IFRS 17: Preparing your organization for change
With you today

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What we’ll cover today

1. IFRS 17: More than an accounting issue
2. Driving change through your people
3. Essentials for your Organization Change Management Strategy
4. 3 questions you should be addressing today
5. Any questions?
**IFRS17: More than an accounting issue**

*It will have significant impacts*

**Accounting impacts**
- Level of aggregation
- Alternatives
- Measurement models
- Transition

**Business impacts**
- Investment strategy
- Pricing
- Product design
- Enterprise risk management

**People & organizational impacts**
- Financial reporting & disclosures
- Product development and pricing
- ALM investments
- Distribution and markets
- Performance management
- IT systems and infrastructure
- Education and Training

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Driving change through your people
It’s critical to consciously set the tone from the start

Commitment
“I want to do it this new way”

Compliance
“I have to do it this new way”

You have an opportunity to create an innovative organization change management program that goes well beyond “compliance”
Learnings from other complex regulatory programs
Organization change management “stakeholder” perspective

- Changing Scope (in particular de-scoping mid way through the program)
- Unclear roles and responsibilities across business lines and project workstreams
- Expectations of benefits and effort to deliver them
- Lack of senior engagement and support (in particular around resourcing)
- Concerns about future workloads and knowledge transfer
- Lack of plans to rotate and transition project team back to the business

Lessons Learned
Learnings from other complex regulatory programs
Organization change management “workstream” perspective

- Organization change management becoming a bucket for activities that no one knows how to deal with
- Inordinate amount of time needed to problem solve – documentation of decisions is critical
- Key dependency management with technology and process & controls teams
- Key people dependency and burn out
- It’s a lot more than ‘communication and training’ activities – it’s about ‘awareness and adoption’ that needs to be evidenced
- Project team needing to consider different perspectives and really listen to the business needs for transition to be effective

Lessons Learned
Essentials for your organization change management strategy

- Principles for your Strategy
- Change Roadmap
- Awareness and Education
- Roles and Responsibilities
- Measuring Successful Adoption
**Principles for your change management strategy**

1. Defines the internal *lines of business and roles and external stakeholders* impacted by the Program

2. Defines the *impact these groups will experience* across people, process, technology and organizational dimensions

3. Sets out the *organization design, communication and training interventions* required to support these groups through the Program and delivery of the business case benefits

4. Defines the *business change principles and roadmap* to support the organizations achieving compliance with the IFRS17 standard by January 2020 and 2022
# Organization Change Management Roadmap

## Accounting Policy
- Perform impact assessment of new standard
- Determine adoption method
- Update insurance accounting policy
- Draft disclosures
- Educate and communicate policy changes within the organization

## Process/Systems
- Perform capability gap assessment
- Finalize automation roadmap
- Perform process & system design for future state
- Decommission old systems
- Build, test & deploy future state automation solution
- Implement controls

## Data
- Data quality scoping & prioritization
- Prepare & finalize data conversion strategy
- Perform mock & final data validation

## Program Management & Oversight
- Establish program governance
- Begin ramp up of project
- Finalize project plan & resource model for deployment
- Monitor progress & facilitate issue resolution
- Coordinate across work streams during build, test & deployment

## Organization Change Management
- Establish change management strategy considering stakeholders, organization impacts and planned activities
- Initiate change management activities including organization design communications and training
- Continue change management activities
- Deliver training and communications
- Transition to new operating model and roles

<table>
<thead>
<tr>
<th>Year</th>
<th>Mobilize</th>
<th>Design</th>
<th>Build</th>
<th>Test</th>
<th>Implement &amp; Go Live</th>
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May 2017: IFRS 17 standard released

Jan 1, 2020: IFRS 17 beginning of comparative period

Jan 1, 2021: IFRS 17 beginning of 1st reporting period

Jan 2022: Publication Financial Statement

**Mobilize**
- Design
- Build
- Test
- Implement & Go Live

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- Q4

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IFRS 17: Contract Accounting Conference – May 30, 2018
Roadmap – getting started

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Program Management & Oversight

- Program Management & Dependency Management
- Assess Stakeholders and Organizational Change Impact (including people, process, technology)
- Build Communications Strategy & Plan
- Build Training Strategy & Plan
- Build Change Management Strategy & Roadmap

Stakeholder & Change Impact Assessment

Communications Strategy & Plan

Training Strategy & Plan

Change Strategy & Plan

Change Management Roadmap Execution

Note: Plan is illustrative and dependent on number of procedures and controls.
## Awareness and education

**Program Related Communication**

- Communications regarding the program. E.g., Program overview, status, leadership news, key decisions, lessons learned

**Release Related Communication**

- Communications relating to release dates to inform impacted stakeholders. E.g., How to prepare and what they need to do to implement a release

**Compliance Related Communication**

- Communications related to compliance communications. E.g., to regulator and close collaboration with the Compliance teams

**Ad Hoc Communication**

- Communications that meet an immediate requirement outside of the other two categories

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There are **4 types** of communications that will need to be managed and coordinated – each brings unique governance and distribution considerations.
Awareness and education

The education program needs to support the lifecycle of the Release Schedule.

Given complexity of the process and system changes, training will need to be tailored by role and line of business to maximize adoption.

Key inputs to training development include:
- A clear understanding of people impacts across Geos/Lines of business
- New and updated processes and controls
- Readiness of new technology (e.g., for reporting)

Key outputs include:
- Underlying data models
- New process and procedures
- How to use new reporting tools and associated technology or workarounds
- Deriving insights from the data/reports
Roles and responsibilities

Team members to be planned for in your IFRS17 planning and implementation budgets

- IFRS17 Program Director and PMO
- Organization Change Management Lead
- Change Strategy and Execution Lead
- Organization Design Lead
- Business Transition Lead
- Training and Knowledge Transfer Lead
- IFRS17 Business Change Champions
- Roll out planning and business readiness
- Logistics
- Procedures, Controls and Associated Training Materials *

Note: Roles will change through the course of the program.

Note that the procedures and controls workstream size will depend on volume of procedures to be reviewed and or developed.

Illustrative using PwC Canada experience.
Measuring adoption

Unlocking your organization’s unique strengths by empowering people to anticipate, shape and accelerate change to make a difference that matters.

Measure both **what** needs to change and the **how**. Sample metric areas include:

**What needs to change?**
- Your insights
- Your people
- Structure & Operations
- Tools & Technology
- Capability & Culture
- Managing transformation
- Leading transition

**How will you change?**
- Envision your future
- Build the solution
- Start from where you are
- Leadership
- Engagement
- Skills & Behaviors
- Your insights
- Review & iterate
- Deliver impact

Adoption and application to work (transition to BAU)
- Operate independently with processes and tools
- Roles in place

OCM Dashboard Tracking
- Training effectiveness
- Communications effectiveness
- Change Readiness and countdown
3 questions you should be addressing today

1. How will IFRS17 affect key areas in your organization (operational processes, systems, reporting, compensation plans, key performance indicators, tax controls and debt covenants)?

2. How are you planning for what the level of education, training and communication will be needed?

3. How are you planning to resource the program team to design and manage the significant change effort ahead? Who will sponsor it?
Any Questions?
Thank You