



Current Insurance Accounting and Audit Issues



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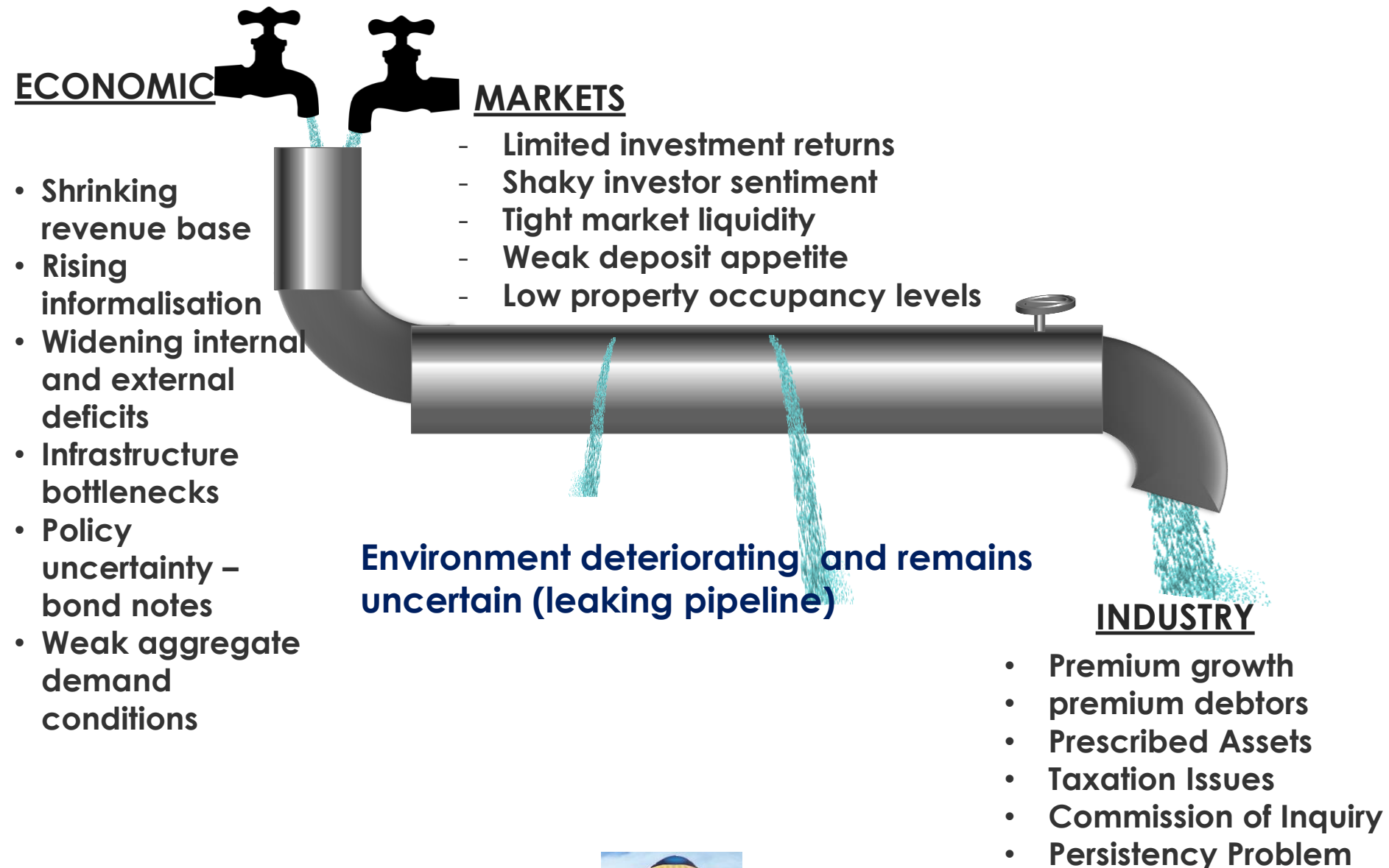
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INTRODUCTION – A LOOK AT THE MACRO ENVIRONMENT



So what are the
issues that affect us
in this economy?

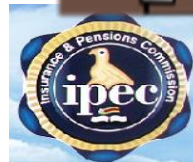
Insurance Receivables

Insurance Receivables

1. Growth in GWP being exceeded by growth in Premium Receivables;
2. Businesses overstating premium income;
3. Recoverability of the debt;
4. Impact of the debt on Admissible Assets;
5. Way Forward? – write off/take to court
(Discussion point)

Accounting Treatment

1. To underwrite the business - DR Receivable and CR GPW – no recorded liability on the other hand hence the mismatch;
2. UPR reduced over time though no actual cash would have been received – conflict with IFRS allotted over time not receipt.



