FRS 17 Between Implementation Prospects and Challenges in Algeria – An Exploratory Study of a Sample of Professionals and Academics

-**Nabil Guebli**[1]: *professor lecturer class A, Khemis Miliana university*
-**Oualid Bouhraoua**[2]: *professor lecturer class B, Khemis Miliana university*
- **Miloud Ferhoul**[3]**:** *professor lecturer class A, Khemis Miliana university*

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Abstract

The implementation of international standards and regulations often encounters numerous obstacles and challenges. This study aims to examine such issues by addressing the difficulties and prospects of applying IFRS 17 "Insurance Contracts" in Algerian insurance companies. The research consists of a theoretical section, which explores various intellectual and conceptual dimensions of international accounting and financial reporting standards that align with the specificities of insurance companies, with a particular focus on IFRS 17, which is the core of this study. Additionally, the research includes an applied section, featuring a field study that assesses the perspectives of insurance experts, both academics and professionals, through a questionnaire. The responses were analyzed using SPSS 22 .

The study's findings reveal several obstacles preventing the optimal implementation of IFRS 17 in the Algerian insurance sector. These challenges are primarily due to the lack of a legal framework that facilitates its application, as well as internal issues within insurance companies, such as a shortage of qualified personnel capable of understanding and implementing international standards like IFRS 17 .

key words: Insurance, IFRS (IFRS 17), recognition, disclosure, measurement, presentation.
Jel Codes Classification : G22, M41

1 - ***Nabil guebli****, Laboratory of Startup Strategies and Economic Diversification, n.guebli@univ-dbkm.dz*
2- Laboratory of The Digital Economy in Algeria., o.bouharaoua@univ-dbkm.dz
[3] *- Laboratory of* The Local Development and Entrepreneurship in Ain Defla, *miloud.ferhoul@univ-dbkm.dz*

معيار الإبلاغ المالي الدولي IFRS17 "عقود التأمين" بين آفاق التطبيق والتحديات في الجزائر- دراسة استطلاعية لعينة من المهنيين والاكاديميين

– **نبيل قبلي**[1]:أستاذ محاضر أ، جامعة خميس مليانة
– **وليد بوهراوة**[2]: أستاذ محاضر ب، جامعة خميس مليانة
– **ميلود فرحول**[3]: أستاذ محاضر أ، جامعة خميس مليانة

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ملخص

عادة ما يعرف تطبيق المقررات والمعايير الدولية الكثير من العوائق والاشكاليات، وهو ما هدفنا لدراسته من خلال ورقتنا الحثية هذه والتي جاءت لتعالج إشكالية تتعلق ببوادر ومعوقات تطبيق المعيار IFRS17 "عقود التامين" في شركات التأمين الجزائرية، من خلال عرض نظري تناول مختلف الأبعاد الفكرية والنظرية لمعايير المحاسبة والإبلاغ المحاسبي الدوليين التي تتوافق متطلباتها مع خصوصية شركات التأمين مع التركيز على تقديم تفاصيل تتعلق ب IFRS17 الذي يمثل جوهر هذا البحث، وجزء تطبيقي تضمن دراسة ميدانية لمناقشة نظرة بعض المتخصصين من الخبراء في مجال التامين من أكاديميين ومهنيين بواسطة أداة الاستبيان الذي تم معالجة إجابات الأفراد على عباراته ببرنامج spss 22. وقد اظهرت نتائج الدراسة وجود عديد العراقيل التي تحول دون التطبيق الامثل للمعيار الدولي IFRS17 في قطاع التأمين الجزائري، تعود أساسا إلى غياب تنظيم قانوني يسمح بتطبيقه، بالإضافة إلى بعض المشاكل المتعلقة بشركات التامين في حد ذاتها كنقص الكوادر المؤهلة لفهم متطلبات المعايير الدولية على غرار IFRS17.

