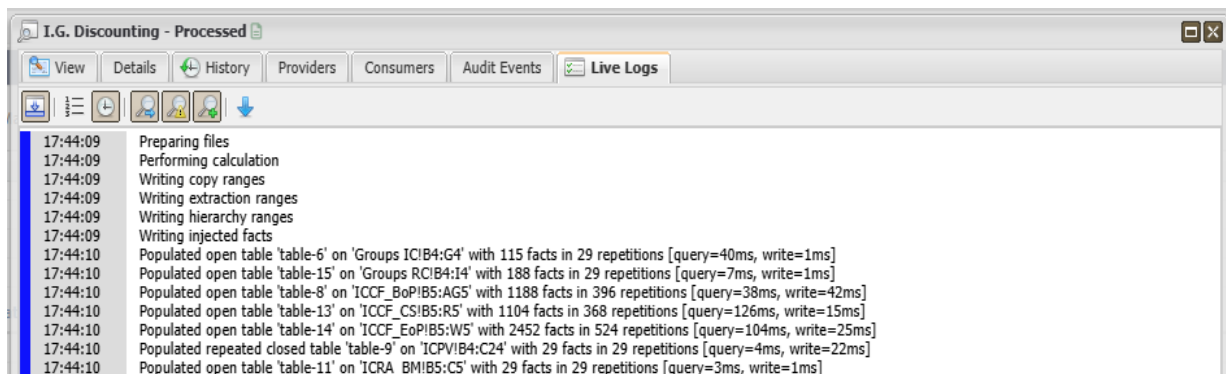
Improvements were made on the Data Item information screen. Upon double-clicking on the data item the window will be displayed with the information tables, providers and consumers, audit events and the viewer. It will allow user to directly access View window by double-clicking.



Live logs

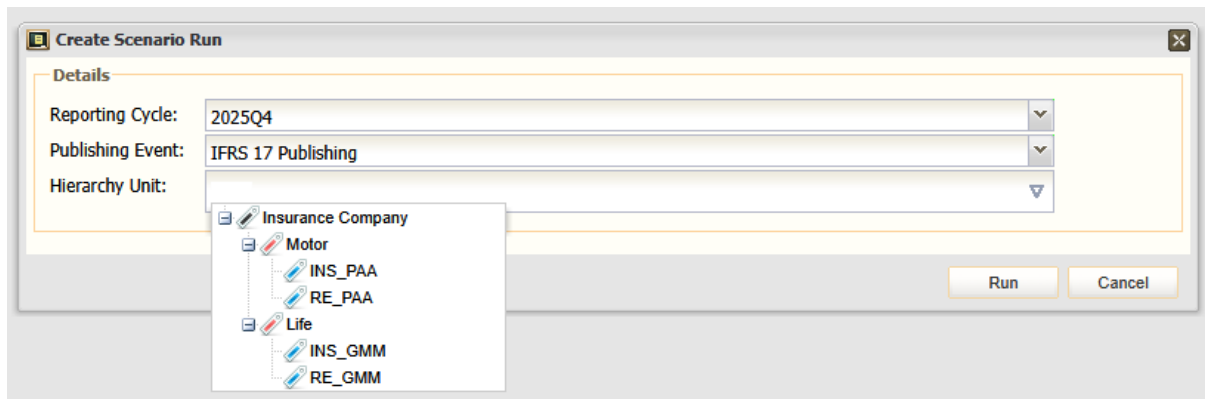
eFrame now offers an enhanced Live logs view upon double-clicking on the data item. The Live Logs window offers now information about calculation and injection times but also information about the injected volumes. This could serve as a review tool and would allow now to track how many repetitions (e.g. groups/cash flow months) were injected into which table and could facilitate check of completeness of inputted values.

Example below from the Discounting model Data Item:

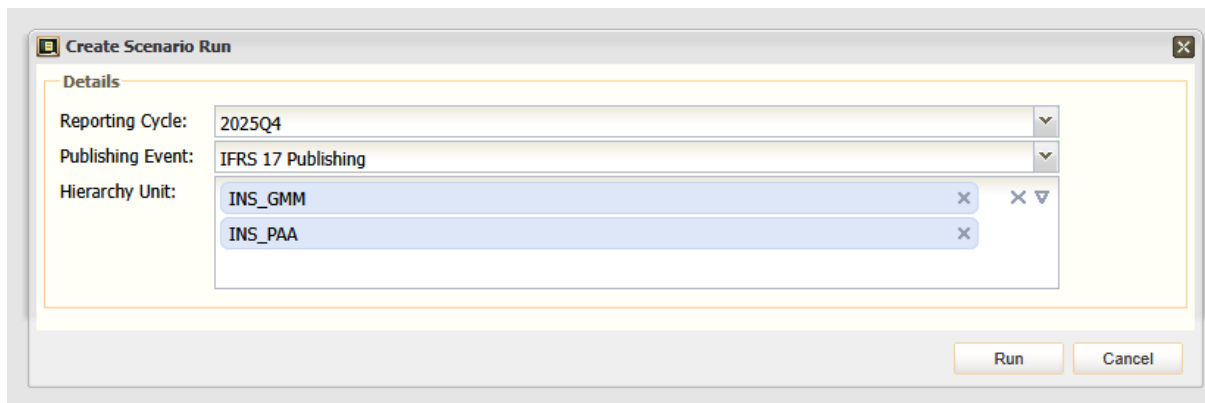


Scenarios – running multiple nodes (improvement)

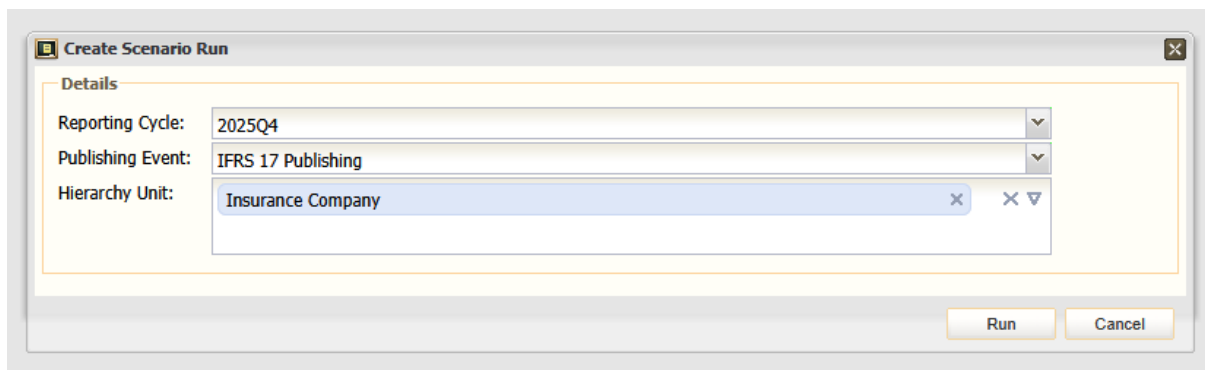
Users are now able to run the whole hierarchy in the “Scenario” screen. When initiating run users are able to select multiple nodes or select an entity-level node:



Example of multiple nodes:



Example of running the whole entity:



After selecting the “Hierarchy Units” eFrame will identify all nodes from the selected node and all its children where the shocked values are assigned (e.g. if shocking interest rates, eFrame will identify all nodes where Interest Rate input is assigned) and will apply the shock to all of those. After shocking all relevant data items eFrame will then recalculate all models in the hierarchy that contain shock output which is impacted by the shocked input (shock output is selected as part of the Scenario Definition, e.g. Profit or Loss).

The final scenario output will contain all shocked nodes in one report:

Hierarchy Unit	Scenario Parameters	Year	Description	Equity	Contract Assets	Contract Liabilities	Profit/Loss
INS_PAA	IFRS 17 Publishing	Year 0		(559,576.55)	652.91	838,571.54	(145,418.40)
INS_PAA	Factor Set 1	Year 0	Interest rate up	(615,534.20)	718.20	922,428.69	(159,960.24)
RE_PAA	IFRS 17 Publishing	Year 0		(197,568.95)	279,836.52	191,459.20	124,904.10
RE_PAA	Factor Set 1	Year 0	Interest rate up	(217,325.84)	307,820.18	210,605.12	137,394.51
INS_GMM	IFRS 17 Publishing	Year 0		(727,449.51)	848.79	1,090,143.00	(189,043.92)
INS_GMM	Factor Set 1	Year 0	Interest rate up	(800,194.46)	933.67	1,199,157.30	(207,948.31)
RE_GMM	IFRS 17 Publishing	Year 0		(256,839.63)	363,787.48	248,896.96	162,375.33
RE_GMM	Factor Set 1	Year 0	Interest rate up	(282,523.59)	400,166.23	273,786.66	178,612.86

Note: this will now allow to assign Interest rate input on root node and reuse in the whole hierarchy and use the Scenario feature.

