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تحليل تأثير المعيار الدولي لإعداد التقارير المالية رقم 17 على إدارة مخصصات التأمين: تقييم متعدد الأوجه

Analyzing the Impact of IFRS 17 on Insurance Reserves Management: A Multifaceted Assessment

Dr. Eslam Seyam
Faculty of Commerce- Zagazig University

Prof. Mahmoud Elsayed
Faculty of Commerce- Cairo University

Dr. Ahmed Nasr
Faculty of Commerce- Cairo University

د. إسلام عبد الحكيم صيام
كلية التجارة – جامعة الزقازيق

أ.د. محمود محمد السيد
كلية التجارة – جامعة القاهرة

د. أحمد نصر محمود
كلية التجارة – جامعة القاهرة

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المستخلص:

تقدم الدراسة تحليلاً متعمقًا لكيفية تأثير المعيار الدولي لإعداد التقارير المالية رقم 17 على إدارة احتياطيات التأمين في قطاع التأمين في مصر. تحاول الدراسة تقييم التعديلات الرئيسية التي أدخلها المعيار الدولي لإعداد التقارير المالية رقم 17 مع إيلاء اهتمام خاص لكيفية تأثير هذه التغييرات على تقدير الاحتياطي والشفافية والاتساق وتعديل المخاطر وهامش الخدمة التعاقدية (CSM) ودقة تقييم التزامات التأمين والأداء المالي العام. باستخدام المنهج الكمي، تم جمع البيانات من المتخصصين من مختلف شركات التأمين الخاصة والحكومية في مصر من خلال استبيان منظم. ثم تم تحليل الاستجابات إحصائيا باستخدام اختبار T لعينة واحدة. أوضح التحليل الإحصائي أن المعيار الدولي لإعداد التقارير المالية رقم 17 يعمل إحصائيا على تحسين جودة التقارير المالية في صناعة التأمين. وتكشف الدراسة عن تحسينات ملحوظة في تقييم التزامات التأمين وتقدير الاحتياطي والأداء المالي، حيث يشير متوسط الدرجات إلى الأهمية العالية والأثر الإيجابي. علاوة على ذلك، وكما أشارت تقييمات المشاركين، فقد أدى المعيار الدولي لإعداد التقارير المالية رقم 17 إلى تعزيز اتساق التقارير المالية وشفافيتها بشكل كبير. كما أظهر تطبيق CSM وجوانب تعديل المخاطر للمعيار الدولي لإعداد التقارير المالية رقم 17 تأثيرات إيجابية كبيرة على دقة ومصداقية البيانات المالية. تشير الأدلة التجريبية إلى أن المعيار الدولي لإعداد التقارير المالية رقم 17 يساهم بشكل كبير في مواءمة قطاع التأمين المصري مع معايير إعداد التقارير العالمية وبالتالي تعزيز ثقة أصحاب المصلحة على الرغم من التحديات الأولية في اعتماد هذه المعايير الجديدة. بالنسبة لشركات التأمين والجهات التنظيمية وأصحاب المصلحة الآخرين، يقدم هذا البحث معلومات ثاقبة تسلط الضوء على ضرورة اتباع أساليب مخصصة لإدارة تحديات تطبيق المعيار الدولي لإعداد التقارير المالية رقم 17 والاستفادة من فوائده لتحقيق الاستقرار المالي والشفافية على المدى الطويل.

الكلمات الدالة:

المعيار الدولي لإعداد التقارير المالية 17؛ إدارة احتياطي التأمين؛ صناعة التأمين المصرية؛ هامش الخدمة التعاقدية (CSM)؛ تعديل المخاطر.

Abstract:

The study offers an in-depth analysis of how International Financial Reporting Standard (IFRS) 17 has affected insurance reserve management in the insurance sector in Egypt. The study attempts to evaluate the major modifications introduced by IFRS 17 with special attention to how these changes will affect reserve estimation, transparency and consistency, risk adjustment, Contractual Service Margin (CSM), accuracy of insurance liability valuation, and overall financial performance. Using a quantitative approach, a data collected from professionals from different private and governmental insurance companies in Egypt given a structured questionnaire. The responses were then statistically analyzed using One Sample T-Test. The statistical analysis illustrated that IFRS 17 statistically improves the quality of financial reporting in the insurance industry. The study reveals notable improvements in the valuation of insurance liabilities, reserve estimation, and financial performance with mean scores indicating high importance and positive impact. Furthermore, as indicated by the respondents' ratings, IFRS 17 has significantly enhanced financial reporting consistency and transparency. The implementation of CSM and risk adjustment aspects of IFRS 17 also showed substantial positive impacts on the accuracy and credibility of financial statements. The empirical evidence indicates that IFRS 17 significantly contribute to aligning the Egyptian insurance sector with global reporting standards and hence enhancing stakeholder trust despite initial challenges in adopting these new standards. For insurance companies, regulators, and other stakeholders, this research offers insightful information that highlights the necessity of customized approaches to manage the challenges of implementing IFRS 17 and leveraging its benefits for long-term financial stability and transparency.