. الكلمات المفاتيح:معايير المحاسبة الدولية، معايير الإبلاغ المالي IFRS17 ، الاعتراف، الإفصاح، القياس، العرض

التصنيف JEL: G22, M41

[1]- **نبيل قبلي**، استراتيجيات المؤسسات الناشئة والتنويع الاقتصادي، n.guebli@univ-dbkm.dz
[2]- مخبر الاقتصاد الرقمي في الجزائر، o.bouharaoua@univ-dbkm.dz
[3]- مخبر التنمية المحلية والمقاولاتية في عين الدفلى، miloud.ferhoul@univ-dbkm.dz

Introduction:

The accounting and financial activities of insurance companies have distinctive characteristics due to the inherent nature of their business, which is dominated by probability and uncertainty. This creates challenges in estimating and evaluating future claims, as well as determining the necessary provisions or reserves. Revenue recognition in these institutions occurs gradually over the contract period, as insurance contracts are considered long-term agreements. Furthermore, issues related to pricing and the allocation of profits and losses add complexity, making it difficult to establish a universally accepted approach for managing these financial operations. Consequently, the need for standardized accounting methods became evident to ensure the accurate recording of such transactions. The initial steps in this direction involved the adoption of international accounting standards by major corporations, including IFRS 1 and IAS 1. Additionally, insurance companies refer to specific standards when applying the Insurance Contracts standard, particularly those related to the valuation of financial assets and liabilities, such as IAS 32, IAS 39, and IFRS 7, while excluding assets and liabilities governed by other standards, such as employee benefits covered under IAS 19 and IFRS 2.

Despite these efforts, the measures mentioned earlier were not sufficient, prompting the development of a dedicated standard for insurance contract accounting in 2004—IFRS 4. This standard aimed to provide greater clarity on the accounting aspects of insurance contracts. However, its implementation revealed several shortcomings in recognition, measurement, and disclosure. Additionally, the application of IFRS 4 faced numerous economic, legal, and conceptual challenges. These obstacles underscored the need for further improvements, leading the bodies responsible for issuing international financial reporting standards to develop a new, more comprehensive standard in 2017. This new standard, IFRS 17, was introduced to replace IFRS 4, addressing its limitations and providing a more robust framework for accounting in the insurance industry.

The previous discussion leads us to raise the following question:

What are the opportunities and obstacles associated with the implementation of IFRS 17 in Algerian insurance companies?

Importance of the Study

The importance of this study lies in the relevance of its subject matter, particularly IFRS 17, which officially came into effect in 2023. IFRS 17 plays a critical role by introducing a standardized methodology for accounting for insurance contracts, which strengthens transparency, ensures uniformity, and improves the comparability of financial statements across insurance companies globally. This research provides valuable insights into the challenges and opportunities associated with its implementation, offering valuable insights into how these changes are being applied in specific contexts, such as Algerian insurance companies.

Previous Studies

1. A study conducted by Maryam Said and Sawsan Zeirq, (Maryam Said, 2022) revealed that evaluating insurance contracts using the measurement models outlined in IFRS 17 standards significantly affected the accounting estimates of Alliance Insurance. This led to an increase in the assets and liabilities reported on the company's balance sheet. Furthermore, the presentation and recognition of revenues and expenses associated with insurance contracts influenced the company's earnings, causing them to decrease.
2. A study by Mohamed El-Said Saidani and Meloudi Mustafa (Mohamed El-Said Saidani, 2021), found that adopting IFRS 17 enhances the accounting disclosure practices of insurance companies by providing transparent and highly reliable financial information. This improvement significantly boosts the efficiency of the

financial market and helps investors, lenders, and other stakeholders better assess the financial statements.

3. A study by Samah Mohamed Amin Al-Najjar (Al-Najjar, 2019) highlighted that the adoption of IFRS 17 requires the classification of contracts with similar risks into a specific portfolio, which is then divided into subgroups. The standard also prohibits any offsetting between groups of insurance contracts. The main goal of these requirements is to improve the quality of financial reporting and make the information more relevant for decision-making processes, such as contract pricing, forecasting future cash flows, and managing risks.
4. A study by Mohamed Mousa Ali Shahat (Shahat, 2019) T concluded that breaking down the components of an insurance contract in line with IFRS 17 significantly reduces the complexities and accounting challenges associated with the interdependencies of these contract elements. This directly enhances the accuracy and reliability of the company's operational performance and the financial statements used by stakeholders, financial analysts, and investors. The approach also improves the transparency of the information provided and facilitates easier comparison of reports across different companies and industries.