FX rates – not required (improvement)

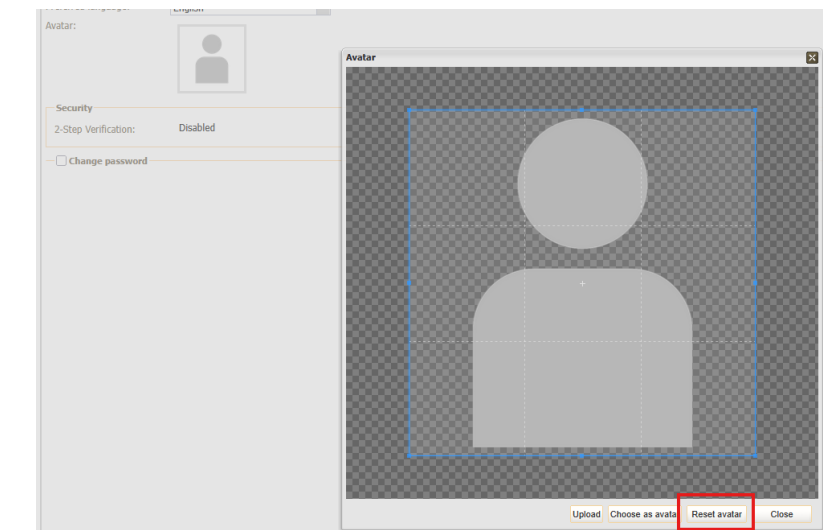
In the previous releases IFRS17 configuration would require having FX rates assigned on the root node for the purpose of aggregating the results even if users were using only one currency of uploads (reporting currency). Improvements have been made in the current release to allow to unassign the FX rates input (on the highest node) in case all hierarchy nodes and Data Items use the same reporting currency. Users are no longer required to have it assigned.

Additionally, the FX rates are now visible as an explicit provider in the “Providers” screen of the Data Item, provided that this data item has monetary values inside.

Please note that this new feature is available upon verification of the Publishing Event. If users reopen old reporting cycles, the behaviour will be as previously until they verify Publishing Event (re-verify).

Avatar – Reset avatar (improvement)

A new option was added to user preferences screen to reset the avatar. Upon selecting user (top right corner) and Preferences, user has ability to select its avatar. In the current release it is possible to reset Avatar to the default image.



IFRS17 config release 7.1.0 (August 2024)



Service/New Features:

Transitional Reporting Cycle

- Transitional reporting cycles are now deprecated; from this release onwards, environments will have a full reporting cycle with adjustment inputs to reflect opening balances and assumptions (FX rate and NPR values) instead of requiring a previous “transitional” reporting cycle.
- New inputs introduced:
 - I.GVP. Opening balance overrides
 - R.GP. Opening balance overrides
 - IR.GVP. BoP Date override



Service/Feature Improvement

Row and Column Identifiers

- Row and Column Identifiers have been added to all input templates to prepare the configuration for future planned automation. Input Templates have also been cosmetically updated to further unify design language throughout the platform.
- Changes affect all input templates and users are requested to download the clean set of templates. Input templates from older versions will not work with the newest configuration.

Opening values from previous reporting cycle

- NPR values and FX rates opening balances are no longer inputs in *Remaining Coverage projections* and *Non performance risk* Input Templates; opening balance values are now taken directly from closing balance figures from the previous reporting period.
- Inputs affected by above:
 - R.P. Non performance risk
 - R.G. Non performance risk
 - I.G. Remaining Coverage projections
 - I.V. Remaining Coverage projections

Approval process

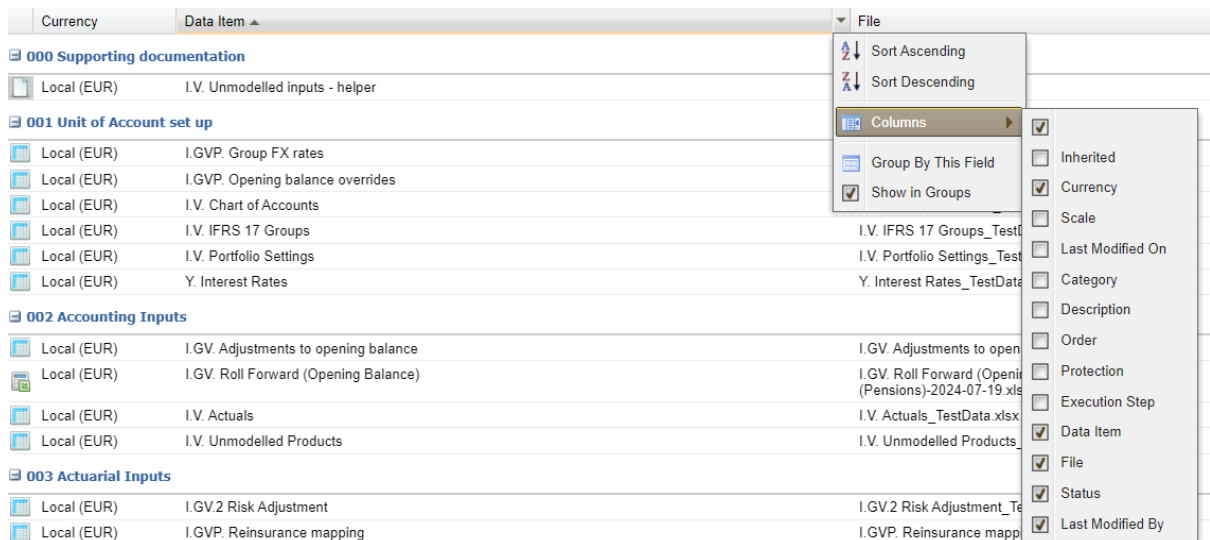
- Approval processes have been changed to only include approvals at the group node for Reports & Disclosures. This means that first and second approvals no longer occur at individual node levels for Reports & Disclosures.

Workflow statuses

- Workflow statuses were updated to provide users with sensible status name. The following statuses are now added:
 - Uploaded – status of the input DI being successfully uploaded
 - Calculated – status of calculations that have successfully finished calculating
 - Created – status of the structured report that have been successfully run

Other updates

- Journals at the individual nodes have been removed.
- Descriptions for some fields such as “FCF for onerous contracts” in *I.P. Remaining Coverage projections* have been updated
- Formulas in Reconciliation models pertaining to calculation outputs have been optimized.
- Supplementary disclosure input (buckets) are now read at the highest level directly into the Supplementary Disclosure models and will not require intermediate calculations assigned to each node.
- Structured Reports have new formatting and styles, including removal of truncated values for financial figures. Users can run the Structured Reports (e.g. Financial Notes) selecting the desired scale (e.g. Actuals, Thousands, Millions). The data in the Structured Report will be automatically scaled as per selected parameter. The scale can be selected upon clicking on “Run” button.
- Users can now access descriptions of data items by navigating the following dropdown and clicking on “description”:



Currency	Data Item	File
000 Supporting documentation		
Local (EUR)	I.V. Unmodelled inputs - helper	
001 Unit of Account set up		
Local (EUR)	I.GVP. Group FX rates	
Local (EUR)	I.GVP. Opening balance overrides	
Local (EUR)	I.V. Chart of Accounts	
Local (EUR)	I.V. IFRS 17 Groups	I.V. IFRS 17 Groups_TestData.xlsx
Local (EUR)	I.V. Portfolio Settings	I.V. Portfolio Settings_TestData.xlsx
Local (EUR)	Y. Interest Rates	Y. Interest Rates_TestData.xlsx
002 Accounting Inputs		
Local (EUR)	I.GV. Adjustments to opening balance	I.GV. Adjustments to opening balance
Local (EUR)	I.GV. Roll Forward (Opening Balance)	I.GV. Roll Forward (Opening Balance) (Pensions)-2024-07-19.xlsx
Local (EUR)	I.V. Actuals	I.V. Actuals_TestData.xlsx
Local (EUR)	I.V. Unmodelled Products	I.V. Unmodelled Products
003 Actuarial Inputs		
Local (EUR)	I.GV.2 Risk Adjustment	I.GV.2 Risk Adjustment_TestData.xlsx
Local (EUR)	I.GVP. Reinsurance mapping	I.GVP. Reinsurance mapping



