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Проблемы сопоставимости и оценки: переход от МСФО 4 к МСФО 17 «Договоры страхования»

Аннотация. В статье рассматриваются проблемы предыдущего стандарта учета договоров страхования IFRS 4, которые привели к разработке нового стандарта IFRS 17. Авторы фокусируются на ключевых недостатках IFRS 4, включая отсутствие единых требований к оценке обязательств, что делало финансовую отчетность страховщиков несопоставимой. Подробно анализируется решение данных проблем в IFRS 17 через введение четких принципов группировки договоров для оценки. Рассматриваются три критерия группировки: по однородности рисков, дате заключения и прибыльности (с выделением обременительных договоров). Статья также затрагивает влияние перехода на новый стандарт на российскую учетную практику в условиях требований Банка России.

Ключевые слова: IFRS 4, IFRS 17, договоры страхования, страховая компания

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Comparability and measurement issues: transition from IFRS 4 to IFRS 17 "Insurance contracts"

Abstract. The article examines the issues of the previous insurance contracts accounting standard, IFRS 4, which led to the development of the new standard IFRS 17. The authors focus on the key shortcomings of IFRS 4, including the lack of uniform requirements for measuring liabilities, which made insurers' financial reporting incomparable. The solution to these problems in IFRS 17 through the introduction of clear principles for contract grouping for measurement is analyzed in detail. Three grouping criteria are considered: by homogeneity of risks, sale date, and profitability (with the identification of onerous contracts). The article also touches upon the impact of the transition to the new standard on Russian accounting practices under the requirements of the Bank of Russia.

Keywords: IFRS 4, IFRS 17, insurance contracts, comparability of reporting, insurance company.

Introduction

The introduction of the International Financial Reporting Standard (IFRS) 17 "Insurance Contracts" marks a pivotal shift in the global insurance industry's financial reporting landscape. Designed to replace IFRS 4, the new standard is fundamentally built on the core principle of providing a "faithful representation" of an entity's insurance contract performance. This objective seeks to rectify the longstanding issues of comparability, transparency, and consistency that plagued its predecessor. This article delves into the essence of "faithful representation" as mandated by IFRS 17, contrasting it with the flexible, often opaque practices allowed under IFRS 4. It will explore the key conceptual problems addressed by the new standard — ranging from

diverse valuation approaches and the presentation of life insurance contracts to the use of inconsistent assumptions and varying levels of conservatism in loss reserving. Furthermore, the analysis will extend to the practical implications for insurance groups, particularly in the Russian market, where the standard's adoption intersects with local regulatory mandates and necessitates significant operational overhauls, such as the development of unified data infrastructures. Through this examination, the article aims to clarify how IFRS 17 transforms the accounting framework to deliver more reliable, comparable, and decision-useful information to stakeholders.

Issues of IFRS 4 regarding insurance contracts

The primary goal of IFRS 17 is to truthfully reflect the results of insurance contracts. What was meant by the word "truthfully" and why was the previous standard, IFRS 4, in a sense, insufficiently clear to users regarding information disclosure?

First, the fourth standard allowed for various valuation approaches, leading to different companies and jurisdictions simply presenting their results differently, making them impossible to compare.

The second problem, more typical for life insurance companies, is that life insurance is quite similar to bank deposits, but the presentation of these results in the financial statements under IFRS 4 and similar banking results differed.

In IFRS 4, there were practically no requirements for contract valuation; that is, there were general words but no description of any models by which an insurance contract should be evaluated. This has been introduced in the new standard to make reporting more comparable.

Another issue is the use of assumptions based on current market data or historical data. But if current market rates are about 15%, a year ago they were 20%, and several years ago 4%, then depending on whether current information or that known at the contract sale date is used, the results will differ significantly. IFRS 17 clearly specifies where and which assumptions are to be used.

Now, regarding conservatism in estimates. For non-life portfolios, different companies have different attitudes toward the concept of conservatism when estimating loss reserves. Sometimes these estimates are very close to the best estimate, meaning we estimate our losses with a 50% probability that the reserve amount will be sufficient and a 50% probability it will not. In reality, losses will be either slightly higher or slightly lower, and our goal is to hit the middle of this range so that there are fluctuations around the estimates: sometimes positive, sometimes negative, but around zero. However, not everyone does this, and many companies stated that their reserves were conservative, meaning they would be sufficient not for a 50/50 outcome but for 60/40 or 70/30, etc. IFRS 4 allowed this practice to continue. As a result, the amount of insurance contract liabilities varied greatly between companies not because they had different portfolios or loss ratios, but because the approaches differed. IFRS 17 corrected this.