Donated Assets

**Capital Contribution -
Do these assets
belong to the
Insurance company?**

**What is the
substance of the
donation - Is this
asset capital
injection?**

**At what point does it
become effective?
Legal Ownership?
Minutes/Resolution**

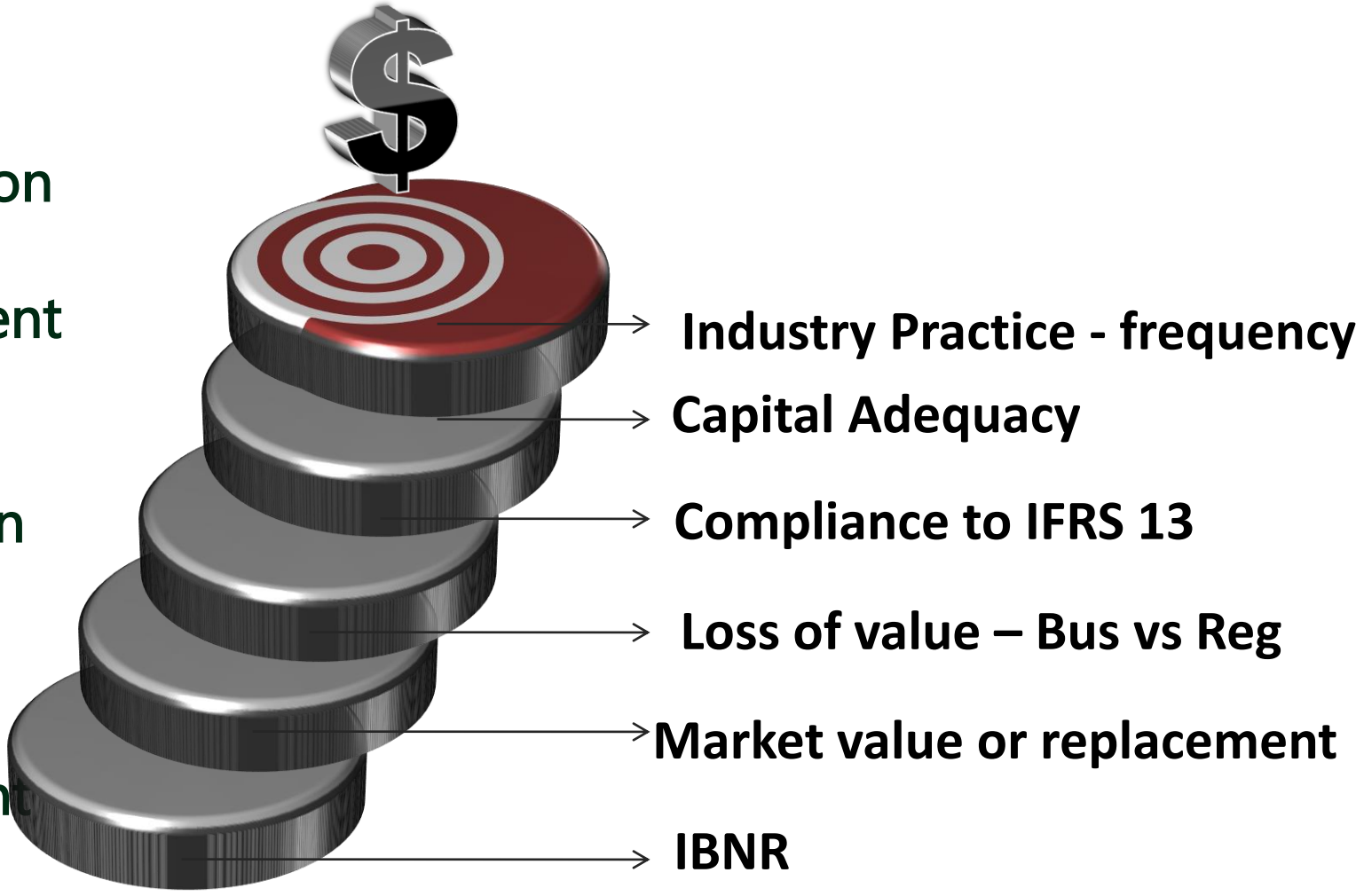
**Marketability of
donated assets to
cover claims costs
in the event of
liquidation**



valuations

THE RIGHT VALUATION

“The determination of fair value for investment properties, unquoted equities is an area that involves significant management judgement”



Compliance Issues

DEBATE PILLS

“The current economic environment is likely to affect the solvency position of the insurance companies and to put downward pressure on profits generated from the businesses.”

C.A.R

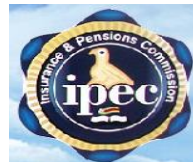
- The regulator has published a draft capital calculation for comment. The industry has sent its concerns and questions have been sent to the regulator and we are awaiting feedback.

Issues:

- Underlying assets
- Ability to meet obligations as they fall due

PRESCRIBED ASSETS

- In the past, the issue was around the lack of assets with prescribed asset status with the auditors' dilemma being whether or not companies were in compliance or not and to what extent this had on the auditors' opinion.
- Improved significantly with the introduction of qualifying assets.
- **Issue:** arising from the auditors is the recoverability of the recent qualifying assets.



DÍSCUSSION