Keywords:

IFRS 17; Insurance Reserve Management; Egyptian Insurance Industry; Contractual Service Margin (CSM); Risk Adjustment.

1. Introduction:

International Financial Reporting Standards (IFRS), established by the International Accounting Standards Board (IASB), serve as the global standard for financial reporting, aiming to improve transparency, accountability, and transparency in the financial reporting (Tarca, 2020). These standards are essential in guiding companies to accurately represent their financial position, thereby allowing investors and stakeholders to make informed decisions. IFRS as a set of accounting standards ensures that financial statements are comparable across international borders (Kumar, 2014), thereby harmonizing global financial reporting and providing a consistent language for business problem. IFRS is important for investors and stakeholders worldwide because it allows them to understand and compare the financial statements of companies from different countries efficiently (Ball, 2006). IFRS continues to evolve and has been adopted by many countries. It tackles a new financial reporting issues and reflecting changes in the global business environment.

The International Financial Reporting Standards (IFRS) have numerous benefits. First, it provides a consistent and comparable framework for financial reporting across different countries. Second, by enhancing the global comparability of financial statements. Graeter transparency and reliability in financial reporting has been fostered by This standardization. By this way, it boosts investor confidence and facilitates informed decision-making (Florou & Pope, 2012). By adopting IFRS, companies can potentially have a lower cost of capital due to increased trust by investors and access to a wider investor base. The operational efficiency of financial reporting processes is also improved which reducing the associated costs and time. Additionally, IFRS plays a crucial role in facilitating cross border investments which help companies in raising capital internationally. Additionally, that enables investors to diversify their portfolios across borders. IFRS is continually updated and that allow it to solidify its role as a vital tool in global financial governance by adapt emerging financial products and evolving economic conditions (Zori, 2015).

An important change in the accounting of insurance contracts was brought about by the switch from IFRS 4 to IFRS 17. Financial reporting became inconsistent as a result of IFRS 4's allowance of a wide variety of accounting practices, many of which were based on regional standards (Kvaal & Nobes, 2012). In contrast, uniformity and transparency are brought about by IFRS 17, which introduces a single,

market-consistent valuation methodology. This is especially clear in the Contractual Service Margin (CSM), which ensures revenue is distributed throughout the service period and provides a standard method of revenue recognition (Yousuf et al., 2021). To improve comparability, IFRS 17 also requires comprehensive disclosures regarding valuation assumptions and techniques (Dufrasne, 2020). In order to provide a more detailed view, it also introduces a risk adjustment for non-financial risks and mandates that contracts be grouped according to profitability and inception year. The goal of IFRS 17's modifications are relayed on the way that financial statements are presented is to make the financial health of an insurer easier to understand and more precise, particularly the income statement.

The accurate estimation of insurance reserves is regarded as one of the important aspects of financial reporting in the insurance industry. These reserves represent the liabilities that an insurance company sets it aside to pay future claims and policy benefits. Accurate reserve estimates are critical to insurance companies' financial health because it affects their solvency, profitability, and risk management (Chen & Wong, 2004). Financial difficulties or insolvency could be encountered due to Insufficient reserves. While excessive reserves can tie up capital that could be used more productively. Therefore, balanced, and accurate estimate of reserves is essential to maintain the financial stability and reputation of insurance companies (Diffey et al., 2022).

The introduction of IFRS 17 Insurance Contracts makes a significant development in the landscape of financial reporting for insurance contracts (Wahyuni, 2022). This standard introduces a more rigorous and uniform framework for insurance contract accounting than IFRS 4 which applied before the presence IFRS 17. Providing a more transparent and consistent approach to the recognition, measurement, presentation, and disclosure of insurance contracts is one of the most important IFRS 17 aims (Azevedo, 2021). The standard is expected to have enormous impact on the valuation of insurance liabilities including the estimation and management of insurance reserves.

