



AAE

ACTUARIAL
ASSOCIATION
OF EUROPE

Study on Potential Updates on Local Accounting Towards IFRS17 in Europe

Joaquín Benavides - IAE

A brief view of the participation of AAE associations

1st Batch Participants

1st batch Survey Respondents	Further Clarifications request	Answered to further clarifications		Additional further Clarifications request	Answered
Belgium	✓				
Colegi					
Czech Republic	✓	✓			
Denmark	✓	✓		✓	✓
Greece	✓				
Hungary	✓	✓			
Ireland	✓	✓			
Italy					
Lithuania	✓	✓		✓	✓
Montenegro					
Norway	✓	✓		✓	✓
Serbia	✓	✓			
Spain					
Switzerland	✓	✓			

Total	14	10	8	3	3
-------	----	----	---	---	---

14 associations answered the online survey in the first stage. Later, 10 of them were asked for further clarifications and 8 of them answered.

In addition, 6 of them were asked to provide further clarifications and those were answered.

2nd Batch Participants

2nd Batch Sent	2nd Batch Answerers		Further Clarifications	Answered
Austria				
Bulgaria	✓		✓	✓
Channel Islands				
Croatia				
Cyprus	✓		✓	✓
Estonia	✓			
Finland	✓			
France	✓			
Germany	✓			
Iceland				
Latvia				
Luxemburg				
Malta*				
Netherlands				
Poland				
Portugal	✓		✓	✓
Romania				
Slovakia				
Slovenia	✓		✓	✓
Sweden	✓		✓	✓
Turkey				
UK	✓		✓	✓
Ukraine				

Those associations who did not answered the online survey (23) were asked to answer an email questionnaire.
10 of them answered and 6 of them were asked to provide further clarifications and those were answered.

Total 23 10 6 6

37 Total Associations		
14 First batch respondents	37,8%	64,9%
10 Second batch respondents	27,0%	
13 Not Unswered	35,1%	

We have data from almost 2/3 of the associations belonging to AAE



IFRS17 Local implementation current scenario



8	6	9
Current local is IFRS17	Updating local accounting towards IFRS17 in progress	No plans to update the local accounting towards IFRS17 for now
Bulgaria (2023)	Czech Republic (2027->)	Belgium
Cyprus (2023)	Denmark (july 2025)*6	Finland
Estonia (2023)	Italy (unk)	France
Greece (2023)	Montenegro (2026)	Germany
Lithuania (2023)	Serbia (unk)	Hungary*1
Norway*2 (2023)	Spain (unk)	Ireland*3
Portugal (2023)		Sweden*4
Slovenia (2023)		Switzerland
		UK*5
<p>*1(Hungary) Insurers (with exception to 'mutual insurance cooperatives') can optionally choose to apply IFRS instead of Hungarian accounting (but none has opted so)</p> <p>*2 (Norway) IFRS17 is used as local GAAP in Norway for all companies, but for companies with premium less than an specific threshold of premiums they can use the "old IFRS4"</p> <p>*3 (Ireland) It is likely to wait for several years</p> <p>*4 (Sweden) There is an option for unlisted insurance groups to apply IFRS when reporting consolidated accounts</p> <p>*5 (UK) Unlisted UK companies don't in general have to report under IFRS17. Instead, unlisted companies often have the option to choose between IFRS 17 or a UK-adapted version of IFRS 4. It seems that companies able to make this choice often use the UK-adapted version of IFRS 4 rather than IFRS 17</p> <p>*6 (Denmark) Danish Accounting standard was aligned to reflect the valuation of liabilities using SII-principles. A new update is under consideration allowing general insurance companies <u>to report under IFRS 17 as an alternative</u> to existing local GAP.</p>		
Although obvious, in every case, listed companies are obblid to apply IFRS17		

Those not updated towards IFRS17



AAE


ACTUARIAL
ASSOCIATION
OF EUROPE


Is there any current local accounting standard feature explaining the no appetite of updating towards IFRS17?