Service / Bug Fixes

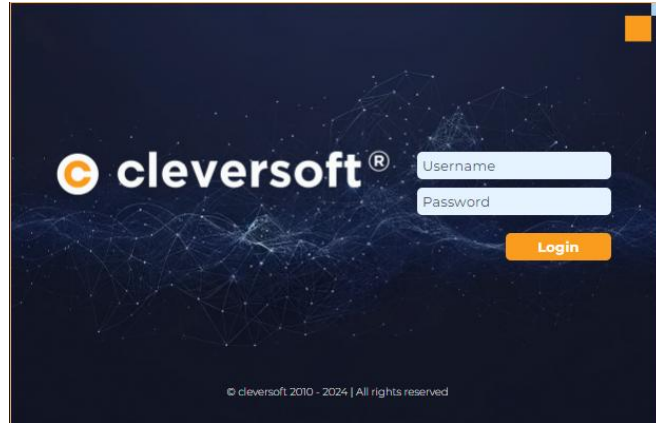
Bugfixes

- Miscellaneous spelling and grammatical errors have been corrected; this includes field names, field descriptions, etc.
- Portfolios in Dashboard dropdowns for *Reports & Disclosures Entity* now appear properly; previously, some portfolios would be erroneously excluded, if the company reported only one model.

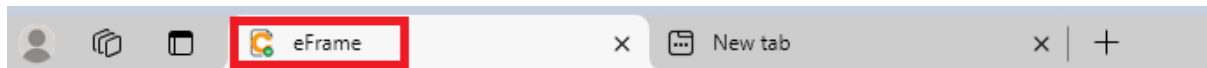
eFrame release 5.5.3.0 (June 2024)

eFrame Redesign

- The interface of the login page, the browser tab icon, and the eFrame banner have been updated:



Updated eFrame login screen



Updated eFrame browser tab icon



Updated eFrame banner

Column Qualifiers

- eFrame no longer requires the "Column Qualifiers" to be at the end of open tables and closed repeated tables. It is therefore now possible to add new rows to any open table without having to place the column qualifiers below it.

Group Definitions									
Group 14	GBP	Portfolio 13	2015	Onerous	FVA	LN In-F			
Group 15	EUR	Portfolio 14	2022	non-onerous	MRA	Group 15 EUR			
Group 16	USD	Portfolio 14	2022	Onerous	FVA				
Group 17	EUR	Portfolio 15	2022	non-onerous	other	Group 17 EUR			
Group 18	USD	Portfolio 16	2022	Onerous	MRA				
Group 19	EUR	Portfolio 17	2020	non-onerous	FVA	Group 19 EUR			LN In-F
Group 20	USD	Portfolio 18	2020	Remaining	other	Group 20 USD			LN In-F
Group 21	EUR	Portfolio 19	2020	non-onerous	MRA				LN In-F
Group 22	USD	Portfolio 20	2018	Onerous	FVA				LN In-F
Group 23	EUR	Portfolio 21	2018	non-onerous	other	Group 23 EUR			LN In-F
Group 24	GBP	Portfolio 22	2015	Onerous	MRA				LN In-F
Group 25	EUR	Portfolio 23	2015	non-onerous	FVA	Group 25 EUR			LN In-F
Group 26	GBP	Portfolio 24	2015	Onerous	other				LN In-F
Group 27	EUR	Portfolio 25	2015	non-onerous	MRA	Group 27 EUR			LN In-F
Group 28	GBP	Portfolio 26	2015	Onerous	FVA				LN In-F
Group 29	EUR	Unmodeled	2020	non-onerous	other				LN In-F

Column Group ID Metric: Currency & Required LFRGNS_CPortfolio Metric: String & Required LFRGNS_CCohort Metric: String & Required Metric: Profitability IIS & Required Metric: Transitional approach & Required LFRGNS_CGroup current rate Metric: String LFRGNS_CIR Code Metric: String

Z.Axis: Group/Grouping_SR_ISSD_PRT

Open Table example

IFRS17 config release 6.0.2 (December 2023)



Service/New Features:

Cap on Loss Recovery Component

- In the current calculation of Loss Recovery Component (both reinsurance models PAA and GMM), the Loss Recovery Component was calculated as deltas taken from Loss Component calculation of insurance nodes amortized based on the reinsurance revenue pattern. In some scenarios (for instance when contract boundaries did not match), it could result in a negative Loss Recovery Component or Loss Recovery Component being higher than expected.
- This development introduces limits on the value of Loss Recovery Component closing balance: a floor of zero and a ceiling of Loss Recovery ratio applied to closing balance of Loss Components. This is introduced to facilitate Article B119F of the Standard.



Service/Feature Improvement

Amortization of Loss Recovery component for PAA

- In previous configurations, if users applied “user-input” for calculation of reinsurance expense, the tool fully amortized the Loss Recovery ratio (applying a 100% amortization). In the current version, if users select this setting they are able to provide risk pattern for Loss Recovery calculation (the pattern was available before and used in the R.P. Remaining Coverage projections input template). If the pattern is not provided, the tool will assume full 100% amortization in the period.
- Similar improvement is applied in the supplementary disclosures calculation for calculating future release of liability for remaining coverage under PAA.

New styling and banner

- The banner of the models and inputs is updated to reflect cleversoft logo and the new company styling is applied.



Service / Bug Fixes

Fix in comment description for PAA input

- Transitional input templates “I.P. Transitional balances” and “R.P. Transitional balances” were improved, as previously they were showing information that Unearned Revenue or Expenses were not required if the company planned to apply “user-input” for calculation of revenue. This comment is removed as they are required for production of supplementary disclosures.

Fix in the opening balance of reinsurance PAA

- The opening balance of Deferred Expense for the PAA reinsurance module was not properly read from the previous reporting cycle. This is fixed in the current configuration.
- Fix in GMM LfRC Reconciliation for finance movements.
- In the data item “I.G. IFRS17 LfRC Reconciliations”, sheet “AoM”, column “Financial”: the line item “14” (Interest accrued on CSM) was not properly linked to the CSM column. This has no impact on the outputs, but does impact completeness of the column “Financial” in that module. This is now adjusted.

Fix in the LfRC discounting module for DAC amortization input

- In the data items “I.G. Discounting” and “I.V. Discounting”, sheet “RCPV”, column “Future CF”: in variances for line item “flows”, the future variances were calculated by deduction of the “opening” line, where it should be deducting the “opening adjusted” line.
- This had no impact on results if opening balance adjustments are empty, but may have had a minor impact on DAC amortization, if opening balance adjustments were used. This is now accounted for.

Fix in the 4-eye principle calculation workflow

- The 4-eye principle calculation workflow is applicable to the data item “Reports & Disclosures” on the node level where it requires approvals. In the previous configurations, that workflow did not require the dependencies to be in status “processed”. This meant that users were able to trigger the calculation of Reports & Disclosures without needing to calculate its providers. This is fixed. Additionally, the data item does not require a comment in order to calculate (a comment can be provided if needed, but is not required).

Minor fixes to validations and formats

Minor fixes and improvements in the following areas:

- Validations in PAA liability for remaining coverage in calculation sheet “CM_DAC” is moved down one row in columns P and O, to align with the position of the checked value.
- In the supplementary disclosures of the PAA model, the validation in sheet “ICCF” showed a false negative (as this validation is not applicable for PAA models) – this is fixed, and the validation will not be checked for PAA.
- In the PAA insurance and reinsurance liability for remaining coverage models, the validations “revenue is positive” and “amortization of acquisition cost is negative” are updated to show severity as “Warning” and not “Failed”. This is due to how in some cases (adjustments after maturity of policies), the check can return false.
- The validation formula for liability for remaining coverage in the VFA model is fixed in calculation sheet “CM_EADJ”, column P as it was not properly picking up signs of its constituents.
- Fixes/improvements in data dependencies are applied to clean the data dependency view and show direct dependencies only.

