



People & Organizational Impacts of Insurance Accounting Change

Getting ready for Business As Usual (BAU)



For many insurers, Insurance Accounting Change (IAC) standards (IFRS 17 and Long Duration Targeted Improvements or LDTI) take effect on January 1, 2023. Driven by the need for compliance and a desire for operational excellence, companies are reimagining their processes, leveraging leading technology enablers, and enhancing risk management, governance, and controls.

However, there is one area that is often overlooked or addressed last—how the change impacts people and organizational functions to which they align. Ultimately, it is people who are the engine behind the change. Insurers need to identify and address several considerations as they look to transition to business as usual (BAU), from designing and implementing the target organization structure, to determining the skill sets, and intimate familiarity with the new standards of their people that employees will need for a smooth transition to the new BAU environment.

Insurers should be intentional in their approach to these people and organizational impacts, as lack of user adoption is a main driver of transformations falling short of their intended goals.

Key questions around the people and organizational change and collaborating across functions



Organizational change begins with asking the right questions. And answering these questions will need a **collaborative** approach across the organization. IAC implementations require a high level of teaming and communication across Accounting, Actuarial, Finance and IT, to name just several groups—other functions need to be added into the mix to support the people and organizational impacts.

Do stakeholders know how their **roles may change or be redefined** due to the new standard?



Have you **defined adoption metrics** that include organization and people dimension?



Is there a **clear communications strategy** to inform impacted stakeholders?



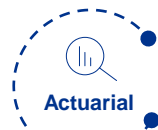
How do you **maximize** your return on infrastructure and technology investment in BAU?



Have you identified, and do you have a plan to manage, **impacted stakeholders**?



How do you develop the required skillsets and get **more value** out of your people?



Organizational and operating model impacts



Additionally, IAC implementations provide a catalyst to implement new operating models and structures such as greater use of shared service centers and centers of excellence, arrangements with internal teams or external vendors to support implementation, or enhanced automation to create operations that are more agile and scalable. Insurers may need to address one or more of these models. Having to consider the interplay and dynamics across several of the issues discussed below requires careful planning and dependency management.

	Description	Implications
Build 	Upskill current workforce and create new capabilities including compliance, reporting, and other areas of transformation as part of insurance accounting change	<ul style="list-style-type: none"> Identify skill sets needed and align current resources Reinforce behavioral changes and empower employees Alter organization design by creating new roles
Buy 	Outsource an essential capability (e.g., reporting, data management, etc.) and/or business function for a defined period of time (or indefinitely)	<ul style="list-style-type: none"> Culture fit Identify in-house management of outsourced function Redesign operating model to include third-party resources
Borrow 	Source resources from internal teams or from a third party to supplement current workforce, enable knowledge transfer of gained process efficiencies	<ul style="list-style-type: none"> Can be a significant source of workload relief Identify resources with IFRS17 and LDTI knowledge in the market Knowledge transfer is critical
Bot 	Upskill current workforce to understand and manage the inputs and outputs of new technology introduced to automate key processes such as data and reporting	<ul style="list-style-type: none"> Less reliance on manual processes; repeatability Train staff to explain to others (e.g., auditors, regulators) how the automation and respective controls work Metrics that help drive production and innovation

KPMG accounting change framework



KPMG Accounting Change framework intentionally incorporates People & Change—“Organizational Change Management”—as an equal and necessary capability for implementation success. This capability does not happen by chance and requires a strategic approach to embed change management across an organization.



KPMG can support your organization in preparing for BAU.

- We know insurance accounting change:** Delivered 100+ programs for clients implementing IFRS 17 and LDTI.
- We deliver results that matter:** Revise performance evaluation targets and measures and communicate to affected personnel.
- We know how to get the best out of technology:** Deep understanding of how technology is managed and used by the people who are impacted.
- We know how to get things done:** Ability to hit the ground running. We bring extensive playbooks and accelerators honed to jumpstart transformations.

Contact us

Laura Gray
Principal – Actuarial Services
Accounting Change Co-Lead
678-458-4305
lgray@kpmg.com

Alex Zaidlin
Managing Director –
Actuarial Services
917-655-6272
azaidlin@kpmg.com

Aaron Bowden
Managing Director –
Insurance
and Wealth Management
704-264-7951
abowden@kpmg.com

Rosario Porpora
Director – Insurance and
Organizational Change
Management
646-932-4961
rporpora@kpmg.com

Pixi Sofian
Director – Accounting
Advisory Services
949-885-5564
psofian@kpmg.com

Additional References:
[Insights for the Future](#)

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com/socialmedia



© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP349262-1A

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.