



Impact of accounting standards on insurance statistics

**OECD – Asia Regional Seminar
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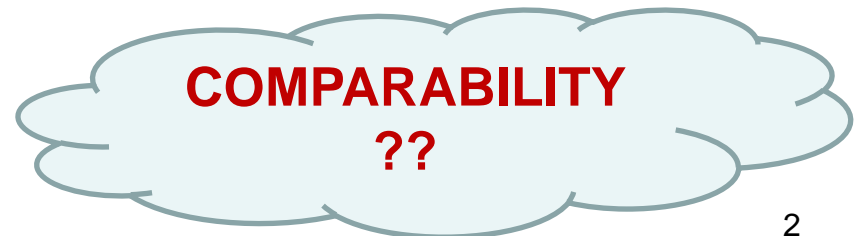
José Pavão Nunes

Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002:

- Consolidated accounts of insurance undertakings with securities admitted to trading on a regulated market are required to adopt the international accounting standards (IFRS);
- Member States may also permit or require insurance undertakings to prepare their consolidated accounts and/or annual accounts in conformity with IFRS.

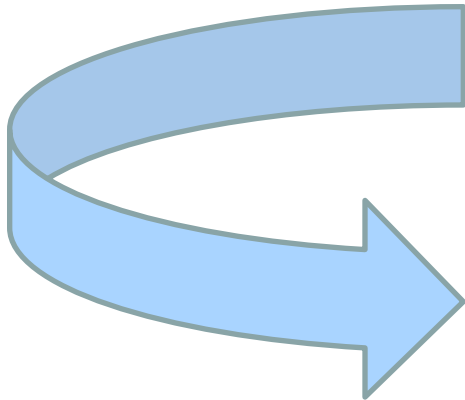


- Local GAAPs applied where not required or voluntarily adopted






IFRS 4 – Insurance contracts

- **Phase I:** Stepping stone to phase II
- **Phase II:** Still Exposure Draft (ED) (issued on July 2010)