- Configuration names (reflected in the taxonomy column) are improved to reflect the full content of the package.
- Formats of headers in the discounting module, sheet “RC_coeff” are improved (title cells merged).

IFRS17 config release 5.0.0 (August 2023)



Service/New Features:

Group level reporting dashboard

- The introduction of a group level reporting dashboard is a significant addition to the previous releases. It allows users to view aggregated results for the entire entity, similar to the existing reporting dashboard on individual reporting nodes. This enhancement provides a consolidated view of measurement models within a similar dashboard structure.
- There are no changes to input templates.
- The "X.Y. Reports & Disclosure" files have been updated to ensure alignment between measurement models and enable proper aggregation. Specifically, modifications have been made to the Portfolio (ICL) and Portfolio (P&L) sheets. These updates aim to improve consistency and facilitate the aggregation process.
- There has been a change in the aggregator name. The previous aggregation, "IR.GVP. Reports & Disclosures," has been replaced with a new aggregator name, "IR.GVP. Aggregation to Entity." This modification reflects a more accurate representation of the aggregation process.
- There is a new data item with the group dashboard – "IR.GVP. Reports & Disclosures Entity". This new data item must be assigned together with the aforementioned aggregator, "IR.GVP. Aggregation to Entity."
- New features in the group dashboard report:
 - a) Updated dashboard including all measurement models (KPIs for both inward and outward business)
 - b) New sheet PIVOT, where users can drill-down results for a particular portfolio – key metrics and data are presented for the selected portfolio as graphs and values.
 - c) Updated portfolios sheet –portfolio information now aggregates from lower nodes.

Aggregation on multiple reporting nodes

- In the previous release, users were unable to aggregate data to multiple reporting nodes, such as insurance/reinsurance and the group node. However, in this release, an enhancement has been made to allow aggregation at any hierarchy node within the system. This means that multiple aggregated results can now coexist, providing greater flexibility and expanding the aggregation options available to users.
- There are no changes to input templates.
- On the middle level, users can assign two types of aggregation:
 - a) Full aggregation: eFrame aggregates all data, including portfolios, reports, and journals. The assignments for full aggregation will be the same as those used at the highest level, specifically "IR.GVP. Aggregation to Entity."

- b) Reports only aggregation: eFrame aggregates exclusively on the reports and populates only the associated tables. The assignments for this type of aggregation will be "IR.GVP Sub aggregation" and "IR.GVP. Financial Notes." This approach is commonly used because journals are not needed on multiple nodes, and portfolios for all nodes are available at the highest level.

Roll forward rework button

- In this release, it is now possible to rework the Roll forward data item. This means that when new inputs are provided in a previous reporting node, applicable for roll-over, the new inputs will be re-calculated upon pushing the 'rework' button. When reporting outputs are approved, this will no longer be possible from this release onwards.

Bridging the gap between IFRS17 numbers and inputs

- This development affects the following models:
 - LfIC Reconciliation (all measurement models)
 - LfRC Reconciliation (only PAA measurement model)
- No changes to input template.
- Changes to LfIC Reconciliation:
 - Columns added to CM_CL and CM_CHC sheets to split the movement of claims/claim handling costs into undiscounted and effect of discount
 - New sheet added: CM_AoM_undisc – with the analysis of movement of LfIC split between undiscounted and effect of discount and other elements
 - New sheet added: DiscEffect where beginning, end of period and P&L elements are presented as following:
 - Balance sheet value of LfIC = Undiscounted reserves + Effect of discount + Expense accruals + Risk Adjustment
 - P&L value of claims = Paid claims + Delta undiscounted reserves + Discounting effect (split into finance and service expense) + Delta Risk Adjustment + Maintenance expense
 - Columns added to LfIC_portfolio sheet – to include the above on portfolio level
- Changes to LfRC Reconciliation (PAA):
 - New sheet added: CM_AoM_accruals – with the analysis of movement of LfRC split between "UPR", "DAC", "DPT", "insurance balances" that are equivalent to their IFRS4 positions (insurance balances representing payables/receivables relating to LfRC).
 - New sheet added: PAArecon where beginning, end of period and P&L elements are presented as following:
 - Balance sheet value of LfRC = UPR + DAC + DPT + Insurance balances
 - P&L value = Expected premium accrual + Delta UPR + NDIC + Acquisition cost accrual + Delta DAC + Premium tax accrual + Delta DPT + Interest on insurance balances + FX revaluation of insurance balances
 - IFRS17 Revenue = IFRS4-equivalent Revenue + Transfer from expense (premium tax) + Interest + FX revaluations
 - IFRS17 Expense = IFRS4-equivalent Expense + Transfer to revenue + Interest + FX revaluations + Acquisition cost impairment + Loss Component

Changes to Reports & Disclosures

- New sheets added N.20 and N.21 with reconciliation of LfIC.
- This release allows to bridge the gap between IFRS17 reported numbers and input data. This enhancement has been highly awaited by market participants, as it enables easier comparison to previous reporting and enhances user understanding. The ability to present IFRS17 figures in the familiar IFRS4 format addresses the users' needs and provides a smoother transition between reporting standards.

Risk Adjustment disaggregation into finance and service expense

- This change was introduced to allow for additional options in the calculation of Risk Aggregation into finance and service expense, as permitted by Article 81 of the Standard.
- Changes in the inputs:
 - Portfolio Settings – new column added “Disaggregation of Risk Adjustment” with the following selections:
 - “yes” - Art. 81 - Entity disaggregates the change in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.
 - “no” - Art. 81 - Entity does not disaggregate the change in the risk adjustment for non-financial risk and including the entire change in the risk adjustment for non-financial risk as part of the insurance service result.
 - Risk Adjustment model 1 – new columns added for both Incurred Claims and Remaining Coverage:
 - Interest accrued.
 - Change in financial assumptions.
 - Risk Adjustment model 4 – new columns added for Incurred Claims:
 - Interest accrued.
 - Change in financial assumptions.
- Changes to RA Reconciliation:
 - Updated Settings sheet to include the new optionality.
 - Updated reconciliations sheet for IC and RC to include the new variable.
- Changes to LfIC/LfRC Reconciliation:
 - New variables added to CM_ICRA and CM_RCRA sheets.
 - New variables added to AoM sheets (all sheets).
 - New elements added to CalculationOutput.
- Simplifications:
 - No unmodelled inputs for the variables added.
 - The full financial impacts go through the P&L (not applicable under OCI option)
 - RA financial movements accounted for under cash flow postings.
 - RA split not applicable under VFA model since the changes in financial impacts go through CSM similarly to RA release.

Dual presentation of FS.A table

- The change was introduced to allow for additional options for the presentation of reinsurance results as permitted by Article 86 of the Standard.

- In the previous model, the entity could present the income or expenses from a group of reinsurance contracts held as a single amount, sans insurance finance income or expenses. This release introduces a second possibility: to separately present the amounts recovered from the reinsurer and an allocation of the premiums paid, which together give a net amount equal to that single amount.
- The development does not impact any input templates and the options are given for all users (the FS.A table is presented two-fold for each run and is included in the FS.A sheet of the Reports & Disclosure model).



Service/Feature Improvement

Reorganization of discounting model.

- No changes in input templates.
- The reorganization of cash flow inputs is driven by operational reasons and aims to optimize the server usage for improved efficiency. In the current release the cash flows injected into discounting models are transposed and only the elements that are provided by users are injected (no empty cells). A separate output tab was created leading to following rules:
 - Separate sheets for calculation of discounted values that follow input logic (e.g., opening balance is separate to current service/new business and closing balance).
 - Separate sheet with outputs for IC and RC present values
 - Nominal values (sum of cash flows) added to output sheets for users to easier verify completeness.
 - Some cash flow measures were introduced to output sheets for users to easier verify correctness of date (duration, average discount rate, etc).
 - Separate dashboard for IC and RC was introduced that enables users to “draw” a pattern for a selected group/portfolio and selected cash flow.
- These changes in the reorganization of cash flow inputs improve the structure and usability of the output, providing users with clearer and more comprehensive information for analysis and verification purposes.

