

# **The Insurance Sector Has Overcome the Effects of Implementing IFRS 17.**

The Palestine Capital Market Authority (PCMA) stated that the insurance sector has overcome the effects of implementing the International Financial Reporting Standard (IFRS) 17 on “Insurance Contracts”.

In a press release issued today, Thursday, the PCMA affirmed that it has directed insurance companies since the issuance of the International Standard or Financial Reporting No. 17 in 2017 to take necessary actions and prepare for the implementation of the standard, which became mandatory at the beginning of 2023.

The statement clarified that the application of international financial reporting standards and international accounting standards is not optional but obligatory for all insurance companies and licensed auditing firms, especially the IFRS 17 standard for insurance contracts, accompanied by the application of IFRS 9 standard for financial instruments for insurance companies.

Ayman Al-Sabbah, the Director of the Insurance Directorate at the PCMA, stated that the directives issued to companies include investment in upgrading systems and employees, as well as conducting annual evaluations to identify gaps and expected financial impacts, allocating part of the retained earnings as a provision to absorb the expected impacts of implementing Standard 17 and Standard 9 for companies that did not choose to apply them before 2023. He pointed out that Standard 17 includes methodologies and mechanisms for application based on the portfolio structure of insurance contracts for each company. There are common issues and matters that apply to one

company and may not apply to another. Therefore, it is the responsibility of the company's management to apply the standard according to its internal context. Additionally, it is the responsibility of the external auditor to express an opinion on the extent to which the company complies with this standard. The choice of any company to adopt a specific approach and absorb the impacts on the results of one year does not imply that the choice of other companies is incorrect.

It is worth noting that due to the current circumstances in Palestine the PCMA has decided to postpone the disclosure deadline of the final financial statements for publicly traded companies until April 30, 2024, and whereas the majority of insurance companies have not yet released their final results, the preliminary financial data for insurance companies for the year 2023, disclosed on March 17, 2024, particularly when comparing the key financial items aggregated for the insurance sector for 2022/2023, show the impact of applying the International Financial Reporting Standards IFRS 17 and IFRS 9 on insurance companies. It is important to emphasize that the final results may differ depending on any changes that may occur in the data.