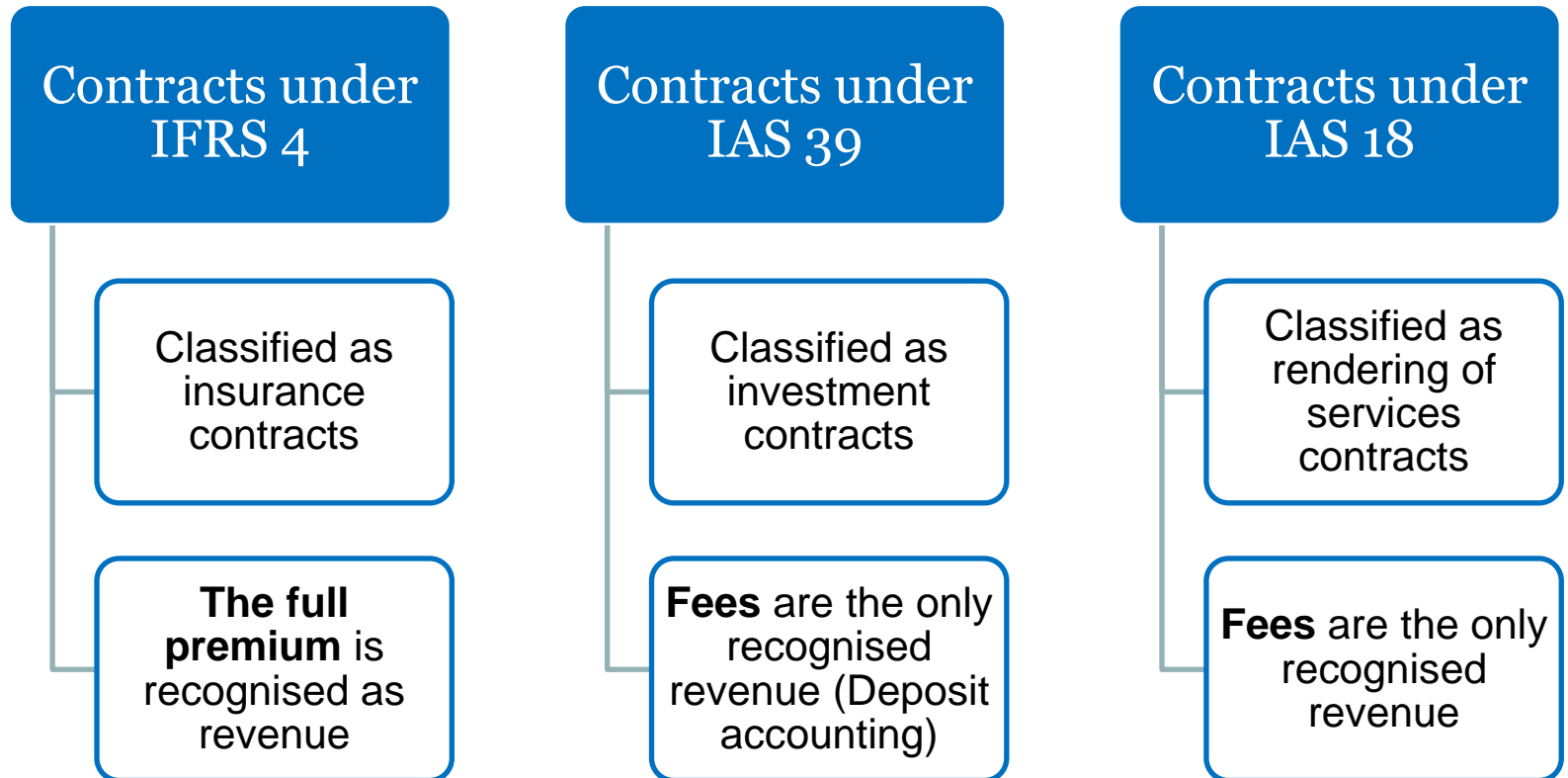


Complete IFRS - **2011 (Q2)** ?

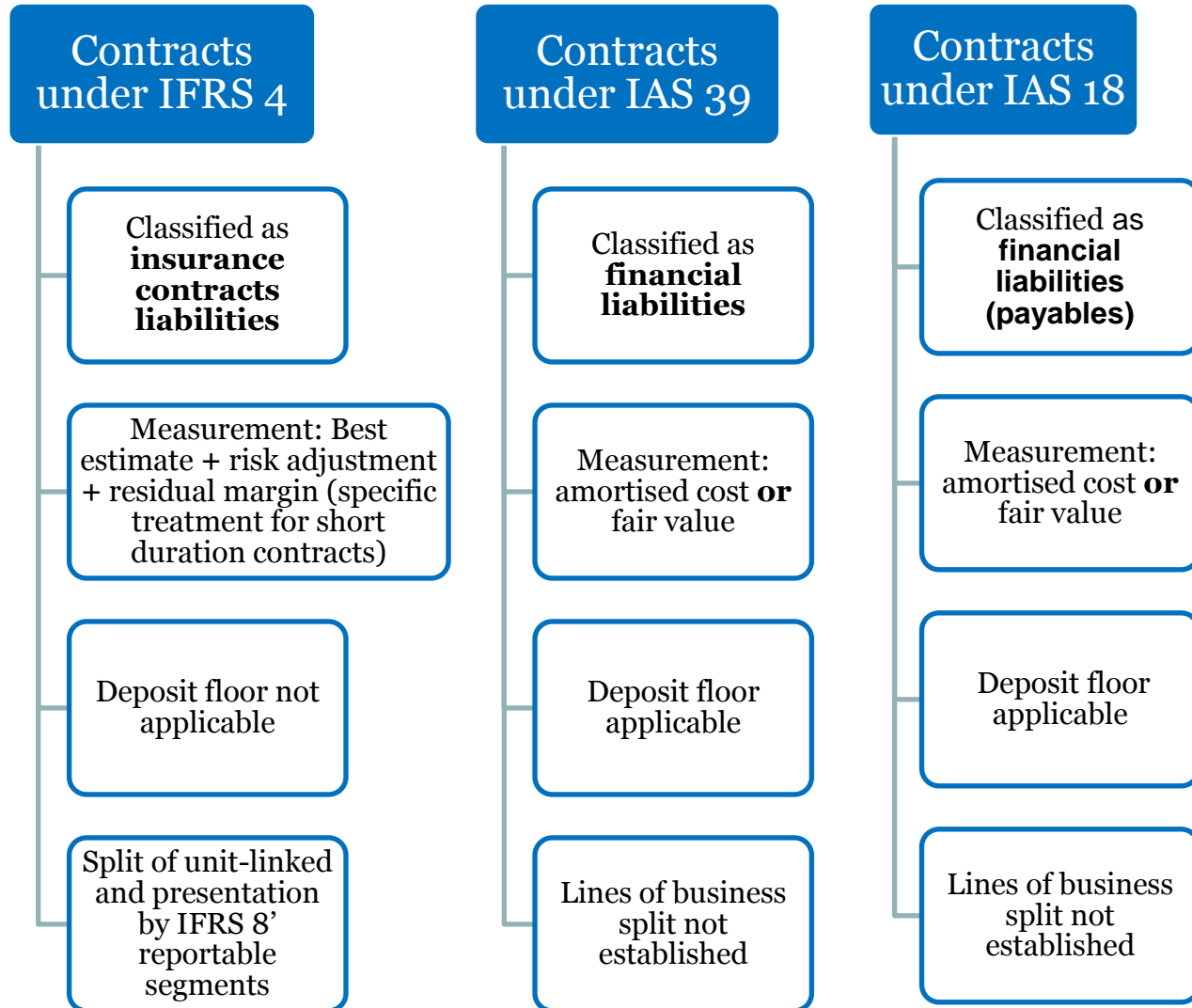
Contracts issued by Insurance Undertakings

