

25 April 2023

## Circular on the Reporting Requirements under IFRS 17 – Insurance Contracts

### 1.0 Introduction

In terms of article 2(1) of the Accountancy Profession Act, all insurance undertakings with head office in Malta are currently considered to be Public Interest Entities. This entails that insurance undertakings are required to use International Financial Reporting Standards ('IFRSs') as adopted by the EU to draw up their financial statements.

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. IFRS 17 replaces IFRS 4 Insurance Contracts.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an undertaking provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the undertaking's financial position, financial performance and cash flows.

Following the MFSA's survey "*Is your business ready for IFRS 17 - Insurance Contracts?*" on 29 September 2022, the Authority has taken into consideration the feedback collected through the survey and has worked towards updating the National Specific Templates ('NSTs').

By way of this circular the Malta Financial Services Authority would like to notify Insurance Undertakings of the updated NSTs in line with the new accounting standard.

## 2.0 Way Forward

### National Specific Templates

Reference is made to the Quarterly National Specific Templates ('QNSTs') and Annual National Specific Templates ('ANSTs') which have all been updated to reflect the changes brought about by IFRS 17. These new QNSTs and ANSTs can be found in [Appendix I](#) and [Appendix II](#) that are being published together with this Circular. These templates are to be utilised until such time that such templates are embedded within the Insurance Rules issued under the Insurance Business Act (Cap. 403).

In view that IFRS 17 has an effective date of 1 January 2023 and therefore the first set of audited financial statements will be prepared in 2024, the Authority is allowing the option for Insurance Undertakings to report under the current IFRS 4 QNSTs up until the quarterly reporting Q3 2023 (financial year).

As from Q4 2023 (financial year), all Insurance Undertakings are required to report under the new IFRS 17 QNSTs.

Insurance Undertakings which opt to report under the new IFRS 17 QNSTs as from Q1 2023 (financial year) are requested to send the QNSTs via email on [IPSU@mfsa.mt](mailto:IPSU@mfsa.mt). Guidance on such uploads via the LH Portal will be provided in due course.

In parallel, these returns should also be submitted by email in Excel format to the Central Bank of Malta ('CBM') on [insurance@centralbankmalta.org](mailto:insurance@centralbankmalta.org) in accordance with the stipulated deadlines. In due course, a resubmission through the Infostat portal will be requested, details of which will be communicated bilaterally by the CBM.

The QNSTs and the Management Accounts should be prepared using the same Insurance Accounting Standard.

For Annual Reporting for financial year 2023, all Insurance Undertakings are required to report under the new IFRS 17 ANSTs.

### Quantitative Reporting Templates

According to EIOPA, there will be no changes to the Quantitative Reporting Templates ('QRTs'). The MFSA hereby reminds Insurance Undertakings to keep in mind the specific attributes needed for the completion of the QRTs which no longer form part of the statements under IFRS 17.

### New Applications

The Authority is hereby informing the Insurance Industry that the financial projections included within new applications should be presented in accordance with IFRS 17.

### **3.0 Contacts**

Any queries or requests for clarifications in respect of the above should be sent by email on [IPSU@mfsa.mt](mailto:IPSU@mfsa.mt).