Reorganization of approval process

- In the current configuration of the system, the approval process has been designed to adhere to the "4-eye principle." This principle ensures that the approval of certain actions or processes requires the involvement of two different users, specifically for the first and second approval steps.
- The 4-eye principle enhances accountability and mitigates the risk of errors or fraudulent activities. By involving two distinct users in the approval process, it provides an additional layer of verification and reduces the likelihood of oversight or unauthorized actions.

Improve the Service Description from Dashboard

- In this release, significant improvements have been made to the user manual that is accessible on the dashboard.
- One notable improvement is the upgrade of the screenshots included in the manual. The screenshots have been updated to higher quality images, ensuring that users can clearly see the details and follow along with the visual instructions provided.

- Additionally, more detailed steps and explanations have been added to the manual, specifically focusing on the reporting processes. The aim is to provide users with clear and comprehensive guidance on how to navigate and utilize the reporting features effectively.

Merge of the Roll Forward data item

- In the previous release, there were two separate versions of the Roll Forward data item, namely "I.V Roll Forward" and "I.G. Roll Forward." However, in this release, these two versions have been consolidated into a single data item called "I.GV. Roll Forward (Opening Balance)."
- This consolidation of the Roll Forward data item simplifies the naming convention for easier understanding and usage.

Portfolio reports in Reports and Disclosures

- Based on user feedback and requests, the tables in the "Reports & Disclosures" section have been enhanced in this release to include per portfolio results. This improvement allows for a more detailed analysis and presentation of data by providing a split into portfolios below the existing main/aggregated table.
- By incorporating the per portfolio results, users can now access specific information and insights related to individual portfolios within the overall reporting framework. This granular level of detail enables better visibility and understanding of the performance and characteristics of each portfolio.
- Furthermore, this enhancement also helps streamline the reporting process by reducing the need for excessive nodes (reporting segments), as detailed information is now readily available for each node.

Updates of data item names

- Names of the structured reports, including static and hard-coded reports, have been changed to "IR.GVP. Financial Notes" to differentiate them from the Reports & Disclosure name of the calculation model. This update provides clarity and helps distinguish between the different types of reports within the system.



Service / Bug Fixes

Fix in the settings sheet of the group level reporting dashboard

- In the previous release, not all the data would populate in Reports & Disclosures on the Group node, in the Settings sheet. In this release, the data will correctly flow from hierarchy to Settings sheets.

IV. IFRS 17 LfRC Reconciliation formula fix

- In the previous release, regarding data item I.V. IFRS17 LfRC reconciliations (in the CM_REV tab), the reference to Loss Component ratio (K6) was linked to the column 'LC.' In this release, this will now be linked to the column 'LC ratio.'

Fix LfRC calculation regarding FX rate inputs

- In the previous release, if the FX rate input was not provided, the reconciliations would fail and result in a REF error. However, in this release, a new if-like formula has been added to address this issue. As a result, eFrame will no longer throw a REF error when the FX rate input is empty. The validation (existence of FX input) is now covered as part of the Validations sheet.

Fix LfRC Reconciliations dependencies

- An improvement has been made in the current release regarding the loss recovery calculation. In the previous release, there were incorrect dependencies associated with the calculation. However, in this release, these dependencies have been rectified and set correctly. This ensures that the loss recovery calculation now accurately reflects the intended dependencies and provides more reliable results.

Removed data items

- The Exchange rates data item has become redundant due to the implementation of new input for FX rates called "I.GVP. Group FX rates" and "R.GP. Group FX rates" and has been removed.
- The opening balance data item has become redundant because of the Roll-Forward data item called "I.GV. Roll Forward (Opening Balance)", "I.P. Roll Forward (Opening Balance)", "R.G. Roll Forward (Opening Balance)", "R.P. Roll Forward (Opening Balance)" and has been removed.

Fix annotation in R.P. Remaining Coverage projections

- The remaining coverage projection for the reinsurance PAA model contained a bug in the sheet 'amortization units' that prevented the software from properly writing amortization units into the discounting model. This has been fixed.

Risk Adjustment model 3 fixes

- A modification has been made to the calculation formula for the risk adjustment benchmark in Model 3. In the previous calculation formula, claims, claims handling costs, and expenses were added together and then multiplied by the risk adjustment (RA) percentage. However, it was identified that the expenses for outward business should have an opposite sign compared to claims, unlike inward business where they have the same sign. To address this, an option was introduced to allow for the adjustment of expenses based on the measurement model (-1 or +1).
- Additionally, the handling cost variable was multiplied by 0 for reinsurance-held contracts, as this variable is not applicable for outward business.

IFRS17 config release 4.0.0 (Q4 2022)



Service/New Features:

Average rates for FX calculations

- In the current release if the company is using multicurrency functionality to translate original flows into functional currency, then three FX rates are available: beginning of period, end of period and average rate. The average rate is used for all transactions (P&L but also cash transactions). With this development eFrame is enhanced to be able to coverage multiple different average rates. The main rationale is to be able to get correct functional value of payments (premium, claims, etc.) to match with cash position in the GL. Additionally, the inputs can be now provided by group and not by currency.

Input templates

- I. GVP. Group FX rates
- R.GP. Group FX rates
- FX rates removed from interest rate input and included in the new data item I.GVP., R.GP. Group FX rates. The input contains separate sheets for Remaining coverage and Incurred claims and is able to cover following average rates:
 - Claims
 - Claims handling costs
 - Expenses
 - Premium
 - Premium tax
 - Acquisition costs

Calculation models

- I.P. LfRC Reconciliations/I.G. LfRC Reconciliations/ I.V. LfRC Reconciliations/ R.G. LfRC Reconciliation/ R.P. Reconciliation
- IR.GVP. LfIC Reconciliations
- FX sheet was updated to include more than one average rate.
- AoM sheet was updated to include different average rates for P&L impacts and transactions.
- Additional updates:
 - I.G. LfRC Reconciliations/ I.V. LfRC Reconciliations/ R.G. LfRC Reconciliation – the NB movements are now translated based on average P&L rate (instead of BoP rate)
 - IR.GVP. LfIC Reconciliations – past service movements are now translated based on EoP rate instead of BoP rate

Outputs

- No changes to outputs.

Interest rates inputs possible on the highest node

- Currently interest rates input is required on each individual node, even if the curve is the same for all portfolios. In the new release it is possible to assign that input on the group node once. Lower nodes are going to read rates from the group node.



Service/Feature Improvement

Premium tax as reduction of revenue

- In the previous version premium tax was treated as an acquisition cost and was a separate variable for presentation reasons. In the new release users will have an option to classify premium tax as a reduction of revenue or as an acquisition cost.
- Input templates – new settings added:

I.P. Portfolio settings

- Treatment of premium tax (premium, acquisition cost, n/a)
- Premium tax amortization (proportional to revenue/acquisition, user input, n/a)

I.G. Portfolio settings, I.V. Portfolio settings

- Treatment of premium tax (premium, acquisition cost, n/a)

- Calculation models

I.P. LfRC Reconciliations

- sheet CM_DPT updated to include the new optionality with if-like formulas; additional movement row created to differentiate between premium tax reducing revenue and premium tax being an acquisition cost: “A8 – Reduction of revenue”.
- Sheet CM_REV updated to include only revenue calculations
- Sheet CM_FLOW created that contains all paid amounts and interest (premium tax paid amount split into reduction of premium and acquisition cost to be able to separately disclosure in Reconciliation tables – cash flow part)
- Sheet CM_AoM/CM_AoMorig/Calculation Output – rows added to include separately the new variable

I.G. LfRC Reconciliations/ I.V. LfRC Reconciliations

- sheet CM_DPT updated to include the new optionality; if acquisition cost – there is no change from the previous release and if premium – this sheet is not applicable.
- Sheet CM_EADJ updated to include the new optionality on paid amounts (need to present differently on N.8 and N.6 tables)
- Sheet CM_BEL_RC updated to include the new optionality on NB presented in N.10

- Outputs

- New Accounting event added to disclosures “Premium tax amortization - reduction of revenue”

Locked-in sheet in VFA models

- The RC locked-in calculation was removed in VFA models as not applicable. Locked-in calculation for claims is still applicable.

