

Appendix 6 : interview guide

Theme :

IFRS 17 and the comparison with the former standard of accounting on the same topic, IFRS 4.

Problematic of the study :

The goal is to study the differences and similarities between the two aforementioned standards and what are the consequences that arise from those differences :

- At the accounting level, in terms of measurement of the insurance contracts and recognition of revenue;
- Quality of the information delivered in the financial statements;
- Practical consequences on handling of the requirements and performance reporting.

Respondents (at best) :

Depending on the wish of whoever the respondents are, the interview could take place in either French or English.

1. National Bank of Belgium on the impact of such norms on the delivered stand-alone and consolidated financial statements if possible.
2. Member of EFRAG that work on the new standard IFRS 17
3. Audits and accounting specialists.

Those profiles should bring confirmation or information of my hypotheses. Insurance professionals may not be ready to have useful information for a standard that applies in 2023 and further information regarding insurers is available in one of my sources, which is a survey from Deloitte, studying thoughts of the insurance companies.

1) Introduction

- Hello, Ms./Mr. XX, my name is Lucas Dufrasne and you are the and you have accepted to be interviewed for my Master thesis on IFRS 17. Can I record you to keep trace of our interview together?
- Do you have any information to add about yourself before we start to discuss the topics?

2) IFRS measurement

- The general model of accounting for insurance contracts is divided into three main blocks : the cash flows, the RA and the CSM, all of them being discounted, do you think it gives a better manner of measuring the liabilities or assets that arise from the contracts?
 - If not, then were the previous models under IFRS 4 better according to you or should something else be necessary?
- The CSM is supposed to depict the profitability of the group of contracts. Do you think that reporting profit in the balance sheet instead of taking it immediately is a good option or would something like an asset followed by write-downs if necessary be a better representation of the contracts?
- The CSM might end up not being used for reinsurance on onerous insurance contracts and the profit that arise in that case would be taken in profit or loss immediately. Don't you think it is fairly inconsistent with the referential and its standards?
- An entity shall present a lot of information in its disclosures, namely, the input it uses for its measurement, its judgment and how it impacts the financial statements and the risks for future cash flows. Were there any other disclosure requirements that would have been relevant and possible?

3) IFRS presentation of profit/revenue/loss

- The new presentation per group or portfolio of contracts depending on the amendments and the impossibility to offset onerous contracts with profitable ones makes for less "make-up" by the entities, do you think it is or good idea, or could it be going too far in the presentation?
 - Do you think that it could have an impact on the quality of the balance sheet, financially wise?

- In the same manner, the presentation of performance requires different lines of items and these items represent the changes in the elements constituting of future or past services, discounting and others. More lines are permitted but not mandatory. According to you, is the new set of presentation really clearer since the additional lines are not required and can thus lead to misleading information?
- The many options that are let at the discretion of the entity to disaggregate the profit between P&L and OCI for IFRS 17 (liabilities) and 9 (financial assets) could solve mismatch problems or make it worse. Hence why those two standards can be transitioned towards together. What is your point of view about so many options being available? Can it not constitute a lack of clarity even choices were to be in the notes?
 - Would that transition not have been facilitated, had the standards been implemented separately? The experience letting more experience for entities and readers?
- Which practices do you think could disappear when it comes to accounting for insurance contracts?

4) Practical consequences for reporting entities

- The stakeholders of the entity should be spoken about the consequences of the new standards in terms of reported performance and KPIS (performance indicators). Do you agree with that statement?
 - Why?
- What do you think is the greatest challenge for reporting entities in terms of internal changes in any department?
- Do you think that for some types of contracts, like longer-term ones, a lack of necessary data might appear and cause difficulties in the measurement of contracts, for life insurance per instance?
- Overall, do you agree with the point of view that says that the changes and linked costs will have a positive impact in the long run or would these costs be more important than the benefits in terms of modernization and better financial statements?

5) Personal thoughts and added elements

- Most insurers seems not to be ready for the transition towards IFRS 17. Do you agree with this statement?
- Don't you think that the transition requirements might be difficult to achieve for some contracts/ entities since it would be similar to restating the consequences of multiple previous years into one with a fairly difficult canvas?
- My personal opinion is that while maybe more representative, the standard may be going quite too far in terms of complexity in the measurement and disclosures to provide. While necessary (some practices were not really relevant with a good financial information), maybe a simple norm would have been a better choice. What do you think about it?
- Could that complexity be a reason for financial statements of bad quality, a lack of time and resources for older contracts namely, being difficult to solve?
- Even if that's one more regulation to accord with, Solvency II is a norm that could be useful to implement IFRS 17. Do you think it would be a good solution to opt for?
 - Do you have any other idea about potential solutions?

6) Conclusion

- Overall, do you think that the new standard will make for a clearer, more comparable financial statements for entities that will be in scope of this standard?
 - Regardless, do you think there would be possible enhancements?
- I personally do no longer have any questions for you. Do you have anything to add over what we have spoken about together?

Thank you for your time, have a nice day.