I- The accounting treatment of insurance company operations under IAS/IFRS standards:

Due to the unique nature of financial activities in insurance companies, which differ significantly from those in other industries, reaching a consensus on how to manage accounting operations has been particularly challenging. This complexity necessitated the development of specialized international standards tailored to the insurance sector. These standards aim to ensure compatibility and consistency in accounting practices, addressing the distinct characteristics of insurance-related financial activities.

I-1- IAS01(Presentation of Financial Lists) & IAS19 (Users' Benefits):

IAS 1 (Presentation of Financial Statements) introduced a new framework for the presentation and disclosure of financial statements. This standard enables entities to present their financial information in a way that facilitates comparison with previous periods, as well as with financial statements issued by other entities within the same industry. By standardizing the structure and content of financial reporting, IAS 1 enhances transparency and consistency, making it easier for stakeholders to analyze and interpret financial performance across different periods and organizations. (Nabil Bouflih, 2012, p. 7). The most important objectives of the standard are summarized in (Jarat, 2017, p. 94):

- Establishing the foundation for presenting widely used financial statements, with a focus on enhancing their comparability.
- Defining the overall framework for financial statement reporting, including the associated requirements, formats, preparation methods, and their benefits.
- Improving the transparency of the information disclosed and enabling easier comparison of reports across different businesses and industries, which are key advantages of this approach.

The IAS 19 Standard on (Employee Benefits) outlines the accounting and disclosure requirements for benefits provided to employees. It specifies guidelines for the recognition, measurement, and reporting of employee-related obligations, such as pensions, post-employment benefits, and other long-term benefits. By ensuring accurate and consistent reporting (Hussein Al-Qadi, 2012, p. 153).

This criterion affects two different aspects of the insurance sector, as follows (Nabil Bouflih, 2012, p. 7):

- Integrating this standard into the regulatory framework for insurance companies and mandating its application, just as it is required for other types of businesses.
- Simultaneously, actuarial consulting firms are responsible for assessing companies' social obligations. However, many firms overlook the necessary provisions that should be established in this area. This standard has a limited or negligible impact on the operations of these consulting firms.

I-2- IAS32 & IAS39 and IFRS07

These standards focus on the accounting treatment of financial instruments, excluding assets and liabilities covered by other standards. The IAS 32 standard specifically addresses the presentation of financial instruments, while all disclosure-related requirements were removed and consolidated into a separate standard, IFRS 7, which ensures clear and transparent reporting. The primary goal is to enhance users' understanding of the role and impact of financial instruments on a company's financial statements ensuring greater transparency and clarity in financial reporting. (Jarat, 2017, p. 315).

The IAS 39 standard outlines the guidelines for recognizing and measuring financial assets, liabilities, and certain contracts involving the purchase or sale of non-financial items. It establishes criteria for classifying, valuing, and reporting these instruments to ensure consistency and transparency in financial statements, aligning them with their economic implications. (Reporting, 2024).

Scope of the Standard:

The standard applies to **all types of financial instruments**, with exceptions listed below . (Jarat, 2017, pp. 267- 270)which are regulated by different standards:

- Lease agreements
- Loan commitments
- Contracts for buying or selling financial instruments;
- Contracts for purchasing or transferring non-monetary assets.

Under **IFRS 7**, financial institutions must disclose details in their financial reports to allow stakeholders to assess:

- The impact of financial instruments on the entity’s financial health;
- The nature and magnitude of risks linked to financial instruments during the reporting period;
- Strategies the entity uses to mitigate these risks.

Key Coverage of the Standard:

- **Universal application**: Applies to all entities and classifications of assets/liabilities;
- **Contract types**: Includes agreements for acquiring, disposing of, or managing non-financial items under IAS 39;
- **Derivatives**: Covers derivatives tied to stakes in subsidiaries, joint ventures, or affiliates but excludes derivatives that function as ownership rights.