Association	Non-Life Tech. Provis. Discounting	Life Tech. Provis. Discounting similar to IFRS17	Explicit Risk Margins	Onerosity	Current Accountancy similar to PAA
Czech Republic (2027->)	No (Generally)	No (Generally)	No, Implicit within assumptions	Not answered	
Denmark (unk)	Yes	Yes	Solvency II or implicit	Not answered	Yes
Italy (unk)	No	No	No	Not answered	Yes
Montenegro (2026)	Not answered	Not answered	Not answered	Not answered	
Serbia (unk)	No	No	No	Not answered	
Spain (unk)	No	No	No	Not answered	Yes
Ireland	Existing local accounting permits discounting of non-life liabilities in limited situations (subject to regulatory approval) but, to date, not seen by the respondent	Local accounting does not have the same rules for setting discount rates as applicable under IFRS 17. Depending on a life company's existing accounting policies, the life company could potentially use discount rates consistent with IFRS 17, but, to date, not seen by the respondent	The extent of any risk margins is not specified in local accounting standards but instead is based on the company's accounting policy for insurance contracts.	it recognizes losses at inception for onerous group of contracts	
UK	Depends on the basis chosen for UK GAAP. Some allow discounting.	Depends on the basis chosen for UK GAAP. Some allow discounting.	Depends on the basis chosen for UK GAAP. Some allow discounting.	Not answered	
Belgium	Not answered	Not answered	No, Implicit within assumptions	Not answered	Yes
Finland	Only when the settlement period is more than four years can non-life technical provisions be discounted, with limitations even then. No changes are expected.	No	No, Implicit within assumptions	Not in the sense of IFRS terminology. But as accounting is done prudentially it is of course expected that losses are recognised in loss-making contracts.	No
France	No, except for long-term risks such as disability, long-term care, construction insurance and annuities following claims (third-party liability)		No explicit risk margins but principle of prudent accounting	Yes, with different approaches for life and non-life insurance.	Yes, for non-life
Germany	No, claims liabilities are not discounted, except for annuities, and, to some extent, for corporate tax accounting.	There is nothing in common between discounting of statutory liabilities in life and health insurance and IFRS 17. German insurers use a locked-in discount rate as prescribed by the BMJ, which may be adjusted if insufficient, either by state act or entity-specific (hardly ever).	No explicit risk margins. All assumptions in life and health are chosen cautious, but without consistent approaches to achieve a consistent level of certainty. Claims liabilities should be realistic, not biased.	The impairment principle of German statutory accounting is similar to that of IFRS 17, not to that of US-GAAP. (More precisely, IASC considered decades ago the German approach.)	No, It is an approach close to the US-GAAP unearned premium
Hungary	No	No	No	Not answered	Yes
Sweden	This is already permitted under certain conditions.	No	No	Not answered	Yes
Switzerland	No	Similar to IFRS17	For life, risk margins are considered in the local standard following scenario-based approaches, and for non-life the concept of equalization reserves exists	Not answered	Yes

	Association	Non-Life Tech. Provis. Discounting	Life Tech. Provis. Discounting similar to IFRS17	Explicit Risk Margins	Onerousity	Current Accountancy similar to PAA
Updating local in progress	Czech Republic (2027->)	No (Generally)	No (Generally)	No	NA	Not answered
	Denmark (unk)	Yes	Yes	Solvency II or implicit	NA	Yes
	Italy (unk)	No	No	No	NA	Yes
	Montenegro (2026)	NA	NA	NA	NA	
	Serbia (unk)	No	No	No	NA	NA
	Spain (unk)	No	No	No	NA	Yes
Not updating local now	Ireland	Mixed	Mixed	Mixed	Mixed	NA
	UK	Mixed	Mixed	Mixed	NA	NA
Local will not be updated / regulator has not shown intentions to update	Belgium	Not answered	Not answered	No	NA	Yes
	Finland	Only when the settlement period is more than four years	No	No	No	No
	France	No, with exceptions	No	No	With different approaches for life and non-life insurance.	Yes, for non-life
	Germany	No	No	No	Impairment principle	No
	Hungary	No	No	No	NA	Yes
	Sweden	Under certain conditions.	No	No	NA	Yes
	Switzerland	No	Yes	For life, yes, and equalization reserves	NA	Yes

