

# eFrame – Taking one step closer to IFRS 17 Implementation



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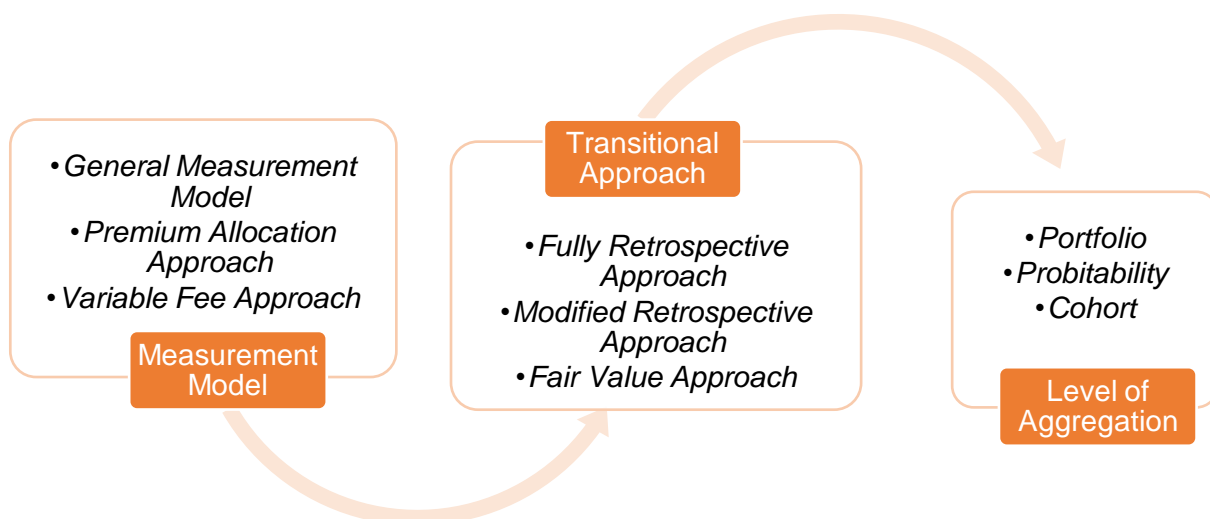
# Introduction

Insurers across the globe are gearing up for the implementation of IFRS 17 effective 1<sup>st</sup> January 2023. IFRS 17 is all set to replace the existing IFRS 4 - an interim standard that allowed widely divergent practices in different regions. As the implementation date is approaching, the ideal timeline for an insurance company for completing it will depend on the complexity of systems and processes for financial reporting.



IFRS 17 makes accounting for insurance contracts comparable across other industries. With the transition to IFRS 17, stakeholders globally will be able to compare and understand the financial reports of insurance companies in any country.

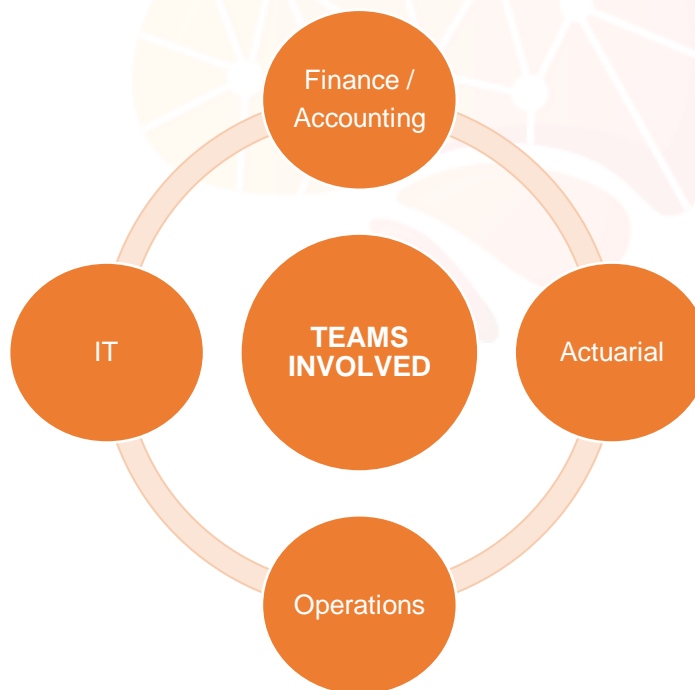
With the effective date closing in, the insurers will have to act upon this immediately and divert resources for this transition to take place efficiently. This process will involve taking important decisions regarding various factors that have to be considered during the implementation. Apart from the points mentioned below, the insurers might have to implement an expense allocation policy, if needed, in order to make sure expenses are easy to allocate in the groups defined under IFRS 17.



Insurers' decisions will not only affect the efficiency and effectiveness of their compliance, it will also significantly change the appearance of their profit and loss and balance sheets.