Additionally, the requirements of IFRS 7 are introduced as complementary guidelines to IAS 32 and IAS 39, enhancing transparency in reporting risks and valuations tied to financial instruments.

I-3- IFRS4 (Insurance contracts):

IFRS 4 represents (IASB) initial framework for insurance contracts. It was developed to streamline insurers’ adherence to IFRS guidelines, introduce limited refinements to existing accounting practices, and clarify essential components of insurance-related financial

reporting. The standard's creation spanned multiple phases over an extended period, owing to iterative revisions and evolving methodologies required during its formulation. (Qassem, 2025, p. 1).

I-3-1- Accounting policies: Under the new framework, insurers were temporarily exempted from certain International Financial Reporting Standards (IFRS) mandates. This included waiving the requirement under IAS 8 to reassess accounting policies, specifically in cases where methodological adjustments or corrections were made to insurance contract-related estimates. (Tabaibiya, 2014, p. 172).

I-3-2- Accounting policy changes: insurers can modify their current accounting policies for insurance contracts as long as they meet the IASB's requirements to improve the reliability of financial statements, and insurers cannot do any of these practices even though they can continue to use accounting policies (Qassem, 2025, p. 2), none of which include (Jarat, 2017, p. 345):

- **Evaluating insurance liabilities under a non-deductible framework**: This method calculates obligations without factoring in potential tax deductions.
- **Assessing contractual entitlements to future investment management fees**: These are valued above their fair value when benchmarked against prevailing market rates for comparable services.
- **Applying divergent accounting practices**: Insurance-focused entities may adopt inconsistent methodologies for liability measurement across their operations.

I-3-3- Disclosures: The standard requires disclosure of the following information (Reporting, 2025):

- **Information to enhance transparency in insurance-related financial reporting**:
  - **Governance of insurance contracts**: Standards regulating agreements, associated assets, obligations, revenue streams, and expenditures.
  - **Key financial components**: Reported liabilities, income, expenses, assets, and cash flows directly tied to insurance agreements.
  - **Third-party funding disclosures**: Mandatory supplementary reporting when policyholders fund another entity's insurance entitlements.
  - **Critical valuation assumptions**: Qualitative and quantitative explanations of material assumptions impacting asset, liability, income, and expense valuations (where feasible).
  - **Adjustments tracking**: Changes to insurance contract obligations, reinsurance holdings, and deferred costs linked to policy acquisition.
- **Information to support risk assessment of insurance contracts**:
  - **Contractual risk drivers**: Clauses within insurance agreements that directly affect the size, timing, and unpredictability of future insurer payouts.
  - **Risk governance framework**: Strategic priorities and methodologies adopted to manage and mitigate risks.
  - **Pre- and post-reinsurance risk exposure**: Comparative data on insurance-related risks before and after risk transfer through reinsurance arrangements.
  - **IFRS 7-aligned financial risk disclosures**: Financial risks tied to insurance contracts, reported in accordance with IFRS 7 requirements for transparency and consistency.
  - **Embedded derivative risks**: Market risk exposure arising from derivative components integrated into primary insurance agreements, especially when such derivatives are not measured at fair value and impose no binding obligations on the policyholder.

II- Accounting registration of insurers' operations under IFRS 17:

In 2017, the International Accounting Standards Board (IASB) issued IFRS 17 as a replacement for IFRS 4. Initially, the standard was set to take effect in 2021. However, due to significant implementation challenges faced by insurers, the IASB postponed the effective date to January 1, 2023.

II-1- Issuance motives and requirements of IFRS 17:

There are several factors and reasons for IASB issuing IFRS 17 "insurance contracts" (Hamidi, 2020, p. 232):

II-1-1- Motives for issuance of IFRS 17

Among the most important justifications and motives for the issuance and drafting of IFRS17 by the IASB are:

- **Inconsistent accounting practices**: The interim framework of IFRS 4 permits insurers to adopt diverse methodologies for reporting insurance contracts. This inconsistency has created challenges for stakeholders in interpreting and benchmarking financial disclosures across the industry.
- **Valuation complexities**: Insurance contracts often involve long-term obligations and risks that are not actively traded in financial markets. Additionally, embedded investment features within these contracts further complicate their valuation.
- **Limited risk transparency**: Financial statements frequently omit regular updates on insurance liability valuations and associated risks, failing to demonstrate how economic variables (e.g., fluctuating interest rates) influence these obligations.
- **Non-comparable reporting**: Under IFRS 4, insurers with similar insurance contracts could apply differing accounting policies, resulting in financial reports that lack comparability between entities.