- **IFRS** does not concern insurance undertakings, but the **accounting treatment of contracts**
- The **risk transferred** defines the existence of an insurance contract:
 - A contract that exposes the undertaking to significant insurance risk  **insurance contract**
 - A contract that exposes the undertaking to financial risk without significant insurance risk  **investment contract**
 - A contract that exposes the undertaking neither to significant insurance risk or financial risk  **rendering of services contract**
- Statistic reporting shall be significantly affected on items as: premiums, technical provisions, claims data and investment income

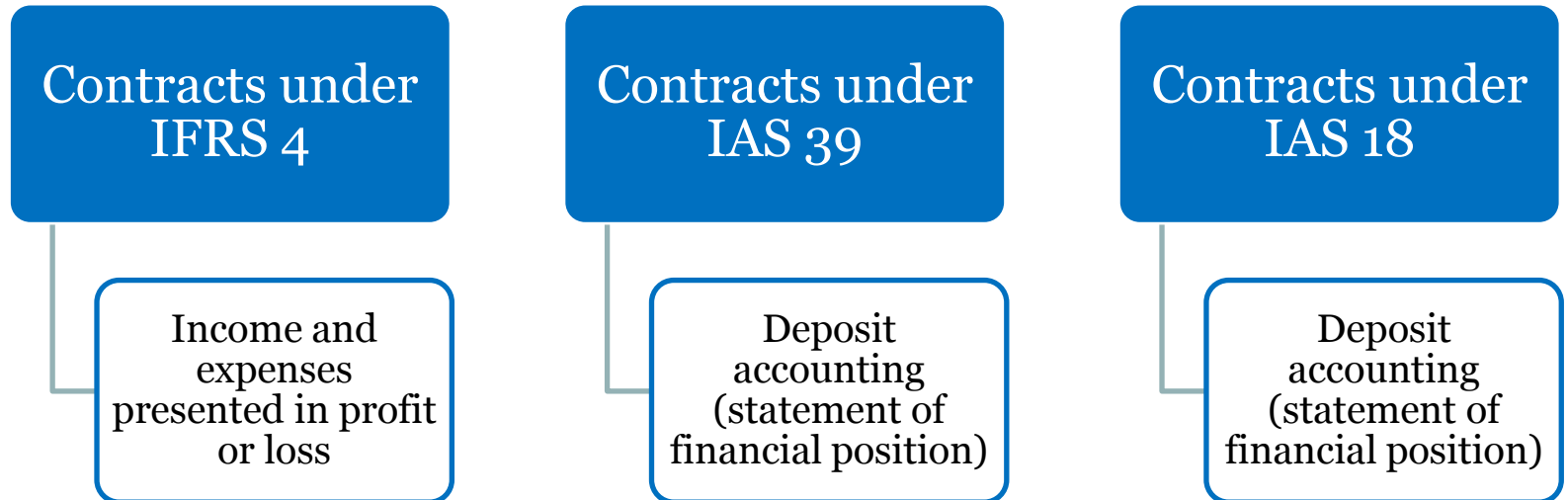
IFRS impact 'Premiums'