## Importance of IT systems

New regulations undoubtedly present innumerable challenges for any industry. Adoption of IFRS 17 will affect actuarial models and product designs along with IT systems for the financial reporting process. Hence besides treating IFRS 17 implementation as an actuarial and accounting project it is important to consider it as an IT project. Insurers will have to make sure that the IFRS 17 compliance is hassle free and done in a timely manner. For this to happen, the teams involved should be efficient, adaptable and have knowledge about IFRS 17 in order to make the roll out a smooth process.



Transitioning to IFRS 17 will mean additional data complexity, as historical data will need to be processed from transactional systems depending on the extent of the chosen retrospective approach.

The insurers will have to set up different phases for the implementation along with identifying the key challenges that will be faced during the process. The teams will have to work closely to ensure that key milestones are achieved as planned. However, it also presents an opportunity for insurers to embrace the change to drive innovation and digital transformation. In order to be compliant, insurers will need to ensure they can access the data required by this new standard. With challenges come opportunities, for insurers' IT departments to adopt new systems that will provide operational input and regulatory assistance for years to come.

For all this, insurers will require a strong and efficient digital tool that will help in this transition and will produce reports & disclosures as per the IFRS 17 requirement.

The bottom line is that a robust technology will be a key to the success of the IFRS 17 implementation. Modern, agile systems can also provide operational benefits, broadening the reach of the system from just reporting to overall digital transformation.

## eFrame – An IFRS 17 Solution

IFRS 17 is a complex accounting standard to execute. With so many tools available in the market, to select a user friendly and cost effective solution is what the insurers are looking for. Sam Corporate has partnered with Cleversoft for implementation of eFrame – an IFRS 17 solution in Middle East and South Africa.

eFrames' powerful data and process management platform is helping insurers' to accelerate the risk and regulatory reporting process and is available as an easy-to-implement ready-available Software-as-a-Service package for simple and fast compliance to IFRS 17 standard.

- Perform calculations in real time
- Flexible configuration ready to adapt to changes
- PAA eligibility tests
- Supports all IFRS 17 approaches i.e. GMM, PAA and VFA
- Flexibility for Unmodelled products
- Audit trails

eFrame supports the loading of large amounts of data and then conducts calculations related to various IFRS 17 methodologies (i.e., GMM, PAA and VFA) in real-time for both insurance as well as re-insurance.

IFRS 17 will affect different contract types - contracts with direct participation features, long-term contracts and short-term contracts - in different ways. eFrame helps with the implementation and setup of the IFRS17 calculation models PAA, VFA and GMM along with processes and workflows. For all models, eFrame calculates the contractual service margin (CSM) and also provides reconciliations showing CSM movement from opening to closing per unit of account.

The reports and disclosures provided by eFrame comply with the IFRS 17 requirements. Journal entries are easily generated to root them back into the general ledger of the insurance company. eFrame allows for percentage allocation for risk adjustment calculations i.e. risk adjustment can be allocated based on percentage of claims or percentage of claims and expenses.

As per IFRS 17, any longer duration contract that is modelled under PAA needs to go through PAA eligibility tests to check if the difference between the liability of remaining coverage under PAA and GMM is material or not. eFrame provides PAA eligibility tests than can help to examine if a given insurance contract can be modelled under PAA or not.

Insurers' might also have certain products approved by auditors and regulators which do not have to be modelled under IFRS 17 but need to be shown for disclosure purpose only. eFrame gives the user a flexibility to consider such unmodelled products directly in the reports and disclosures.

Using various discounting methodologies, eFrame calculates the present value of future cash flows and also performs liability calculations for remaining coverage as well as incurred claims as required under the standard. Calculations are performed at portfolio, sub portfolio or at the proper aggregation level as required by insurers'.

Since eFrame is an input template based solution it is extremely user friendly and comprehensible. eFrame provides end to end audit trails which helps to keep track of specific events or operations conducted and controls the entire process. Insurance contracts may be issued in different currencies and so by inputting foreign exchange rates in eFrame the reporting in one functional currency can be taken care of.

To summarise, eFrame is a flexible solution which can also be configured to meet any specific or customised requirements to comply to IFRS 17.