The Bank of Russia shifted the implementation of this standard in our market to accounting. IFRS 17 is a standard for the consolidated financial statements of insurance groups. In Russia, a law has existed since 2010, according to which our accounting statements must comply with IFRS. As soon as the Bank of Russia issued documents on the transition to IFRS 17, despite the deferral from 2023 to 2025, it became a technically more complex implementation task than simply preparing financial statements.

Key changes brought up by the transition from IFRS 4 to IFRS 17

IFRS 17 states that it is necessary to evaluate all contracts at a group level, meaning to combine contracts into groups and evaluate liabilities for these groups. However, they must be combined into groups under certain conditions: contracts with similar risks (budgeting and preparing management reports for specific segments: property insurance, VHI, car insurance, etc.). That is, the presence of homogeneous risks. These groups are already more or less defined historically, and making changes to them is minor.

Furthermore, it is also necessary to divide groups by the contract sale period. In IFRS 4, contracts were not analyzed based on when they were concluded. That is, it was not disclosed whether premium earnings came from current contracts that were just concluded or from past ones.

IFRS 17 required that all estimates be technically performed so that it is possible to state for which group, by sale date, what the liability amount is.

And the third classification for contract groups, if there are contracts differing in profitability levels. The standard requires that contracts concluded with an expectation of a loss be identified separately. That is, if a company enters into a contract for some purpose where a loss is ultimately expected, such contracts within groups must be highlighted separately.

For example, a company concludes an unprofitable contract for one type and then tries to compensate for it with a sufficiently profitable contract for another type. For instance, one could conclude a VHI contract and include a cheap travel insurance policy within it. So, across the two groups — health insurance and travel insurance — this contract might be profitable for medical insurance, while the travel insurance component could be unprofitable.

If a company concludes profitable contracts, as in IFRS 4, it earns a premium on them and gradually recognizes losses as they occur, and the profit from such contracts is reflected in the income statement evenly over the contract term. And if an unprofitable contract is concluded, it must be immediately recognized in the period in which the contract was entered into, and then the result from this contract in future periods will be zero.

Exception: If the unprofitability of a contract is due to the company's inability to charge the client more because the tariff cap is fixed by law, then it is not mandatory to separate such unprofitable contracts. For example, in CMTPL, there are huge segments that are underpriced from the perspective of the upper tariff limit set by the Bank of Russia. The standard permitted not separating unprofitable contracts for SMTPL if the reason for their unprofitability is that we cannot charge more, even though we want to. This is important: otherwise, the entire MTPL portfolio would have to be reclassified, and it contains quite a few unprofitable contracts.

It is also necessary to evaluate insurance contracts and outgoing reinsurance contracts differently: first, all estimates must be made on a gross basis, then all contracts must be evaluated for the reinsurer's share. In the sense that an outgoing contract is a contract with its own premium and expected losses; we need to evaluate them further. Unlike IFRS 4, calculations on a net basis are not performed. In IFRS 17, there will be a very detailed gross result and one line for outgoing reinsurance.

Due to changes that affect the classification of a company's operations and directly impact financial statements, the need arose to develop a Single Source of Data.

Conclusion

In conclusion, IFRS 17 represents a comprehensive and much-needed reform aimed at achieving a faithful representation of insurance activities. By mandating a structured, principle-based approach, it directly tackles the core deficiencies of IFRS 4: the lack of comparability due to diverse valuation methods, the inconsistent presentation of economically similar products (like life insurance and bank deposits), and the ambiguous use of assumptions and conservatism in estimates. The standard introduces rigorous requirements for grouping contracts by risk, inception date, and profitability, demanding immediate recognition of losses for onerous contracts and enforcing a clear, gross-based separation of insurance and reinsurance accounting. These changes collectively ensure that financial statements provide a more transparent, consistent, and truthful picture of an insurer's financial position and performance.

The transition, however, as evidenced by the Russian experience, is far from a mere accounting exercise. It necessitates profound operational transformations, including the creation of a Single Source of Data and the reconciliation of new reporting structures with existing systems and regulatory tax frameworks. While the path to full implementation is complex and resource-intensive, the ultimate outcome is a robust financial reporting regime that enhances global comparability, strengthens transparency, and bolsters the confidence of investors, regulators, and other users of financial statements in the insurance industry worldwide.

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