Using 6 key points, this research paper examines and quantifies how IFRS 17 has affected insurance reserves. The impact of the Contractual Service Margin (CSM), the function of risk adjustment, the valuation of insurance liabilities, adjustments to reserve estimation, transparency and consistency in reporting, and the effect on financial performance represent these points. The purpose of this paper is to

present an in-depth investigation of how reserve management in the insurance industry is impacted by IFRS 17 changes by looking at these factors.

The significance of this research can be demonstrated by its ability to shed light on the complex consequences of IFRS 17. It offers an analysis of how the adoption of the IFRS 17 standard will impact insurance companies' strategic decision-making and financial reporting procedures. Our objective is to assist insurance companies successfully navigate this new reporting standard by offering insightful information about the opportunities and challenges presented by IFRS 17. This analysis clarifies the operational, financial, and strategic ramifications of implementing IFRS 17, making it a vital resource for practitioners, legislators, and stakeholders in the insurance industry.

This paper offers an in-depth examination of the effects of IFRS 17 on insurance reserve management in Egyptian insurance companies, organized into several key sections to provide a comprehensive analysis. After this introduction, a literature review and the formulation of hypotheses are covered in the second section. The research methodology, including data collection, analysis methods, descriptive analysis, and hypothesis testing results, is covered in the third section. Finally, the paper concludes with conclusions, recommendation, and suggestions for more studies.

2. Literature Review and Hypotheses:

A significant turning point in the field of insurance accounting was the adoption of the International Financial Reporting Standard 17 (IFRS 17). The forthcoming implementation of this standard has prompted in-depth investigation and examination of its effects on the insurance sector from a number of perspectives. Using information collected from a wide range of studies, we examine the multifaceted assessment of IFRS 17's impact on insurance reserve management in this review of the literature.

The objective of Branswijck et al. (2011)'s study was to evaluate how the adoption of IFRS 17 would affect the quality of financial reports in insurance companies that are listed on the Amman Stock Exchange. The study's findings show a significant relationship between the enhancement of IFRS 17's adoption and the insurance industry's financial reports' increased relevance and credibility. This emphasizes how important it is to apply IFRS 17 in order to raise the general quality of financial disclosures in the insurance industry and bring it

into alignment with international norms for accuracy and transparency. Yanik et al. (2017) examine IFRS 17 from the insurance industry's point of view and evaluate modifications made to TFRS 4 (the current standard in Taiwan). It demonstrates that by standardizing recognition procedures for insurance contracts, IFRS 17 will potentially benefit investors as well as insurance companies. The study points out how crucial IFRS 17 is for giving more accurate and useful information.

Furthermore, Chevallier et al. (2018) made a contribution by presenting a methodology for figuring out the necessary degree of confidence for the risk margin under IFRS 17, specifically for portfolios of life insurance contracts. The suggested method offers an approach that is feasible to a crucial part of IFRS 17 implementation in the insurance industry. It is based on basic characteristics like the Coefficient of Variation and Skewness. Moving on to the study by Hannibal et al.'s (2019) addresses the IFRS 17 Risk Adjustment's aggregation and diversification, especially at the contract group level. It demonstrates the differences between the two main approaches to calculating the Risk Adjustment and looks into ways to incorporate the advantages of diversification between groups.

Rajala (2020) investigates how IFRS 17 implementation might affect the financial statements of insurance companies' comparability and transparency. According to the research, over time, IFRS 17 is probably going to improve the financial reporting of insurers in terms of consistency and clarity. However, because of the standard's complexity and initial implementation challenges, the improvements in comparability and transparency might not be noticeable right away. Chan et al. (2021) have conducted additional research that centers on the effects of IFRS 9 and IFRS 17 on the management and regulation of the life insurance sector in Taiwan. It illustrates how the profits and losses of life insurers have become more volatile since the implementation of IFRS 9. According to simulations, IFRS 17 will likely increase the volatility of equity and income, which could increase the risk of insolvency. The study recommends tailoring regulatory approaches to mitigate the effects of interest rate volatility. The impact of IFRS 17 on accounting measurement and disclosure practices in Jordanian insurance companies is examined in Alhawtmeh's (2023) investigation. The study points out the need for more research to evaluate how IFRS 17 could enhance report quality and address issues with regulations, preparer expertise, and auditing. It underscores how

accounting procedures must be improved in order to raise the standards of financial reporting in the insurance industry.