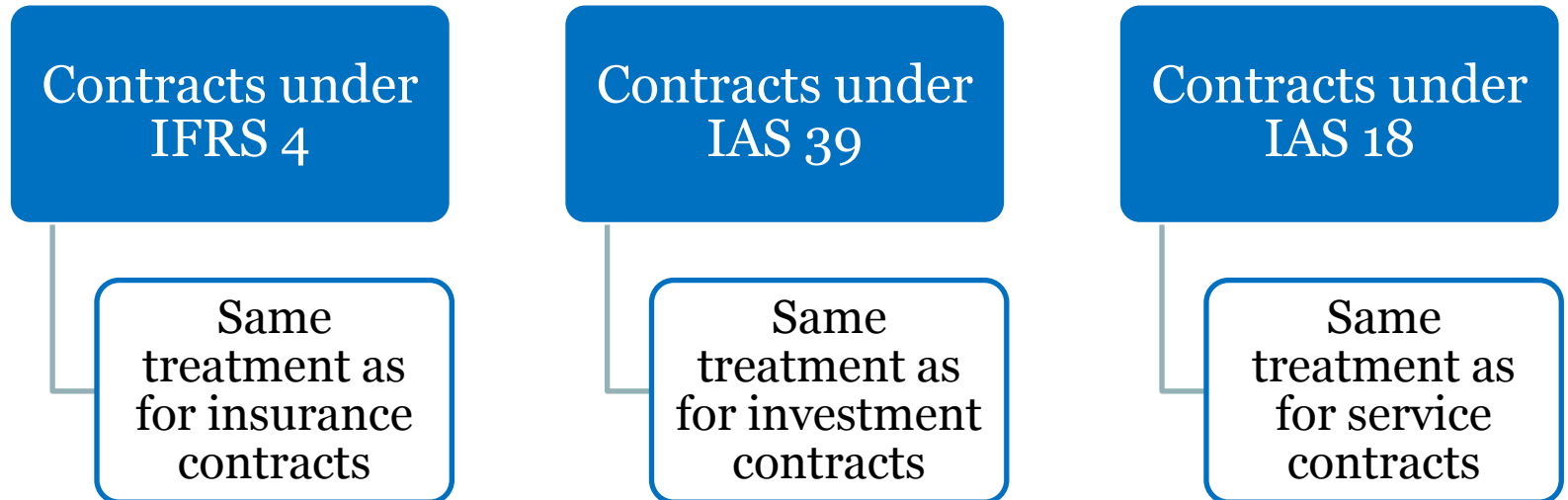
IFRS impact 'Technical Provisions'