## How does SAM Corporate help?



**End-to-End  
Implementations**



**Technical Support**

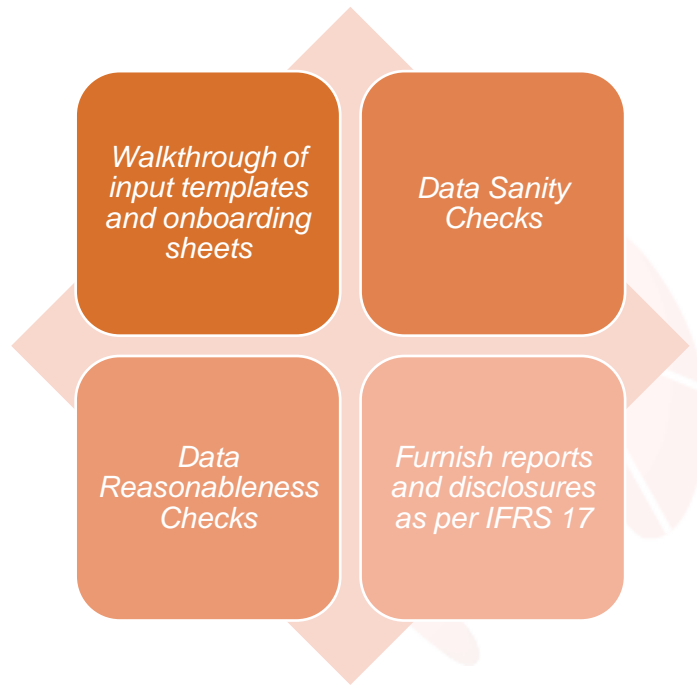


**Managed  
Services**

SAM corporate not only provides support of data execution on eFrame but also is part of end-to-end implementation process. From explaining input templates to uploading them on eFrame, to providing the final reports and disclosures under IFRS 17, SAM Corporate supports to make the IFRS 17 implementation seamless. For auditors/actuaries assistance is provided for managed services as well.

SAM corporate conducts data sanity checks to understand if the data provided is as required in input templates e.g. whether mandatory fields are filled in, proper data type is provided i.e. monetary, percentage and so on. Checks on data reasonableness e.g. check on outliers, unique group code etc. are conducted. This also includes data validation at each stage i.e. from discounted and undiscounted cash flows through report generation.

Apart from data related detailed checks, SAM Corporate also assists in understanding what data needs to be input in which template i.e. provide a walkthrough of input template if required. SAM Corporate provides support for complete understanding of the onboarding sheet (initial setup of environment) and input templates so that the insurance company can furnish the data with appropriate granularity as required.



In a nutshell, additional support is provided by SAM Corporate over and above providing a tool that manages, audits and traces all steps of compliance of IFRS 17 reporting processes in a cohesive environment.

# Conclusion

IFRS 17 is a new way of thinking in insurance accounting which brings with it its own challenges. IFRS 17 requires data at a very granular level and insurers are facing difficulties in grouping as not only actual data of revenue and expenses is required but such data might be required retrospectively depending on the chosen transitional approach. Regardless of which measurement model the insurers choose they would require robust, systematic, structured and flexible systems to integrate and implement IFRS 17.

The holistic approach of eFrame will help to generate reports and disclosures as required under the standard with ease. A template based solution helps to extract data from actuarial and accounting systems effortlessly onto the platform for further processing. IFRS 17 and the future reporting challenges will best be met by stepping back and building greater coordination between finance, risk and actuarial teams. Insurers must also be prepared to educate stakeholders on the expected impacts within the organization to execute their plans effectively.

# The Way Forward

It's time for the insurance companies to start with the dry runs and prepare for transition reporting on priority as the effective date is round the corner and the insurers need to make important decisions and complete the implementation process.

SAM Corporate will be part of your IFRS 17 journey and help you achieve compliance efficiently with stable and robust IT systems. SAM Corporate offers an out-and-out software solution that fits in with existing financial reporting systems, to deliver IFRS 17 compliance benefits with calculations, regulatory and financial reporting.

Adapting to meet the needs of IFRS 17 is not an option, but insurers have a choice between doing the bare minimum or embracing the change to drive a revolution. Inevitably, the insurance companies that come out of this new regulation on top will be those that embrace the drive to change and adopt modern, flexible technologies that can see them through compliance and regulatory challenges.

SAM Corporate, being EPM experts in the Middle East, strive to provide a next-generation, data-management platform insurers can integrate, safeguard and analyse different data from across the business quickly and efficiently to drive innovation and agility and implement IFRS 17 in a flawless manner.

## ABOUT US

SAM Corporate is a leading Fintech firm in the Middle East specializing in delivering high-quality solutions for Complex Consolidations, Driver-based Budgeting, Long-Range Planning, Rolling Forecast, IFRS16, IFRS17, ALM, Treasury, Liquidity Risk, Regulatory Reporting, Financial MIS, and Financial Accelerators, AML/KYC, Anti-bribery and Fraud Prevention & Project Management. As global experts, SAM Corporate offers fully optimized solutions that are top-ranked by Gartner and Chartis.

With an extensive portfolio of diversified solutions, SAM Corporate has a team of experts with demonstrated experience in multiple industries such as banking, insurance, financial services, manufacturing, construction, contracting, services, logistics, and distribution. Their senior domain experts have years of international background in Sales, Implementation, and Product knowledge in Finance, Risk Management, and Corporate Performance Management.

To offer exceptional service, SAM Corporate combines three winning factors – Solutions, Advisory, and Consultancy – all offered under a single umbrella organization and a dedicated team. SAM Group has offices in UAE, India, UK, Spain and sister companies and partners worldwide, and works closely with partners, redistributors, and technology specialists to ensure smooth operations in various countries around the world.

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