Oliveira (2020) has conducted an investigation into the technical aspects and practical application of the IFRS 17 Risk Adjustment. It looks at different computational methods for figuring out the Risk Adjustment and proposes that contracts with unpredictable cash flow patterns yield larger projected values for the Risk Adjustment. Nascimento (2022) examined how IFRS 17 affected the way non-life insurance contracts were measured. It demonstrates how the adoption of IFRS 17 alters how insurance liabilities are measured, which has an impact on equity and financial outcomes. The study highlights that depending on an entity's current practices, the impact varies in intensity. According to Kakko (2022), companies have significant concerns regarding IFRS 17, but IFRS 17 standard is expected to improve comparability in the long run.

The impact of implementing IFRS 16 (PSAK 73) on PT Garuda Indonesia Tbk, an Indonesian airline company, was examined in the study carried out by Ping et al. (2022). The study's conclusions reveal a substantial change in the company's financial environment. The adoption of IFRS 16 resulted in a significant decline in profitability, which was evident in the solvency measurements and return on assets (ROA). Nonetheless, there was an improvement in profitability as indicated by the Return on Equity (ROE) and liquidity ratios. These opposing outcomes highlight the complexity of accounting standards such as IFRS 16 and how they affect different parts of a company's finances.

Furthermore, research was done by Hamza et al. (2022) to assess the anticipated effect of implementing IFRS 17 on the quality of financial reports for insurance companies that are listed on the Amman Stock Exchange. The research findings demonstrate a strong correlation between the implementation of IFRS 17 and the enhancement of the relevance and credibility of financial reports for insurance companies. This result supports the suggestion that insurers should apply IFRS 17 in order to improve the reliability and comparability of their financial statements. Finally, Arce et al. (2023) examined the importance that due process participated in supporting the legitimacy of the International Accounting Standards Board (IASB) when IFRS 17 was being developed. The study highlights the significant involvement of stakeholders and the IASB's receptiveness to feedback, both of which were critical in maintaining the legitimacy of the standard-setting

procedure. This points out how crucial inclusivity and transparency are when developing standards for the accounting field.

These research studies collectively contribute to a comprehensive understanding of the multifaceted impact of IFRS 17 on insurance reserve management. Those investigations range from transparency and regulation to measurement and report quality. They underscore the importance of tailored approaches and stakeholder engagement in effectively implementing this transformative accounting standard. The following are the primary hypotheses that the researchers developed for the study:

Main Hypothesis (H0): The implementation of IFRS 17 does not have a statistically significant impact at the level of (α≥0.05) on various aspects of insurance reserve management in Egyptian insurance companies.

Sub-hypotheses:

1. H0-1: IFRS 17 does not significantly impact valuation of Insurance Liabilities.

2. H0-2: IFRS 17 does not significantly enhance Changes in Reserve Estimation.

3. H0-3: IFRS 17 does not significantly improve Transparency and Consistency.

4. H0-4: IFRS 17 does not significantly impact Contractual Service Margin (CSM).

5. H0-5: IFRS 17 does not significantly enhance Risk Adjustment.

6. H0-6: IFRS 17 does not significantly Impact Financial Performance.

3. Research Method:

3.1 Data Validity and Reliability:

The questionnaire was presented in its initial form to a group of specialists in insurance companies in the Egyptian Market to ensure the validity and suitability of the content of the questionnaire sentences. In the course of this study, invitations to participate in the questionnaire were extended to 150 individuals. Of these, a group of 126 respondents completed the survey, providing the data set that forms the basis of our analysis. Cronbach's Alpha was relied upon to measure the stability of the internal consistency of the study question items, the results of which appear in Table 1.

Table 1: Cronbach Alpha

No. of axis	Characteristic	Cronbach Alpha	Rank
First	valuation of Insurance	0.467	6
Second	Changes in Reserve Estimation	0.785	2
Third	Transparency and Consistency	0.818	1
Fourth	Contractual Service Margin	0.615	5
Fifth	Risk Adjustment	0.719	3
Sixth	Financial Performance	0.656	4
	General	0.863	

Source: Researchers depend on SPSS results

From the previous Table 1, we find that all internal consistency parameters are a good indicator of the reliability of the study tool and its validity in statistical analysis, except for the first parameter related to valuation of insurance, where the value of the Cronbach's Alpha coefficient was 0.467, while the acceptable percentage for this coefficient should not be less than 0.600. However, this did not affect the general index of Cronbach's Alpha coefficient, which amounted to 0.863, which is a high indicator indicative of the reliability of the study tool and its validity in statistical analysis.

