MON/OCLE

IFRS 17 INSURANCE CONTRACTS
COST ALLOCATION & TRANSPARENCY

SOLUTION

- Automation and enhancement of cost allocation process from an excel-based solution to a vendor automated platform in preparation for IFRS 17

BUSINESS AREA

- Finance & Reporting:
  - Life Business
  - Investments Business
  - Sales Finance Function

SKILL SETS

- IFRS and Financial Accounting
- Data Analysis and Cost modelling
- Microsoft Excel
- Power Query

THEMES

- Data Analysis and Modelling
- Technology (vendor tool)
- Process Automation
- Finance Reporting and Analytics
- Cost Allocation

INSIGHTS

- Define and design cost allocation methodology after performing a detailed AS-IS cost model analysis
- Have a clear understanding of the data sources needed cost model and potential impact on processes timing and complication
- Invest in automated platform (vendor or in-house built)

TESTIMONIAL

Monocle was key in the automation of the cost allocation process which incorporated IFRS 17. We worked really well together.

Head of Finance

OVERVIEW

IFRS 17 is set to update how insurers recognise, measure, present and disclose their insurance and reinsurance contracts to establish standardisation throughout the industry for greater transparency, risk management and comparability of results. An important consideration of IFRS 17 measurement and disclosure is appropriate cost measurement and classification. With the IFRS 17 effective date looming, one of South Africa's largest insurance institutions set out to automate and enhance their cost allocation processes, not only in preparation of complying with regulation but to also ensure the overall process improvement.

Monocle was an execution partner in implementing the automated cost allocation platform (end to end), replacing the manual excel-based process. This provided a structured foundation that improved overall cost allocation efficiency and ensured accuracy, transparency, auditability and supported IFRS 17 readiness. Throughout implementation, Monocle assisted across the costing lifecycle with specific focus on comprehensive gap assessments from the design of the IFRS 17 solution through to disclosure. This necessitated data identification, sourcing, and automated integration for all required inputs used in the cost models, as well as cost methodology design, testing and implementation of the platform. Upon completion of the build, Monocle ensured effective handover and project embedment.

RESULTS

Automated & advanced cost allocation processes

Granular IFRS 17 data with improved accuracy, transparency and auditability

Custom output & reporting for in-depth analysis by multiple stakeholders

KEY SKILLS REQUIRED

- An understanding of the International Financial Reporting Standards and finance processes, the subject matter and concepts involved, and the data required to enable these processes
- Technical knowledge of automated cost allocation platform and experience in Microsoft power query for ETL process
- Experience as an execution partner to affect change on a project of this scope and size

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