*as per the view of the person interpreting the answers, not the respondent

 This feature of the current local accounting standard may* be a reason for IFRS17 implementation appetite

 Or it has not been answered or there is some limited flexibility for companies when applying this feature

 This feature of the current local accounting standard may* not be enhancing IFRS17 implementation appetite



2023	2024	2025	2026	2027	Unknown
Bulgaria		Denmark	Montenegro	Czech Republic	Italy
Cyprus					Serbia
Estonia					Spain
Greece					
Lithuania					
Norway					
Portugal					
Slovenia					

Local Actuarial Association offered training or technical support to accounting authority

Montenegro	ISA had formed working groups for IFRS17 implementation and the members of CAD participate in them
Spain	IAE had offered technical support to Spanish Regulator and some technical papers were delivered on demand of the Regulator and some meetings were held
Norway	We had meetings and writing recommendations to the FSA.
Germany	Not technical support but education
Sweden	Not technical support but education
Bulgary	Not technical support but education. Some members of the regulator attended IFRS17 open courses given by the Actuarial Association
Portugal	Yes

Any tax approach?



AAE

ACTUARIAL
ASSOCIATION
OF EUROPE

Association	Answer
Greece	Yes, Based on a law of 1970 that regulates tax for insurance companies
Crna Gora (Montenegro)	No
Hungary	No, We interpreted the question as whether the taxes are taken into account when calculation the local technical reserves in general.
Belgium	No, Tax is based upon local GAAP.
España	No
Switzerland	No, not applicable since the introduction of IFRS 17 as the local accounting standard is currently not under discussion
Italy	Yes, In the current local accounting yes, the convergence of Italian Local GAAP to IFRS 17 is still under discussion/at a preliminary stage
Denmark	Yes. Local accounting reporting is used to determine both tax on the corporate (insurance company) as well as yield tax for life insurance and pensions business both on a corporate and individual levels (yield tax on life insurance and pensions savings products).
Serbia	No
Norway	No
Ireland	Yes, There are limited references to tax in the local accounting standard for (re)insurance contracts. Requirements include that companies should allow for deferred tax in their determination of their deferred acquisition costs asset (if they have one) and that companies should allow for the knock-on impacts of tax in their with-profit funds calculations.
Lithuania	Yes, Profit tax is calculated based on local requirements
Espanya	No
Czech Republic	Current tax law uses Solvency II provisions as the basis for calculation of tax ! In terms of discussed update of tax law, it is an open point - first proposal does not react on changes properly
Cyprus	In case there is a gain on transition to IFRS 17 the increase in equity is taxable, whereas if there is a loss on transition it is tax deductible. For life companies there is an allowance for unutilised premium taxes of last few years. Going forward taxation will follow IFRS 17 profitability.
Finland	I have no idea what your intention is with this question. Could it relate to adopting IFRS and having tax consequences due to the change from earlier local GAAP and maybe a transitional period to smoothen taxwise the transition?
Estonia	
Germany	Taxation basis are the statutory accounting profits - IFRS profits do not matter for taxation. There are some minor differences in taxation to statutory.
Sweden	No
France	NA
Bulgaria	There is no official statement of the Financial Ministry. The companies recognized capital differences from the transition to IFRS 17 last year and it is supposed to be covered from future years' profits.
UK	IFRS 17 will become mandatory for UK companies reporting under IAS for accounting periods beginning on or after 1 January 2023. These regulations mitigate the tax consequences of the accountancy change by spreading over 10 years certain amounts that would otherwise be subject to corporation tax immediately on the adoption of IFRS 17.
Portugal	
Slovenia	



No transitional period for implementation of IFRS17 in
any of the countries
different from UK & Ireland
where 10 years applies from 01/01/2023

Those who already updated their local accounting towards IFRS17.

Did they have IFRS4 previously?



Association	IFRS4 used to be the local standard before IFRS17
Bulgaria	Yes
Cyprus	Yes
Estonia	Yes
Greece	Unknown
Lithuania	Yes
Norway	No
Portugal	Yes
Slovenia	Yes



Thank you!!!

Specially to those who made this study, possible!!!