3.2 The Chi-Square Test for Independence:

The Chi-Square test was performed which is used to determine the independence of the data if the (sig) value is greater than (0.05).

Table 2: Chi-Square test for Independence

No. of axis	Characteristic	Chi-Square	df	Asymp. Sig.
First	valuation of Insurance	78.591	9	0
Second	Changes in Reserve Estimation	101.299	13	0
Third	Transparency and Consistency	57.346	11	0
Fourth	Contractual Service Margin	58.276	9	0
Fifth	Risk Adjustment	51.654	8	0
Sixth	Financial Performance	77	11	0

Source: Researchers depend on SPSS results

Based on the test results shown in Table 2, it is clear that the (sig) value for all questions has a value less than (0.05). That is, there is a statistically significant relationship between all study tools.

3.3 Descriptive Analysis:

The mean, standard deviation, rank, and relative importance were calculated to know the direction of the study opinions. The study tool was divided to determine the relative importance of each of its sentences according to a five-point Likert scale, where a gradual scale was developed to judge the results of the study. The following tables (3–8) illustrate the descriptive results for each dimension (main question).

Table 3: Valuation of Insurance Liabilities

Sentence No.	Sentence	Relative important	rank	Mean	Standard deviation
1	IFRS 17 has significantly improved the accuracy of our insurance liability valuation.	High	4	3.937	0.794
2	The present value approach under IFRS 17 accurately reflects our future cash flow projections in insurance liability valuation.	High	3	4.032	0.816
3	The valuation of insurance liabilities under IFRS 17 aligns well with our actual risk exposure.	High	1	4.179	0.851
4	IFRS 17 has made the process of valuing insurance liabilities more straightforward for our organization.	High	2	4.042	0.816
5	The risk adjustment factor in IFRS 17 adequately represents the non-financial risks in our insurance liability valuation.	High	5	3.087	0.777
General indicator		High		3.855	0.032

Source: Researchers depend on SPSS results

Table 4: Changes in Reserve Estimation

Sentence No.	Sentence	Relative important	rank	Mean	Standard deviation
1	The frequency of reserve estimation adjustments has increased significantly under IFRS 17.	High	3	3.496	1.133
2	Regular reassessment of reserves under IFRS 17 has improved the financial stability of our insurance products.	High	2	3.528	1.104
3	The new reserve estimation approach under IFRS 17 has made our financial planning more challenging.	High	1	4.543	1.067
4	IFRS 17 allows for a more dynamic response to market changes in our reserve estimation.	High	4	3.457	1.207
5	Our organization has adapted well to the more frequent changes in reserve estimates required by IFRS 17.	High	5	3.417	1.087
General indicator		High		3.688	0.042

Source: Researchers depend on SPSS results

Table 5: Transparency and Consistency

Sentence No.	Sentence	Relative important	rank	Mean	Standard deviation
1	IFRS 17 has enhanced the transparency of our reserve reporting in financial statements.	High	5	3.528	1.119
2	The consistency in reserve reporting under IFRS 17 has improved stakeholder trust in our financial disclosures.	High	4	3.535	1.118
3	The detailed disclosure requirements of IFRS 17 have increased the clarity of our financial reporting.	High	1	3.654	1.108
4	Our organization finds it easier to compare our financial performance with peers due to the consistency brought by IFRS 17.	High	2	3.630	1.194
5	IFRS 17 has simplified the process of explaining reserve fluctuations to stakeholders.	High	3	3.559	1.206
General indicator		High		3.581	0.044

Source: Researchers depend on SPSS results

Table 6: Contractual Service Margin (CSM)

Sentence No.	Sentence	Relative important	rank	Mean	Standard deviation
1	The CSM under IFRS 17 has provided a clearer picture of profit recognition over our insurance contracts.	High	4	4.016	0.816
2	IFRS 17's approach to CSM has positively impacted our revenue recognition process.	High	2	4.047	0.795
3	The spread of premiums throughout the contract life due to CSM under IFRS 17 is reflective of our actual business operations.	High	1	4.520	0.864
4	The CSM model in IFRS 17 aligns well with our organization's financial management strategies.	High	2	4.047	0.872
5	Our organization finds the CSM approach in IFRS 17 beneficial for long-term financial planning.	High	5	3.945	0.839
General indicator		High		4.115	0.035

