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Late adopters of IFRS 17: what can we learn by looking back?



IFRS 17 was adopted globally in 2023 by countries that follow the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board. However, there is diversity in the timing and manner of adoption of this accounting standard across different countries and among specific regulators.

In Brazil, for example, the local regulator of the publicly traded companies – Comissão de Valores Mobiliários – approved IFRS 17 (the standard is called CPC 50 – Contratos de Seguros, and was approved by CVM Resolution 42, on July 22, 2021) for publicly traded companies for the fiscal year of 2023¹, while the insurance regulator has not yet given its approval.

In Latin America, we can find various scenarios. In Chile, Mexico, and Uruguay, the insurance regulators have not yet approved IFRS 17. In Peru, the Superintendency of Banking, Insurance, and AFP (SBS) is implementing the standard in phases, with full adoption by insurers expected by 2027², but there are differences compared to the originally issued standard.

In Costa Rica, insurers must adopt the standard corresponding to IFRS 17 (NIIF 17) on January 1, 2026, according to a statement from the National Council for Financial System Supervision (Conassif)³.

¹ Resolução CVM 42, de 22 de julho de 2021.

² Superintendencia de Banca, Seguros y AFP, Implementación NIIF, abril/2023.: https://www.sbs.gob.pe/Portals/0/jer/acnif_2023/Presentaci%C3%B3n%20Implementaci%C3%B3n%20NIIF%20-%20Sociedades%20de%20auditor%C3%ADa.pdf

³ Conassif: *acta de la sesión 1830-2023, celebrada el 30 de octubre del 2023.*

Therefore, in some locations, there is still much work to be done. For insurers that have already completed the transition phase, it is now possible to reflect on the size and complexity of an accounting standard implementation project of this magnitude.

The lessons learned are many, and it is difficult to highlight the most critical decisions. However, one fundamental lesson is clear: without the commitment of senior management, projects of this type do not move forward.

For companies that will still go through the implementation process or any form of adaptation to IFRS 17, it is essential to have clarity on the following aspects:



The goal of the adaptation: whether to comply with regulatory requirements, prepare for an initial public offering, carry out business acquisitions, or effect a corporate reorganization, understanding the reason for the transition to the new accounting practice is essential to properly size the project.



Project sizing: includes establishing dedicated resources, defining the project timeline, identifying the involved areas, prioritizing tasks, and outlining the work fronts.



Project management and ownership: effective management and clear definition of responsibilities are essential aspects to ensure the necessary internal priority for the project. It is important to have alternative plans ready to mitigate possible delays.



Data and systems: assessing needs, understanding internal data and technology limitations, and developing alternative strategies are fundamental steps to making well-founded and strategic decisions.



People: having skilled professionals who understand the business model and can apply the standard's concepts, considering practical and operational aspects, is crucial for a successful implementation.

In training sessions, forums, or conversations with our clients, we usually address points of attention, pitfalls, and precautions in projects of this nature. One of our main recommendations for those who are about to start this journey is to learn from past experiences, talk to those who have faced these challenges, and thus avoid repeating the same mistakes to ensure a successful transition.



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