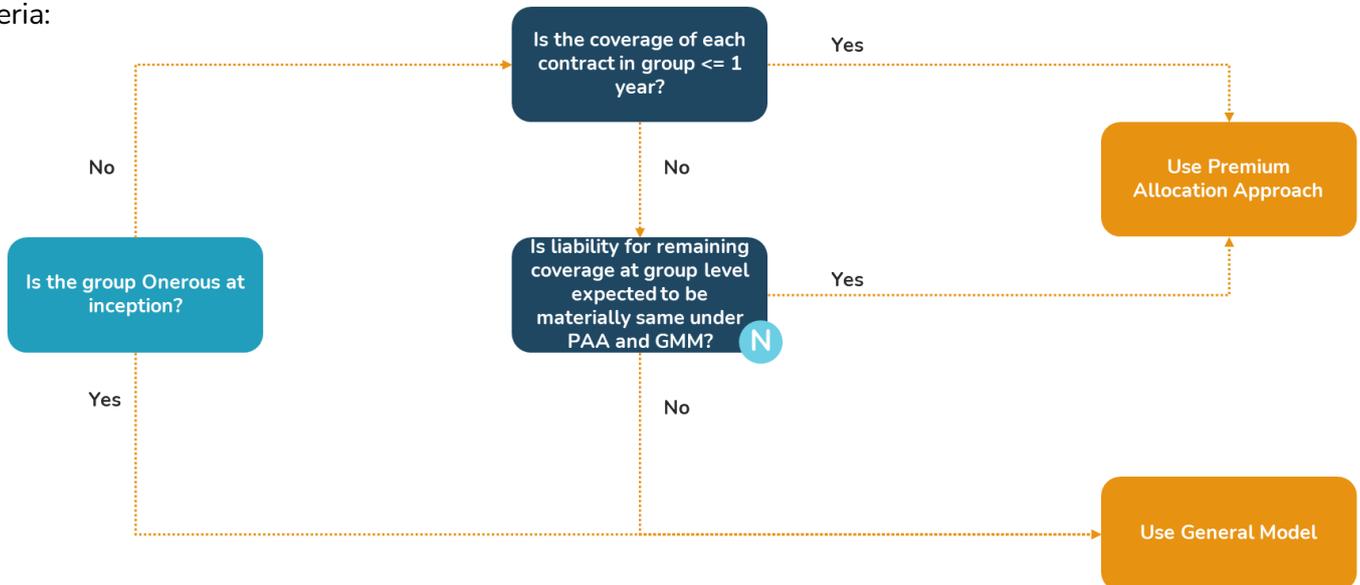


Premium Allocation Approach

Introduction and Eligibility Criteria:

The Premium Allocation Approach (PAA) is a simplification available for the General measurement model under IFRS 17, especially for short term insurance contracts. However, it must meet the following eligibility criteria:



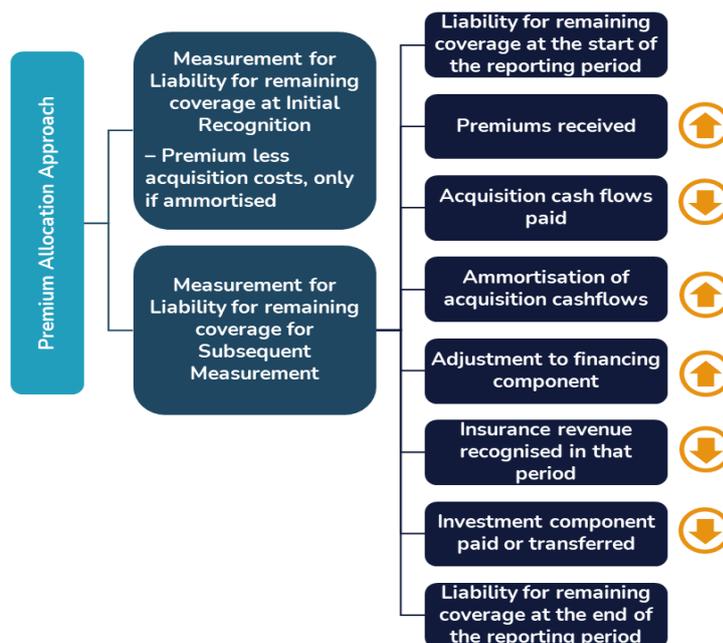
N Note that this condition is not met if significant variability is expected in liability for remaining coverage, such as due to presence of embedded derivatives or the length of the coverage period.

Total Insurance Contract Liability under PAA =

Liability for remaining coverage

+ Liability for incurred claims (including Risk Adjustment)

Measurement under PAA:



To gain more insights on PAA under IFRS17 or for any other related discussions, please feel free to reach out to us at kap@ka-pandit.com



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