



# Statewide Insurance Company Ltd.

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## TERMS OF REFERENCE FOR THE IMPLEMENTATION OF IFRS - 17

### 1.0 Background

Statewide Insurance Company Limited (SWICO) is an indigenous Company based in Uganda operating as a Non-life insurance player regulated by the Insurance Regulatory Authority of Uganda. It was founded in 1982 and commenced operations in 1983.

The Company offers a wide range of products such as Motor Insurance, Fire Insurance, Bonds insurance, Fidelity Guarantee, Professional Indemnity, Group Personal Accident cover, Workers Compensation insurance among others.

IFRS - 17 is an accounting standard which was issued in May 2017 by the International Accounting Standards Board which replaces IFRS 4 which has been used for measuring insurance contracts since 2004. It sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17 and currently has an implementation date of **1 January 2023**. The implementation date of 1 January 2023 gives a short time frame to ensure that all systems are up and running and the appropriate policy decisions are finalized regarding the choices offered by the standard.

The Insurance Regulatory Authority (IRA) commenced an exercise to ensure that the entire Insurance Industry in Uganda is prepared for a successful implementation of the standardized approach to adoption of IFRS - 17 across the sector.

The regulator requires SWICO to urgently submit a roadmap showing the extent of the Company's preparedness for the adoption of IFRS 17.

SWICO is therefore desirous of hiring the services of a Consultant with the requisite system/software in which the Company's Financials shall be run to generate reports in compliance with the Insurance Regulatory requirements and the International Financial Reporting Standard (IFRS – 17).

## **2.0 Objectives of the Engagement**

The Objectives of this engagement are:

- (i) To ensure SWICO's compliance with the statutory and regulatory requirements on IFRS 17 implementation.
- (ii) To apply the knowledge, technical skills and the experience acquired in the course of executing similar assignments to help SWICO in accomplishing the expected deliverables in respect to IFRS 17 within time.
- (iii) To advise and make recommendations to Management on strengthening policies and processes to aid full implementation and compliance with IFRS 17.
- (iv) To train and support capacity development of the Company's staff in IFRS 17 applicability.
- (v) To generate the IFRS 17 figures from the data availed by SWICO.

## **3.0 Scope and Key Responsibilities:**

The Consultant shall design IFRS 17 implementation program to ensure that the Company's financial reporting is accurate, and mitigates potential risks in financial reporting. The Consultant will guide the Company to ensure that insurance contracts are measured in a manner that is fair, transparent and understood by the Investors, Regulators and other stakeholders and meets the IFRS 17 implementation standard.

In particular, the Consultant shall perform the following roles;

- (i) Develop a standardized approach to the successful implementation of IFRS 17 and advise management and staff on usage.
- (ii) Set out a clear and concise plan for successful implementation of IFRS 17 so that the Company can make informed decisions about how to manage any emerging challenges.
- (iii) Design a road map for effective implementation of IFRS 17.
- (iv) Recommend a standard pathway for IFRS 17 and advise management and the Standard's effective implementation.
- (v) Carrying out an IFRS 17 gap analysis in the Company.
- (vi) Conduct an Actuarial Impact Assessment and verify if current actuarial methods are compliant with IFRS 17 with respect to: Premium Allocation Approach (PAA) eligibility, profitability of groups of insurance contracts (i.e. determination of onerous contracts), determining transitional Contractual Service Margin and future adjustments, expense analysis per product, risk adjustment for non-financial risk, discount rates and long-term forward looking actuarial assumptions.
- (vii) Conduct a Business Impact Assessment to modify changes to the general ledger and any other modifications as may be necessary.
- (viii) Build staff capacity through training and education on all features covering IFRS 17 standard to ensure effective adherence and understanding of the impact of IFRS 17.
- (ix) Monitor implementation progress on the Risk Strategy and Policy and guide Management appropriately.
- (x) Recommend the measurement model that is suitable to Statewide Insurance Company and justification of the recommendation/ building of models to use.
- (xi) Carry out periodic reviews on the Company's Financial Risk profile and make recommendations to management on appropriate mitigation measures.
- (xii) Review the existing Company Financial Policies and advise management on their compatibility with IFRS 17 standard.
- (xiii) Enable parallel run and early trial/ making model runs before the regulatory compliance date.
- (xiv) Guide management in the selection of assumptions for example; discount rates, risk adjustments e.t.c.

- (xv) Handle and advise management and staff on data management and aggregation of contracts.
- (xvi) Provide transition arrangements and ensuring that 2023 financial statements are in line with IFRS 17 requirement.
- (xvii) To generate the IFRS 17 figures from the data availed by SWICO.
- (xviii) Prepare and submit financial and any other reports to management, with respect to the implementation of IFRS -17 as herein under;
  - a) Monthly reports, within 10 days from the end of the month.
  - b) Quarterly reports, within 10 days from the end of the quarter.
  - c) Annual reports, within 10 days from the end of the year, and
  - d) Any other reports that may be required by the Regulator within the stipulated timelines.

#### **4.0 DURATION**

The Consultancy shall be for a period of two years renewable upon satisfactory performance and mutual consent.

#### **STATEWIDE INSURANCE COMPANY LTD.**

Evelyn Nkalubo - Muwemba  
**CHIEF EXECUTIVE OFFICER**