Based on the above, it can be said that IAASB has promulgated IFRS17 "Insurance Contracts" to achieve many purposes, including (Al-Najjar, 2019, p. 12):

- **Improved financial reporting**: Transitioning from IFRS 4 to IFRS 17 is essential for enhancing the accuracy and reliability of financial statements and key performance indicators (KPIs) for insurance companies.
- **Standardized contract reporting**: The new framework establishes clear and consistent guidelines for recognizing, measuring, disclosing, and presenting insurance contracts, enabling easier comparison of financial data across local and international insurers.
- **Alignment with global standards**: IFRS 17 ensures harmonization with other accounting frameworks, eliminating inconsistencies in reporting practices for similar insurance agreements.
- **Greater transparency**: By improving disclosure requirements, IFRS 17 makes financial reports more relevant and useful for stakeholders, such as

✓ How insurance companies calculate their profits or losses contingent upon the insurance services rendered and the yields on client premium investments.

✓ The risks they may encounter as a result of issuing insurance contracts.

✓ The impact that insurance contracts have on their financial performance.

II-2- Requirements of IFRS 17

IFRS 17 highlights the importance of standardized accounting practices for insurance contracts. It establishes clear guidelines for recognizing, presenting, and disclosing these contracts, marking a significant departure from earlier frameworks like IFRS 4.

II-2- 1- Recognition Requirements for Insurance Contracts:

Under IFRS 17, insurers must apply consistent criteria for identifying and recording contracts covered by the standard. Recognition of these contracts is mandated at the earliest applicable date among specified timelines (Al-Najjar, 2019, pp. 14-15):

- **Coverage start date**: The point when the coverage period begins for a group of insurance contracts.
- **Initial premium due date**: The deadline for the policyholder to make their first premium payment, as stipulated in the contract.
- **Immediate payment obligation**: If the contract does not specify a due date, the policyholder's first payment is deemed due as soon as it is received.
- **Expected loss date**: The projected date when a portfolio of insurance contracts is likely to generate losses.

II-2- 2 - Measurement Requirements:

Measurement is conducted within a defined framework as follows (Hamidi, 2020, pp. 233-234):

- **Risk assessment**: Material insurance risks are evaluated and quantified as distinct components.
- **Liability estimation**: Insurance liabilities are determined using the contractual service margin (CSM), which represents unearned profits over the contract's coverage duration.
- **Cost recognition**: Acquisition costs are included in the calculation of insurance liabilities and expensed when incurred.
- **Discounting cash flows**: Cash flows from contract liabilities are discounted using rates that align with the liability's characteristics, not the underlying assets.
- **Market-based valuation**: Insurance liabilities are measured at current market values and updated periodically to reflect changes in market conditions.

II-2- 3 - Presentation Requirements:

IFRS 17 outlines effective requirements and guidelines for presentation, which are divided into two sections (Shahat, 2019, p. 55):

Presentation in the Statement of Financial Position: To address the fundamental differences between issued contracts and reinsurance contracts, companies are required to disclose all assets and liabilities tied to both issued insurance contracts and held reinsurance agreements. This ensures greater clarity and transparency in financial reporting. The following financial items must be presented at their carrying value in accordance with IFRS 17:

- ✓ **Insurance contract assets and liabilities**: These include the net assets or obligations linked to issued insurance contracts, categorized based on their assessed values.
- ✓ **Reinsurance contract assets and liabilities**: These encompass the financial positions associated with reinsurance agreements held by the company.