Loss component amortization including NDIC

- In the previous version loss component was amortized based on the ratio: Loss Component vs Present value of benefits and Risk Adjustment without allowance for investment component. In the new release investment component is included in the denominator of the ratio which may have material effects on the LC amortization pattern, particularly for unit-linked products. To be able to use the development users need to provide a full projection of investment component for each step of the movement, not only the expected in the period value.
- Input templates – investment component added to closing balance (prior) sheets in:
 - a) I.G. Remaining coverage projections
 - b) I.V. Remaining coverage projections
- Calculation models

I.G Discounting/I.V Discounting – RC current sheet modified to include the whole movement for NDIC (similarly as for Benefits)

I.G. LfRC Reconciliations/ I.V. LfRC Reconciliations – CM_BEL_RC and AoM sheets modified to include in the LC formula the value of NDIC

- Outputs
- The development does not impact the structure of outputs, only the Loss Component amortization pattern using same output variables.

PAA eligibility available for a 10y contract

- One more sheet added to I.P. PAA eligibility to include a 10y projection horizon. One additional graph with differences added to all sheets.

Columns added to postings table

- To add more flexibility to the process of production of journals two new columns were added: Debit/Credit.
- Calculation models

I.P. Reports & Disclosures, I.G. Reports & Disclosures, I.V. Reports & Disclosures, R.P. Reports & Disclosures, R.G. Reports & Disclosures

Sheets JE_curr, JE_prior – new columns added: Debit and Credit – they do not provide a new information, only changes format of presented journals so users with GLs that require to store debits and credits in two separate columns are able to map it.

FX locked-in rate

- The current version of the software use a pre-defined FX locked-in rate to push financial changes through OCI so the OCI was not revalued. As discussed with clients this was not the correct approach hence was change to read the average/end of period rate (the rate aligned with the P&L movements of the same type). On top of that one posting was added to the CoA posting example (FX OCI differences).
- Input templates – investment component added to closing balance (prior) sheets in:
 - a) I.P. IFRS 17 Groups
 - b) R.P. IFRS 17 Groups
 - c) I.G. IFRS 17 Groups
 - d) I.V. IFRS 17 Groups
 - e) R.G. IFRS 17 Groups

FX locked-in rate removed from RC (GMM/VFA) and IC (PAA) sheets.

- Calculation models
All IFRS17 LfRC Reconciliations and IFRS17 LIRC Reconciliations, sheet AoM and AoM-orig – one row added to include FX OCI differences, removal of FX locked-in column, update of FX check validation (last column).

Minor updates in workflow

- Calculation module Supplementary disclosures was linked as required (changed from optional) to calculation module Reports and Disclosures for all measurement models.
- “Upload” button was hidden for calculation module Reports and Disclosures for all measurement models.
- Running of aggregation report was disabled when Reporting Cycle is in status NEW.



Service / Bug Fixes

Fixes in validation formulas

- Minor updates in validation formulas (CM_CHC formula in LfIC reconciliation).
- Removed #Ref error in PAA unmodelled input helper
- CM_DPT link to input fixed (previously reading from DAC variables)
- Added rounding to check formula for the closing balance of maturing contracts

Fix in the OCI opening balance in reporting currency

- Opening balance of OCI in the reporting currency was translated based on the current FX rate where the eFrame logic for OCI translation is to use the FX rate locked-in as defined in the groups input templates for all movements, not to revalue OCI.
- The formula was updated to read from the locked-in rate.

- No impacts on the movements.

Fix in the interest accretion for DPT module

- Applicable to models GMM and VFA, LfRC Reconciliation file, sheet CM_DPT
- In the previous config, even, if “interest not applied” was selected for deferred acquisition cost that interest was calculated – fixed.

Fix in the opening balance adjustment for NDIC cash flow

- Applicable to models GMM and VFA, Discounting module, sheet RC_current
- In the previous config, the investment component opening balance adjustment was not read from opening balance adjustment input – fixed.

IFRS17 config release 2.0.0 (Q2 2022)



Service/New Features:

Flexible journal entries

The posting logic can be now driven by the client.

New input templates:

- I.G. Chart of Accounts
- I.V. Chart of Accounts
- I.P. Chart of Accounts
- R.G. Chart of Accounts
- R.P. Chart of Accounts

All these input templates are similar and contain the mapping between eFrame variables (“Accounting event – eFrame variable”) and company required postings. Two columns must follow eFrame convention:

- Accounting event – eFrame variable has to be one of the eFrame “Accounting event” items that are populated in the Calculation Output of LfRC and LfIC reconciliations.
- Main category – eFrame category – has to be one of the eFrame Main categories used in Reports and Disclosures.

Closed lists for the above are available in the Chart of Accounts input templates. The remaining columns can be company specific (using different wording or different language).

Each input template contains Example sheet where eFrame stores the illustrative CoA that was used in Reports & Disclosures (JE sheets) in the previous versions. Users can use this one to get similar results.

IMPORTANT: the input must be provided for each individual portfolio (users are able to have different postings per portfolio).

The above inputs is copied by eFrame into JE_curr sheet of the Reports & Disclosures and the amounts are downloaded there from the Data Repository sheet.

Useful tips:

- For starters it is recommended to copy all rows from Example sheet into “posting logic” sheet. For example:
 - a) Illustrative input for PAA if only one portfolio per node:



I.P. Chart of
Accounts_one_portf

- b) Illustrative input for PAA if two portfolios per node:



I.P. Chart of
Accounts_two_portf

- After testing of the above – users can make following changes:
 - a) Remove rows that are not used/needed (e.g., if OCI not applicable all rows including OCI flows can be removed)
 - b) Differentiate rows per portfolio (e.g., if acquisition cost is not applicable for Portfolio2 but applicable for Portfolio1 then all acquisition cost flows can be removed from Portfolio2)
 - c) Add rows with individual postings (as long as “Accounting event – eFrame variable” is included in eFrame - see Calculation Output of LfRC and LfIC reconciliations column: Journal Entry). It is important to follow accounting logic (keep two rows as a pair with Dr/Cr bookings – which is driven by Sign column, where +1 = same sign as in the movement, -1 opposite sign as in the movement)
 - d) Users can add a custom dimension in the Custom Column (e.g., “BS” vs “P&L” or “LfRC” vs “LfIC”), etc.

New Risk Adjustment model for P&C

Cleversoft is introducing a simplified model for risk adjustment that could be applied by the P&C companies. The model is based on the confidence level approach with log-normal distribution where the parameters are taken for the Solvency II reserve and premium risk modules – benchmark volatilities. The appropriateness of this model has to be assessed by the user. The inputs to the model:

- Portfolio assumptions
 - RA reference group (Solvency II reference group – the closed list is provided in the input template)
 - Diversification benefit to be applied – in this release it is assumed to be an input – a percentage by which the final RA is decreased.
 - Confidence level – as described in the standard.
- Group assumptions
 - Standard deviation – group specific standard deviation to override the portfolio specific standard deviation.

Based on the above assumptions the risk adjustment is calculated:

- Log normal parameters using the following formulas:

$$\mu = \ln \left(\frac{\mu_X^2}{\sqrt{\mu_X^2 + \sigma_X^2}} \right)$$

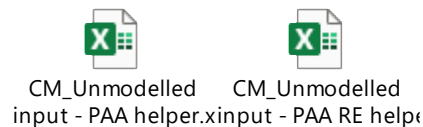
$$\sigma^2 = \ln \left(1 + \frac{\sigma_X^2}{\mu_X^2} \right)$$

Based on the above parameters and the inputted confidence level the risk adjustment (before diversification) percentage is calculated from the log normal inverse distribution function. As the last step - after-diversification risk adjustment is produced as final output (by applying the input diversification benefit).

Unmodelled products for PAA models

In Q4 2021 Cleversoft introduced unmodelled products for GMM and VFA models. In the current release the unmodelled products are added as well for PAA models (inward and outward).