Source: Researchers depend on SPSS results

Table 7: Risk Adjustment

Sentence No.	Sentence	Relative important	rank	Mean	Standard deviation
1	The risk adjustment in IFRS 17 accurately captures the non-financial risks associated with our insurance liabilities.	High	3	3.976	0.801
2	Incorporating risk adjustments has improved the precision of our reserve valuations.	High	4	3.929	0.837
3	Our organization has efficiently adapted to calculating and applying risk adjustments as required by IFRS 17.	High	2	4.055	0.790
4	The risk adjustment factor in IFRS 17 has brought more credibility to our financial statements.	High	1	4.340	0.864
5	IFRS 17's risk adjustment has had a significant impact on our overall risk management strategy.	High	5	3.882	0.783
General indicator		High		4.037	0.032

Source: Researchers depend on SPSS results

Table 8: Impact on Financial Performance

Sentence No.	Sentence	Relative important	rank	Mean	Standard deviation
1	The implementation of IFRS 17 has positively influenced our overall financial performance.	High	3	3.646	1.124
2	IFRS 17 has led to more accurate and reliable financial reporting in our organization.	High	2	4.433	1.159
3	The changes in financial performance reporting due to IFRS 17 align with our business objectives.	High	1	4.496	1.147
4	Our financial performance indicators have become more reflective of market conditions with the adoption of IFRS 17.	High	4	3.591	1.150
5	IFRS 17 has enhanced our ability to forecast future financial performance accurately.	High	5	3.299	1.122
General indicator		High		3.893	0.040

Source: Researchers depend on SPSS results

Table 3 shows the data for the sentences related to the expected impact of applying IFRS 17 on valuation of insurance liabilities, where it was found that the mean ranged between (3.087-4.179), which led to a high relative importance for all sentences. Sentence (3) which states: "The valuation of insurance liabilities under IFRS 17 aligns well with our actual risk exposure" on the first rank, while sentence (5) which states: "The risk adjustment factor in IFRS 17 adequately represents the non-financial risks in our insurance liability valuation", achieved the last rank.

Table 4 shows the data for the sentences related to the expected impact of applying IFRS 17 on Changes in Reserve Estimation, it was found that the mean ranged between (3.417-4.543), which are high averages that led to a high relative importance for all sentences. Sentence (3) which states: "The new reserve estimation approach under IFRS 17 has made our financial planning more challenging", in the first, while sentence (5) The last rank, which states: "Our organization has adapted well to the more frequent changes in reserve estimates required by IFRS 17".

While the expected impact of IFRS 17 on the Transparency and Consistency was explained in Table 5, Where it was found that the mean ranged between (3.528-3.654), which are high averages that led to a high relative importance for all sentences, as Sentence (3), which states: "The detailed disclosure requirements of IFRS 17 have increased the clarity of our financial reporting“ has achieved the first, while sentence (1) has achieved the last rank, which states: "IFRS 17 has enhanced the transparency of our reserve reporting in financial statements".

Table 6 explains the expected impact on Contractual Service Margin (CSM), where it was found that the mean ranged between (3.95-4.52), which are high averages that led to a high relative importance for all sentences. Sentence (3) which states: "The spread of premiums throughout the contract life due to CSM under IFRS 17 is reflective of our actual business operations", ranked first, while sentence (5) achieved the last rank, which states: "Our organization finds the CSM approach in IFRS 17 beneficial for long-term financial planning".

As for the impact on Risk Adjustment, Table 7 indicates that the mean ranged between (3.88-4.34), which are high averages that led to a high relative importance for all sentences, as sentence (4) achieved the first rank, it stated: "The risk adjustment factor in IFRS 17 has brought more credibility to our financial statements", while sentence (5) has achieved The last rank, which states: ". IFRS 17's risk adjustment has had a significant impact on our overall risk management strategy".

Table (8) shows the data for the sentences related to the Impact on Financial Performance, as it was found that the mean ranged between (3.30-4.50), which are high averages that led to a high relative importance for all sentences, as sentence (3) which states: "The changes in financial performance reporting due to IFRS 17 align with our business objectives", Has achieve the first rank, while sentence (5)

achieved the last rank, which states: "IFRS 17 has enhanced our ability to forecast future financial performance accurately".

