

IFRS 17 - key messages for auditors



Relevant auditing standards

- ISA 315 - Identifying and Assessing the Risks of Material Misstatement
- ISA 500 - Audit Evidence
- ISA 540 - Auditing Accounting Estimates and Related Disclosures
- ISA 620 - Using the Work of an Auditor's Expert

IFRS 17 - an accounting standard for insurance contracts

- IFRS 17 came into effect on 1 January 2023.
- IFRS 17 introduces estimates and judgements around the future cashflows, discount rates, risk adjustments and contract service margins in measuring insurance contract balances.
- The number of insurance entities in the Irish market applying IFRS 17 is small, relative to the number of insurance entities applying FRS 103.

IFRS 17 is an inspection area of focus for IAASA

- For audits of insurance undertakings prepared under IFRS, IFRS 17 is a key area of focus on IAASA's audit inspections.
- A number of inspections conducted in 2025 have included the review of audit work on IFRS 17.

What's on the next page?

The next page sets out some of the key things for auditors to consider around IFRS 17.

Other IAASA publications

- IAASA's [AQS publications](#)
- International Standards on Auditing (Ireland) on IAASA's [website](#)

Auditing IFRS 17 insurance contracts

Transition to IFRS 17

- Has the entity adequately identified and resolved any challenges or risks that may have arisen in determining the IFRS 17 opening balances, such as issues around data quality or new model implementation?

Understanding the entity's IFRS 17 process

- Is there appropriate governance and resourcing around the entity's IFRS 17 process?
- Has the entity clearly identified all the information flowing into IFRS 17 calculations?

Areas of expected audit focus

- Data completeness, accuracy and reliability
- Appropriateness of assumptions around profitability, discount rates, BEL and contract boundaries
- Model reliability and IT system governance
- Adequacy of identification of onerous contracts
- Actuarial and IT specialist evaluation of management's use of experts

Interaction with IFRS 9

- Consistency between asset measurement and liability discount rates
- Matching of cash flow characteristics between assets and liabilities

Written representations

- Written representations about whether the methods, significant assumptions and the data used in making the accounting estimates and the related disclosures are appropriate

Areas for improvement

In the course of inspections, IAASA has identified improvement needed in:

- The audit of the disclosures required by IFRS 17
- Appropriate coordination between group and component audit teams

Financial statement disclosures

- Test the narrative as well as the qualitative information in the disclosures
- Review the descriptions of significant judgments
- Check the narratives against company documentation, such as actuarial memos and accounting policies
- Review the interaction with IFRS 9 disclosures