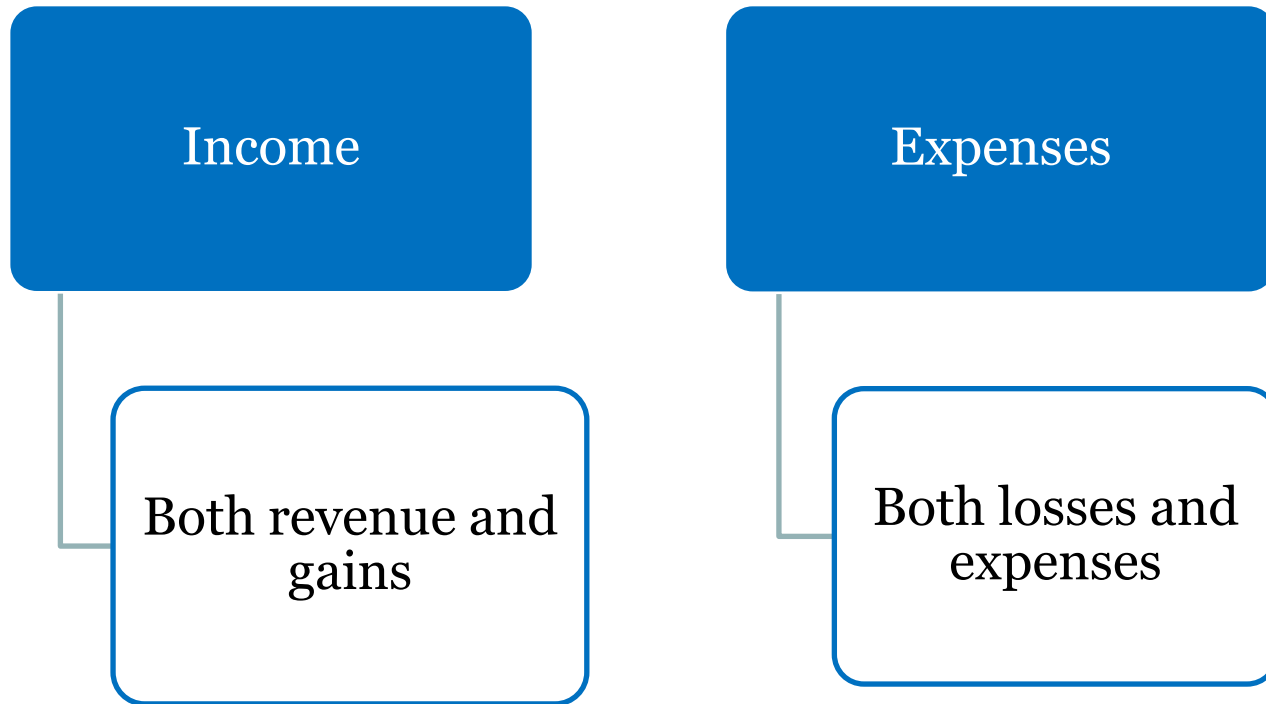
IFRS impact 'Claims data'



IFRS impact 'Reinsurance'



IFRS impact 'Investment income'



Measuring the effect...