- New inputs and calculations introduced to allow for inclusion of unmodelled products in the disclosures: no cash flows required; input would be directly added to calculation output modelled in eFrame.
- New inputs: I.P Unmodelled products, R.P Unmodelled products containing a list of all available output variables
- To support input production, we have prepared an input helper that would transform the N.8/N.6 disclosure table (N.9/N.7 respectively) into eFrame inputs. The file is attached below and is also available in eFrame via Assignment Matrix:



- New sheets added in reconciliations, sheet Unmodelled added to:
 - I.P. IFRS17 LfRC Reconciliations
 - R.P. IFRS17 LfRC Reconciliations
- CalculationOutput sheet (in the above files) was updated to include both modelled and unmodelled items (Column Amount changed to Amount modelled, added columns Amount unmodelled and Amount)
- Supplementary disclosures CMs updated to allow for unmodelled products' values.

- The remaining part of the process is kept unchanged (portfolios in the Reports & Disclosures contain aggregated modelled and unmodelled items).
- Note: CalculationOutput sheet is created injecting all portfolios included in the Portfolio Setting input template, hence:
 - In the case unmodelled groups are part of already existing (modelled) IFRS 17 portfolios – only unmodelled input required
 - In the case unmodelled groups are part of new portfolios (not already modelled in eFrame) then they should be additionally included in the Portfolio Settings input (all settings are informatory only, for audit purposes, they are not used in any of the unmodelled calculations).

Discounting of new business for a new portfolio

Impacting VFA and GMM models. No changes to PAA models.

For the users selecting to use the “group-specific” discount rate for current discounting (Groups input template) the tool did not have a curve for discounting of new business movements (groups introduced in the current reporting period that were not included in the previous reporting period) as the opening interest rates are always rolled from the previous reporting period. Which resulted in a zero NB value.

Changes were made in the I.G. Discounting, I.V. Discounting, R.G. Discounting in the CM_RC_current sheet – when discounting of NB with beginning of period interest rates – if the interest rate is not available (as the group is new) then NB locked-in rates are used:

- Columns E/F – added NB rates
- Column J – changed formulas to read NB rates for NB and NB unwinded.



Service/Feature Improvement

Minor updates in naming of data items, titles, typos

Minor updates in the titles, column headers and removal of typos (as reported by our clients).

Immediate recognition of acquisition cost for PAA

Applicable to PAA insurance models.

In the previous set-up the immediate acquisition costs were accounted for when paid so the posting at the end was as follows:

Dr Acquisition cost expense

Cr Cash

The above does not allow to recognize any payables for acquisition costs. With this development Cleversoft has introduced the ability to recognize P&L impacts based on accrued acquisition costs and payments based on actual payments hence allowing for setting up of acquisition costs payables.

Changes in the I.P. LfRC Reconciliation file. In the current config immediate recognition will be treated similarly as deferred, however the coefficient for amortization is set to 100%.

- CM_DAC sheet – added lines for immediate recognition
- CM_DPT sheet – added lines for immediate recognition
- CM_REV sheet – added links to immediate recognition values to include the amortization
- CM_AoM_orig, CM_AoM and CalculationOutput – removal of split of paid amounts between deferrable and non-deferrable – so the Posting will not be split into these two (paid amount is paid amount irrespectively of the deferral process).



Service / Bug Fixes

Fixed sign in N.19 PAA disclosure

Signs were not consistently applied in all N.19 disclosures (between insurance and reinsurance nodes). Updated signs to always show a positive value. Assets positive and liabilities positive.

- N.19.1 and N.19.2 are same as in the original calculations as they represent assets being positive.
- N.19.3 and N.19.4 are opposite to the original calculations as they represent liabilities being negative.

RA movement – GMM, VFA

I.GV. RA Reconciliations - fixed mapping of data for the columns that are opening balance unwinded.

Loss component in VFA

I.V. LfRC Reconciliations – fixed a link to LC Ratio in sheet CM_Rev.

PAA eligibility – acquisition cost sign

I.P. PAA eligibility – fixed sign of acquisition cost cash flow.

Supplementary disclosure PAA validation

I.P. Supplementary disclosures – fixed validation in sheet ICCF_output sheet as not applicable for PAA models (used to always show FALSE for PAA).

IFRS17 config release 1.0.0 (Q1 2022)



Service/New Features:

Additional disclosures added

- New disclosure added – Maturity analysis:
 - Maturity analysis for GMM and VFA measurement models (splitting cash flows by user-defined buckets) – user to select whether the presentation is on discounted or undiscounted basis (referenced as N.17 for insurance and N.18 for reinsurance nodes).
 - Maturity analysis input: since remaining coverage inputs are in incurred basis (claims) then eFrame requires one additional input – claims projections (paid basis) – this cash flow will replace claims projections (incurred basis) for the maturity analysis table (it will not be used by any other calculation).
- New disclosure added – Split of assets/liabilities into current and non-current:
 - IAS 1 specific table which splits assets and liabilities into amounts settled within 12 months from reporting date and after 12 months (referenced as N.19). Available for all measurement models.
 - SF assumptions for current vs non-current splits:
 - LfRC and LfIC cash flows – same inputs as for balance sheet calculations (incurred basis to match BEL). Current portion is the PV of the first 12 monthly cash flows.
 - CSM – reuse CSM recognition model, where the current portion is the sum of the first 12 monthly releases.
 - RA:
 - Model 1, 2 or 3 (percentage models) – RA 12-month release will be proportional to claims or claims and expenses.
 - Model 4 (RA pattern provided for LfRC) – the first 12 monthly releases can be calculated by eFrame based on the pattern provided.
 - PAA LfRC:
 - eFrame will calculate release of PAA liability and LC split by the components:
 - Unearned Revenue will be allocated to future periods in proportion to time or risk distributions (depending on user's options, if revenue is provided as user-input then it will be distributed based on time)
 - Notional DAC/DPT will be allocated to future periods in proportion to time or amortization units (depending on user's options, if amortization is provided as user-input then it will be distributed based on time)

- Receivables/Payables (a balancing item between Unearned Revenue, Notional DAC/DPT) will be assumed paid in the first projection month
- Loss Component will be distributed in line with Revenue (see first point above).

Changes in inputs:

- Portfolio settings – “maturity analysis” added which is a closed list:
 - discounted basis - Art. 132(b)(i) - analysis is presented by estimated timing of the remaining contractual undiscounted net cash flows
 - undiscounted basis - Art. 132(b)(ii) - analysis is presented by estimated timing of the present value of the future cash flows
- Maturity buckets – new input sheet added – the structure and aim are the same as of one of the current inputs – CSM Buckets – they require a definition of rows (buckets) in the reports. Both are now combined into one input template, available on Group level (although users can assign this input on lower nodes it is advised to assign it on higher level due to aggregation of disclosures!) and called “Supplementary disclosure input” – available for GMM and VFA models, not required for PAA models. **NOTE:** LfIC models are the same for all measurement models, hence LfIC calculations within PAA will still contain maturity analysis elements, however, they are not used in the disclosures and do not need maturity buckets input.
- Remaining coverage projections for GMM and VFA – one additional column added: Claims (paid basis). The current claim cash flows in RC inputs are on incurred basis and they are used in the calcs to project revenue. Maturity analysis requires flows on paid basis; hence this additional column is used solely for that purpose. If there are no significant differences between incurred and paid basis (e.g., many life products) – both columns can be the same, however both need to be provided.
- Unmodelled products – additional columns added at the end to be able to adjust the Maturity Analysis and IAS 1 disclosure for unmodelled products (or unmodelled adjustments). Unmodeled helpers were provided.

Changes in calculation models:

- Additional calculation model added for all models “Supplementary disclosures” that would feed the new disclosures in the final report. It constitutes of what was previously called CSM recognition and new elements: cash flows, RA releases and PAA releases. The new model is calculated after LfRC/LfIC reconciliations and before Reports & Disclosures (named 4. “IR.GVP Supplementary disclosures”).
- LfRC and LfIC reconciliations, no changes to current sheets, one additional sheet added with splits of LfRC/LfIC into portfolios. The aim is to – provide a summary at that level of calculation and be able to feed “supplementary disclosures” calculation models with reserve values to determine whether a portfolio is an asset or liability.
- Unmodelled input helpers – updated to allow for mapping of the new tables.

Changes in disclosures:

- Additional tables added at the end: N.17, N.18, N.19.

- Tables added to node level and to the group aggregation.

