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Article

Contract works insurance: Judicial consideration of London Market Defect Exclusions

— *Patrick Mead*

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Contract works and contractors' all risk policies comprise a critical component of risk allocation under modern construction contracts. Recovery under these policies can provide fertile ground for dispute due to the operation of policy exclusions, particularly when property is allegedly damaged in consequence of defective workmanship, material or design.

International Update

IFRS 17: Issues and challenges before the Indian insurance industry

— *Deepika R Gupta*

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IFRS 17, 'Insurance Contracts', is the new International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) which brings fundamental changes to recognise, measure, present and disclose insurance contracts. It replaces the former IFRS 4 — 'Insurance Contracts Accounting'. The objective of IFRS 17 is to bring greater transparency and comparability to international insurance accounting, thus offering greater insights into insurers' financial health. This standard is to be implemented for reporting periods on an annual basis that begin on or after 1 January 2023.

The stakeholders need to understand the interrelationship between the current existing method as well as plan the time of reporting and requirements of IFRS 17 and the fundamental changes to be adopted. The move is towards a consistent, principles-based approach with a global and uniform accounting model for all contracts of insurance. This will make it simpler for investors and analysts for financial positions and performance comparisons of different companies across the insurance sector.

Insurance contracts include characteristics of both financial instrument and service contract. With the new standards, its implementation will pose both opportunities and challenges for insurance companies. In this article, I explore the challenges, issues and opportunities of IFRS 17 through strategic decisions like the impact of insurers' risks, changing finance and actuarial systems, processes and controls, tax considerations, reporting mechanisms and disclosures, solvency processes, and the requirement of additional resources and capital, among others, for the Indian insurance industry and for actuaries who are owners of key figures in the balance sheet of insurers. The article will also explore how insurers in India need to navigate and understand these complex changes with practical solutions to implement IFRS 17 within the specified timeframes.

Case Notes

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— *Rohan Havelock*

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