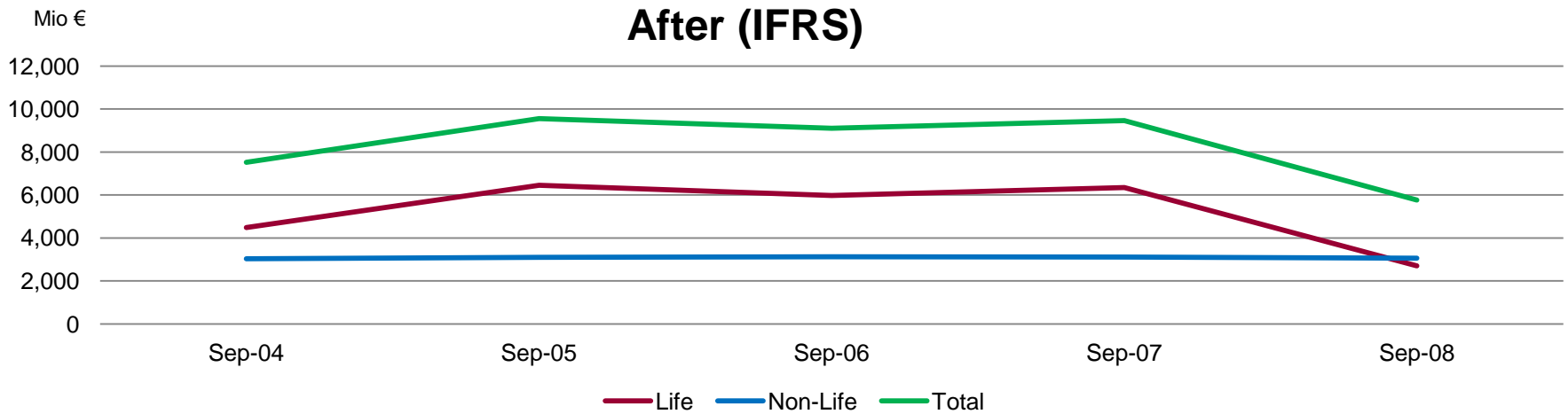
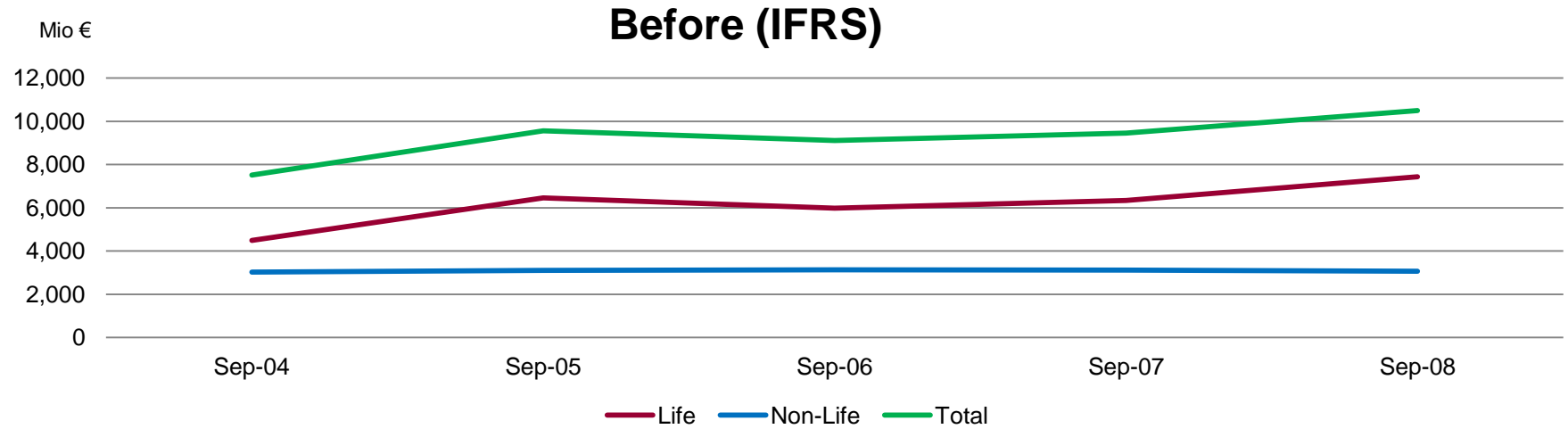
Example of 'premiums':

Accounting variable

Code: Section 1.1

Name: Gross premiums written

Measuring the effect...



The future ...

Possible Scenarios (Premiums):

- A. **P&L information**, leads to the exclusion of Inflows and Outflows of Investment Contracts and Rendering of Services Contracts, considering only their Commissions (management fees)
- B. **P&L and Statistical information**, adding Inflows to Premiums and Outflows to Claims
- C. ...

Thank you

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Some IFRS with major impact in insurance business:

IAS 16 - Property, Plant and Equipment

IAS 19 - Employee Benefits

IAS 18 – Revenue (Rendering of services)

IAS 32 - Financial Instruments: Presentation

IAS 36 - Impairment of Assets

IAS 39 - Financial Instruments: Recognition and Measurement

IAS 40 - Investment Property

IFRS 4 - Insurance Contracts

IFRS 7 - Financial Instruments: Disclosures