Group-specific discount rates

- In the current set-up users can select between current and locked-in interest rates. Locked-in rates are group-specific (can be set individually on group level) and current interest rates are currency specific so all groups in one currency are discounted (within a node) with the same current discount curve which does not allow to use different illiquidity premium adjustment within each currency. With this development eFrame allows to use group-specific current interest rates.
- New input added – “Group-specific discount rate” data item added to all “IFRS 17 group templates” and will allow to use group specific interest rates for:
 - GMM and VFA LfRC models
 - LfIC models

How to use the development?

- “Group-specific discount rate” input is **NOT** required. The default solution is to use the currency-specific interest rate curves, e.g., if the “Currency” field of a group is EUR then EUR interest rates are used for discounting (user needs to provide EUR code in the interest rate input template).
- In the case user needs to use group-specific interest rates, this input needs to be provided as override to the default solution.
- Interest rate curve to be provided in Interest Rates inputs (the first input column was changed from “Currency” to “IR code” so users are not required to input currency abbreviations here, however in the default option with currency-specific interest rates input can be the same as before).
- Each group can have only one IR code for current discount rates (contrary to locked-in rates where the rate can be changed from opening to closing balance) – users will need to keep control of the rates used, however, there is a business validation in LfRC reconciliation model to verify whether the present value calculated in the new reporting period matches the present value calculated in the previous reporting period, so if users accidentally change the IR code this validation will not pass.

Example:

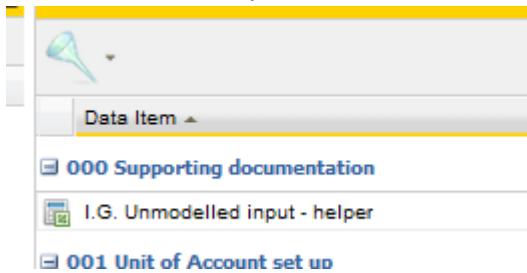
Currency of the group is EUR. Group code is "ABC":

a) User does not provide Group-specific discount rate for "ABC" (“Group-specific discount rate” is empty) -> eFrame will look for "EUR" in the current interest rate input template and "ABC" cash flows will be discounted with "EUR" rates.

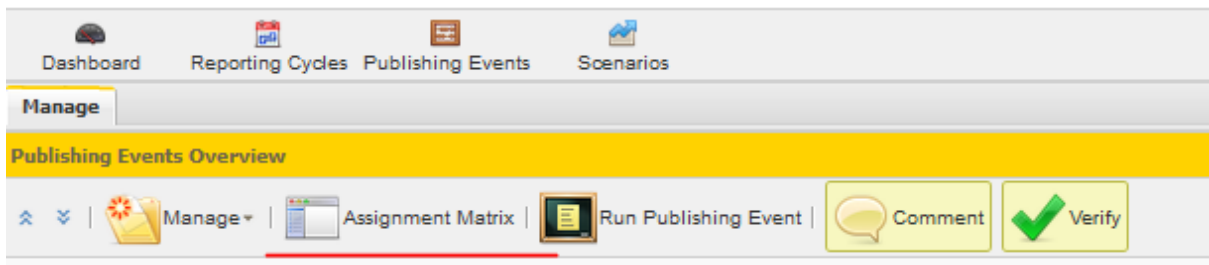
b) User does provide Group-specific discount rate equal to "EUR_IP50bps" (please note that “Currency” input is still required for FX purposes) -> eFrame will look for "EUR_IP50bps" code in the current interest rate input template and this curve will be used for "ABC" cash flows.

“Supporting documentation” section

- New section added in the Publishing Events “000 Supporting documentation”, where eFrame stores calculation models that are not linked to any inputs and other calculation models but are solely for user to be used freely, for example:



- From this release the following will be available (can be assigned through the “Assignment matrix”) by the user:
 - PAA eligibility
 - Unmodelled input helpers (to facilitate unmodelled input production for GMM and VFA);
 - Full Retrospective Approach proxy file – helper for PAA measurement models – meant to produce the opening balance based on point in time calculation (subject to limitations explained in the next section)
 - Supporting documentation – empty xls to store users’ documentation that is relevant for calculations (policy conclusions, reconciliations, other elements that users would like to keep inside eFrame).
- Note, that these models are not protected so users may download and change formulas and reupload. The models are not linked to any other model hence changing them will not impact eFrame reporting models. The purpose of this section is to allow users to store their supporting documentation but also to facilitate input creation. Users can unassign models if they are not required through the assignment matrix:



Full Retrospective Approach for PAA

User may consider a proxy estimation approach to leverage IFRS 4 UPR and DAC under existing framework as a starting point to derive PAA LFRC:

- If acquisition costs are deferred:

PAA LFRC (simplified)

$$= (\text{UPR} - \text{Premium receivables}) - (\text{DAC} - \text{Acquisition cash flows payable})$$

- If acquisition costs are immediately recognized:

PAA LFRC (simplified)

= (UPR - Premium receivables)

It should be highlighted that the model provided is a proxy simplification designed to approximate the LFRC under IFRS 17 and not a substitute for calculating the LFRC using cash-based data where this data is available. The use of this proxy can only apply when:

- No significant financing component or accretion of interest on LFRC exists.
- No non-distinct investment components are included in PAA LFRC.
- No pre-recognition of assets for acquisition cash flows.
- UPR amount at inception (or GWP) less current premium receivables will equate to premiums received. Premium receivable is used exclusively for premium amounts, excluding policyholder debt for amounts not included in UPR i.e., admin fees, late payment fees.
- DAC amount at inception less current acquisition cash flows payable will equate to acquisition cash flows paid. Acquisition cash flows payable is used exclusively for acquisition cash flows, excluding any amounts not part of DAC.

Sensitivity analysis (as separate functionality)

- With this release SecondFloor introduces Scenario analysis that can be used for Sensitivity testing. It allows to automatically run the shocked scenarios and get the impacts on key measures. For more information contact: sales@clever-soft.com.



Service/Feature Improvement

Data item grouping

- Data item view in Publishing Events was organized in the logical order and numbered appropriately:
 - “000 Supporting documentation”
 - “001 Unit of account set-up”
 - “002 Accounting inputs”
 - “003 Actuarial inputs”
 - “004 Discounting Models”
 - “005 Calculation Models”
 - “006 Reports & Disclosures”
 - “007 General Ledger”

Business validations updated

- Small update in the business validations:
 - LfRC ex LC for maturing contracts was updated to be a warning not a bug, and formula was changed to >0 instead of =0. In many cases users reported that groups of contracts may include receivables unpaid after contracts mature hence the liability is positive (for inward business).

PAA eligibility updated

- PAA eligibility test was currently available with a limited scope – the projection of cash flows and GMM and PAA liabilities was based on fixed assumptions.
- With this release eFrame is allowing users for more flexibility:
 - Separate PAA eligibility for inward and outward business (outward business was created with allowance for negative CSM).
 - Ability to recognize premium in line with the specified payment pattern to facilitate how non-life companies typically model their premium (current premiums could only be single, annual, semi-annual or quarterly).
 - Ability to change the assumptions at the specified point in time - this functionality allows for sensitivity testing inside the coverage period, that many insurance companies want to do as an element of the PAA eligibility analysis (testing of reasonably expected scenarios).

Parameters		
Coverage period in years	3	
Change in assumptions quarter	7	
	Before Change	After Change
Claims ratio [A]	60.00%	50.00%
Expense ratio [B]	15.00%	10.00%
Acquisition cost ratio [C]	10.00%	10.00%
Risk adjustment percentage [D]	5.00%	3.00%
Combined loss ratio $[(A)+[B]] \times (1+[D]) + [C]$	88.75%	71.80%
Discount rate	2.00%	1.00%
Claims inflation rate	1.00%	0.50%
Lapse ratio	20.00%	10.00%
Total premiums disregarding lapses	9,000,000	
Premium mode (single, regular)	quarterly	
Coverage units discounted	yes	
Risk distribution pattern discounted	yes	
Premium refund on lapse	yes	
Acquisition cost amortisation base	risk	
Adjustment to financing component	yes	
Expense payment pattern	risk	
Premium experience adj. goes to CSM	yes	



Service / Bug Fixes

Risk Adjustment roll forward

- In the outward reinsurance section, the LfIC Risk Adjustment calculation model was reading the opening balance Risk Adjustment from the Expense column. This was fixed.