

FA Module 24: IFRS 17: reconciliations of the insurance contract liability (overview)

(The attached PDF file has better formatting.)

The module covers the following IFRS 17 topics:

- recognition and presentation in the financial statements
- insurance service expenses, insurance revenue, and insurance finance income or expense
- reconciliations of the insurance contract liabilities

Some topics are covered multiple times in the discussion forum postings. The accretion of interest (insurance finance expense), the allocation of the contractual service margin to profit or loss (insurance revenue), and insurance service expense are discussed in many postings.

The final exam problems test the presentation of insurance performance for

- Insurance *service* revenue and expense (cash flows related to insurance services)
- Insurance *finance* revenue and expense (cash flows related to accretion of interest)

IFRS 17 distinguishes

- Liability for remaining coverage (the unexpired portion of the insurance contract)
- Liability for incurred claims that have not yet been paid

For onerous contracts, IFRS 17 distinguishes

- Liability for remaining coverage excluding the loss component
- Liability for the loss component of the remaining coverage

IFRS 17 allocates certain items (such as the insurance finance expense) in a “systematic way” between parts, such as (i) the liability for remaining coverage excluding the loss component vs (ii) the loss component of the liability for remaining coverage or (iii) profit or loss vs (iv) other comprehensive income. Final exam problems use the methods in the discussion forum postings.

The discussion thread on final exam questions in the final exam forum shows the type of problems asked on the final exam for this module.