



# SHOULD YOU APPLY IFRS 17?

Allen Mazhaume

The accountancy profession is abuzz with the approaching effective date of IFRS 17, which is 12 months away. At this point, many insurers around the world have initiated the implementation process for the standard, with some having already achieved full compliance with the new standard. With the focus mostly being on insurance companies it's easy to overlook the fact that in Zimbabwe, IFRS 17 may also apply to some companies that are currently not being regulated by the Insurance and Pensions Commission (IPEC).

IFRS 17 defines an insurance contract as a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

This definition of insurance above raises a number of questions as to who should be applying IFRS 17. To simplify matters, think about when you buy a television with a guarantee or a warranty, is the selling entity not taking insurance risk? How about when companies sell goods and promises to cover for any damages or theft within a given time frame, is that not insurance? Think of legal aid cover, roadside assistance service, credit guarantee contracts, medical cover etcetera, the list is endless.

There is therefore no doubt that insurance services are not restricted to insurance registered companies only. This leaves us with an even bigger question, "Should an entity with one or two insurance type contracts, but whose main business is not insurance apply IFRS 17 for those few insurance type contracts? The answer to this question makes a huge monetary saving difference as implementation of new standards does not come cheap. On the flip side, not making the assessment may also result in financial reports failing to comply with international standards resulting in audit qualifications.

If you feel the issues above speak to you, contact TAS to help you answer these questions and make the right decision. Training and Advisory Services is assisting the market in implementing IFRS 17 through trainings and handholding in the implementation process. Our vast experience in the field of financial reporting including participating in standards writing processes has enabled us to deliver the right level of support to entities and practitioners to implement new standards.

If you liked this article and would like to learn more about IFRS 17, do not hesitate to call us on +263 8688 007098 or email us at [marketing@tas.co.zw](mailto:marketing@tas.co.zw)



Author

Allen Mazhaume

TAS Junior Associate Advisor