- **Impact of IFRS 17 on Financial Reporting**: IFRS 17 has significantly reshaped how financial performance is presented. It requires companies to classify amounts recorded in profit or loss and other comprehensive income into the following categories:

- ✓ **Insurance revenue and service costs**: This includes income generated from insurance contracts and expenses incurred in fulfilling those contracts.
- ✓ **Insurance finance income or expenses**: These represent financial gains or losses arising from the time value of money and financial risks associated with insurance contracts.

II-2- 4 - Disclosure Requirements:

Transparency in financial reporting can be improved by adhering to disclosure requirements. These rules provide organizations with a structured set of information to help users better understand financial statements. This, in turn, allows stakeholders to evaluate how different contracts influence the company's financial health and performance, as outlined in the standard's guidelines. (Zeirq, 2022, p. 736):

- **Financial statement impacts**: Recognized amounts in financial statements reflect the influence of contracts during the reporting period. This includes details on liability settlements, revenue breakdowns, and explanations of when the contractual service margin (CSM) is recognized.
- **Judgments and estimates**: Significant professional judgments are required when accounting for insurance contracts. These involve assumptions and estimates, such as methodologies for adjusting expected cash flows due to changes in non-financial risks (e.g., discount rate fluctuations).
- **Risk disclosure**: The standard requires firms to disclose the nature and extent of risks associated with insurance contracts. This includes the sources and scale of risks, the firm's risk management objectives, policies, operational strategies, and the techniques used to measure these risks.

II-3- comparison between IFRS 04 and IFRS 17

To clarify the differences and additions introduced by IFRS 17, we decided to compare it with the previous standard, IFRS 4. The results are presented below.

Table n°1: comparison between the contents of IFRS 4 and IFRS 17.

IFRS 17	IFRS4
It includes issued insurance, reinsurance contracts, retained agreements, and investment contracts.	It encompasses issued and held insurance/reinsurance contracts, as well as financial instruments with discretionary participation features
Requires rights and liabilities from contract groups to be reported on a net basis, consolidated into a single line item. Revenues are standardized into one line, while other comprehensive income items are categorized as insurance service results or insurance finance income/expenses.	Allows diverse accounting methods for presenting insurance contracts, with no standardization for revenue display.
Mandates disclosures on reported amounts, key judgments (and changes to them), and the nature/scope of risks tied to insurance contracts.	Focuses on accounting policies, the basis for recording financial elements, and disclosures to aid financial statement users.
Insurance contracts must be recognized from the earliest of: - the policyholder's initial premium payment date or - the date the contract group is classified as loss-making.	Lacks specific recognition criteria, leading insurers to rely on IAS 8 for guidance.

Source: According to (Al-Najjar, 2019)

Other differences can also be noted, such as:

- **Definition of an Insurance Contract:**

IFRS 17 defines an insurance contract by focusing on the insurer's obligation to compensate the policyholder for uncertain future events that may negatively impact them, while IFRS 4 takes a policyholder-centric approach, emphasizing their payment of premiums to mitigate significant risks that could lead to financial loss.

- **Separation of Non-Insurance Components:**

IFRS 4 treats insurance contracts, embedded derivatives, and service obligations as a single category, recognizing them uniformly in the income statement without differentiation. In contrast, IFRS 17 requires embedded derivatives and investment components to be separated and accounted for as financial instruments under IFRS 9, while non-insurance obligations, such as goods or services, must be reported separately in accordance with IFRS 15.

- **Aggregation of Insurance Contracts:**

IFRS 4 lacks specific rules for aggregating contracts, allowing insurers to apply varying accounting policies, which can lead to offsetting profits and losses across different contracts when IFRS 17 establishes clear guidelines for grouping contracts with similar risk profiles within a portfolio, preventing the practice of offsetting gains and losses.

III- The reality of adopting IFRS 17 in Algerian insurance companies and its obstacles.

III-1- Research Methodology:

A structured questionnaire was designed to gather data for the field study. The questionnaire was organized into four key sections:

-**Axis one: Demographic Information**:This section collected personal details about respondents, such as gender, age, educational background, and job position.

-**Axis two: Expected Impact of IFRS 17**:This section included statements exploring the potential effects of adopting IFRS 17 on insurance companies.

