

## EXPERT TALK

# Insurance Sector Finds Stability After IFRS 17 Transition



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Insurance companies are beginning to regain financial stability and reporting clarity following the implementation of IFRS 17, a global accounting standard that significantly changed how insurers recognize revenue and report profits.

When the standard first came into effect, many insurers faced a steep learning curve. The transition required major adjustments in financial reporting systems, actuarial models, and data management processes. Industry players invested heavily in technology upgrades and staff training to comply with the new requirements, which introduced more sophisticated approaches such as the Contractual Service Margin (CSM) for measuring future profits.

In the early stages, the impact on financial results was noticeable. Many companies reported volatility in earnings as profits were no longer recognized

upfront but spread over the life of insurance contracts. This shift initially created the impression of declining profitability, even where underlying business performance remained strong.

However, recent developments indicate that the industry is steadily adapting. Insurers have refined their methodologies, improved data accuracy, and strengthened internal capabilities. As a result, financial performance is becoming more predictable, and profit trends are stabilizing across the sector.

Beyond financial reporting, IFRS 17 has also strengthened professional credibility within the industry. Both accountants and actuaries are playing more defined and complementary roles in financial reporting, leading to increased collaboration between the two professions. This integration has enhanced the quality of reporting, as financial and actuarial perspectives are now more closely aligned than ever before.

Analysts note that while IFRS 17 introduced complexity, it has also enhanced transparency and comparability in financial reporting. Stakeholders now have a clearer understanding of insurers' long-term profitability and risk exposure.

Overall, despite early implementation challenges, the insurance industry is emerging more resilient, with stronger financial discipline, improved cross-functional collaboration, and increased confidence among investors, regulators, and policyholders.