The following table summarizes the descriptive analysis results for the expected impact of IFRS 17 implementation on quality of financial reports measured by qualitative characteristics.

Table 9: Summary of descriptive analysis results for all study axes

No. of axis	Characteristic	Mean	Std. Error of Mean	Std. Deviation	Relative Importance
First	valuation of Insurance	3.855	0.0316	0.032	High
Second	Changes in Reserve Estimation	3.688	0.04151	0.042	High
Third	Transparency and Consistency	3.581	0.04361	0.044	High
Fourth	Contractual Service Margin	4.115	0.03488	0.035	High
Fifth	Risk Adjustment	4.037	0.03212	0.032	High
Sixth	Financial Performance	3.893	0.03992	0.040	High
General indicator		3.862	0.01567		High

Source: Researchers depend on SPSS results

3.4 Results of Hypothesis Testing:

The One Sample T-Test was used to test the study hypotheses, where it was examined whether the mean of a sample differs significantly from the population mean, and to find the difference between the mean of the sample and the value of the parameter in the scale which is number (3) and this test is used if the normal distribution is achieved. If the value of the effect size is less than (0.20), the size of the effect is considered small, and if the value of the effect size ranges between (0.20 - less than 0.80) then the size of the effect is considered medium, and if the effect size exceeds (0.80), the size of the effect is considered large. The following results were reached:

Table 10: Hypothesis testing

No. of hypotheses	T Calculated	N	Result HO	T Sig	The expected impact
Sub (1)	30.597	126	Refused	0	Large
Sub (2)	36.421	126	Refused	0	Large
Sub (3)	32.535	126	Refused	0	Large
Sub (4)	28.356	126	Refused	0	Large
Sub (5)	32.109	126	Refused	0	Large
Sub (6)	37.751	126	Refused	0	Large
Main	78.956	126	Refused	0	Large

Source: Researchers depend on SPSS results

It was found that there was a statistically significant effect ($\alpha \leq 0.05$) for all the hypotheses of the study in terms of the value of (Sig), which is less than (0.05) and also in terms of the calculated value, which was greater than the tabular value, at one degree of freedom (*df*), and accordingly It can be said that there is a significant impact of applying IFRS(17) on the quality of the financial reports of Egyptian insurance companies, and it can be inferred that the application of the international reporting standard had its effect on (valuation of insurance liabilities, changes in reserve estimation, transparency and consistency, contractual service margin, risk adjustment and financial performance) respectively.

4. Conclusions and recommendations:

This study showed that there is a significant and positive effect of applying international accounting standards (IFRS 17 regarding insurance contracts) on insurance reserve management in Egyptian insurance companies, emphasizes the significant influence of the standard on enhancing the quality of financial reports in the sector. The study emphasises how IFRS 17 can enhance financial reporting's accuracy, consistency, and transparency, especially when it comes to areas like contractual service margin and risk adjustment. The study also showed, using a sample of insurance companies, that applying the IFRS 17 make many advantages such as unifying the assessment of unearned income in different insurance companies at the beginning of the life of insurance policies and providing a comparison between activities (insurance and non-insurance) in insurance companies. The study's conclusions are important for comprehending how IFRS 17 will revolutionize financial reporting and reserve management procedures in the insurance industry.

This research recommended creating the appropriate conditions for applying the IFRS 17 through qualifying and training employees of insurance companies and this will facilitate smoother implementation and adaptation to new reporting requirements. To maintain accuracy and adherence to IFRS 17 requirements, insurance companies should set up procedures for regular assessment and modification of insurance reserves. Additionally, this will help in risk management and financial stability of insurance companies. Businesses should concentrate on making their financial reporting more consistent and transparent. In addition to complying to IFRS 17, that will be providing stakeholders with clear and comprehensive disclosures which will increase stakeholder trust.

It is essential that companies integrate the risk adjustment factor outlined in IFRS 17 into their overall risk management strategies by this way decision making procedures will be enhanced and financial statements will gain greater credibility because of this integration. It is advised to conduct additional research to keep track of the long term effects of implementing IFRS 17 particularly in relation to financial performance forecasting, market competitiveness and international financial reporting standardization in the insurance industry.

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