CASE STUDY

IFRS 17 Coverage Units Calculation: From Partial Execution to Full Compliance

CHALLENGE

A large South African bancassurer asked MBE Consulting to support them with their IFRS 17 implementation.

The client needed a partner who fully understood their business and IFRS 17. Having previously helped them to define their risk adjustment model, when a key member of their IFRS 17 team left, the client asked MBE to step in to produce their coverage units calculation.

APPROACH

The first stage of the project was to quickly familiarise ourselves with work that had already been developed for the coverage unit calculation. This involved digesting a vast amount of information either supplied or through self-learning.

In parallel to understanding the current setup, the client was implementing a new and very different version of their modelling application. Therefore, it was necessary to convert the work that had already been undertaken, and apply new processes and calculations to the updated application.

To understand how the modelling application was being used, it was essential we worked in close collaboration with the team.

RESULTS

Within two weeks we gained a full understanding of the application setup, including the bespoke aspects of the application and other processes that impacted how the calculations were executed. From the knowledge gained, we made improvement recommendations to the client which we were then asked to implement.

Based on this work the client expanded the project brief. We were asked to extract transition numbers and also examine and make improvement recommendations which we subsequently implemented in the Business Analysis Process model.

Eliminating calculation reruns

We were also asked to support the less experienced IFRS 17 team members. With our help, calculation errors were identified before reaching the management team. This meant calculations only had to be checked once by management and reruns were eliminated. In addition, we introduced version control which enabled the team to review how the calculations were produced.

AT A GLANCE

Challenges

- Reduced team size
- Partially executed processes and calculations
- Inexperienced team
- Lack of version control
- Looming IFRS 17 deadline

Results

- Coverage Units Calculation implemented
- Calculation reruns eliminated
- Team more confident in their IFRS 17 work
- Recommendations implemented for improving Business Analysis Process

> I want to give credit where credit is due. On behalf of the team and myself, I want to convey that the MBE team has been instrumental in transforming the IFRS 17 transition calculation. Without their knowledge and insights we would not have reached such an advanced position.
>
> CFO, Large South African bancassurer