



Business Planning: Insurance

Tutor Conference 2019

GENERAL NOTES

There have been 10 sittings so far and the paper is now becoming well established. Be aware – just because a topic has not been examined so far, it does not mean it will not be in the future. If it is in the ICAEW learning materials, it could come up.

Q. Investment property accounting and investment property questions. Will these questions be more discursive about IAS40, rather than calculations? (As IAS40 is priority B)

A. Emphasis in questions tend to be on how they are valued, if a question is on IFRS13 it may have investment property in it. IAS40 is part of the story, but the question will not be a big emphasis on explaining and using it in depth. Classification and valuation are the main issues.

UPDATES TO THE LEARNING MATERIALS

Q. Chapter 13, section 8.2: regarding the application of CASS to insurers, is just identifying the risk enough for students?

A. Students principally need to identify whether CASS is an issue and understand that where it is CASS rules would need to be considered. Being able to identify that money received is client money is more important than the detail of a CASS audit.

IFRS17

IFRS17 is difficult to crack and understand, but once you do, it can be relatively easy to apply. In some form, IFRS 17 is likely to feature in every exam. Currently adoption becomes mandatory in 2022, but IFRS 17 is in the syllabus now, because we are training chartered accountants for the future. Firms are also likely to be involved in helping clients prepare for IFRS 17 implementation.

Encourage students to show workings and give an audit trail. CBE has been great from an examiner point of view, but also beneficial for students, as it is easier to edit.

Assume IFRS17 is adopted by Europe and if Brexit occurs, assume IFRS17 is adopted in the UK. There is a small chance, if the UK leaves the EU, it may not be adopted, but we cannot assume that. We, as examiners, understand we are dealing with uncertainties.

Q. A common trend is students writing a lot of text on Brexit. Shall I advise them not to?

A. Yes, we don't want to have loads of writing about Brexit. It is a reality, but it is unlikely to be very significant to this exam. If Brexit is relevant to a requirement, the students must remain neutral and professional in their stance.

GENERAL MEASUREMENT METHOD

Q. You have liability for remaining coverage in the end column, what about liability for incurred claims?

A. Liability for incurred claims (where claims have been reported as a liability, but not yet paid) have not been included in learning materials IFRS 17 examples. We have always assumed the year a claim is reported it is also paid in cash (and goes into the cash flow row) however, we know, in the real world this is not the case. We may introduce the LIC into the learning materials for 2020. If so, this will be clearly advised to tutors at the 2020 conference.

EXAMINER TOP TIPS

- Structure is key. It helps the examiner clearly see what part of the requirements the points candidates are making relate to, but also, it helps to keep the candidates on track. Candidates tend not to repeat themselves as frequently if their structure is good. Candidates need to ensure that their answers follow the structure of the requirements. Examiners structure question requirements in a way that should make them easier to answer and then easier for markers to follow good, but imperfect, answers. Where candidates combine requirements in their answer, it very often results in an answer that is difficult to follow and so earns less marks than it probably could have done if the requirements had been kept separate. Marks are typically lost when answers are produced that are not clearly labelled to the relevant requirement or combine requirements in a single response. Also use tables when appropriate and plenty of white space.
- As an examiner you get a feel from an exam answer (in terms of the candidate's understanding of the content). Candidates should express themselves confidently, and not include rhetorical questions and suppositions. Candidates should give clear responses, avoid repeating themselves and ensure that answers relate to the information given in the question (stock answer, are unlikely to achieve good marks, as it is unlikely to be meaningfully applied to the specifics of the scenario and exhibits).
- When reading a question, underline and highlight important and unique details in the question. Then you can point them out in your answers, then you know you are relating your answer to the question.

Q. With a question with many requirements (e.g. BP:I Dec 2018 question 2), can you reorganise and change your answer after you've written it?

A. Yes, but it can be quite clunky to do.