-**Axis three: IFRS 17 Requirements**: Focused on the key provisions of IFRS 17, categorized into:

- ✓ Recognition criteria,
- ✓ Measurement guidelines,
- ✓ Disclosure obligations, and
- ✓ Financial statement presentation rules.

-**Axis four: Challenges in Implementing IFRS 17**: This section addressed the difficulties and barriers to applying IFRS 17 in the Algerian context.

Measurement Scale:

A five-point Likert scale was used to evaluate respondents' agreement with each statement in the questionnaire. This scale, ranging from "strongly disagree" to "strongly agree," allowed for the conversion of qualitative responses into quantitative data, enabling robust statistical analysis.

Table n°2: Approval Levels Table

Approval Level	Approval Degree	Relative Weight
Completely Agree	5	%100
Agree	4	%80
Neutral	3	%60
Disagree	2	%40

Completely Disagree	1	%20

Source: Prepared by the researcher

III-2- Testing the Reliability of the Study Tool:

To guarantee the sample's dependability, we performed the subsequent tests:

III-2-1- Cronbach's Alpha Coefficient:

The reliability of the questionnaire items was assessed using the internal consistency method, with Cronbach's Alpha as the statistical measure. The analysis was conducted using SPSS software. A Cronbach's Alpha value above 0.6 is deemed acceptable, with the coefficient ranging between 0 and 1.

Table n°3: Table of internal consistency coefficient (Cronbach's Alpha).

AXISS	**The number of statements.**	**Cronbach's alpha coefficient.**
The effects of applying the IFRS 17 standard on insurance companies.	**7**	**0,638**
IFRS 17 requirements	**13**	**0,754**
Challenges in implementing the International Financial Reporting Standard IFRS 17 inside Algerian insurance firms.	**5**	**0,658**
Total	**25**	**0,758**

Source: According to SPSS22 outputs.

III-2-2- Study sample.

The questionnaire was distributed to accounting and finance professionals working in insurance companies. These individuals possess significant expertise in the accounting treatment of insurance contracts and a thorough understanding of IAS and IFRS standards applicable to the insurance sector. Additionally, the survey was shared with academics and researchers who have published work on the implementation of IAS/IFRS standards in insurance businesses. Their expertise was valuable in identifying gaps and shortcomings in existing accounting and financial frameworks.

III-2-3-Distribution of Questionnaires:

The following table illustrates the distribution of questionnaires to the reserch sample.

Table **n° 4**: Questionnaire Distribution Table

	Number	Percentage
Distributed Questionnaires:	70	100%
Returned Questionnaires	53	75,71%
Unreturned Questionnaires	17	24,29%
Cancelled Questionnaires	3	4,28%
Accepted Questionnaires	50	71,43

Source: Prepared by the researcher

The total of 70 questionnaires were distributed., and the total number of returned questionnaires was 53, representing 75.71%. Of these, 50 questionnaires were accepted, and 3 questionnaires were discarded due to non-compliance with the content of the questionnaire.

Statistical Analysis of the Study Results

Since we relied on the five-point Likert scale in our study, a table of approval scores can be formed as follows:

Table n°5: Approval Scores Table

Response	Completely Agree	Agree	Neutral	Disagree	Completely Disagree
Response Score	5	4	3	2	**1**
Mean Value	5-4.21	4.20-3.21	3.20-2.41	2.40-1.81	1.01-1.80
Score Level	Very High	high	Medium	Very Low	Low

Source: Prepared by the researcher

AXIS 2: The impact of implementing the IFRS 17 on insurance firms.
This axis is dedicated to presenting the respondents' awareness and their level of conviction regarding the expected impacts of implementing IFRS 17 on insurance companies. The responses are shown in the following table.

Table n°6: Mean and Standard Deviation for the second Axis

Statements	The arithmetic mean	the standard deviation.	The general trend of the answers.
Consistency in Financial Reporting: Replacing IFRS 9 with IFRS 17 for investment contracts ensures more consistent and reliable data for users of financial statements.	4,04	0,80	Agree
Enhanced Transparency: Disaggregating insurance contract components better meets the needs of stakeholders by providing clearer and more detailed financial information.	4,48	0,81	Completely agree
Accurate Financial Representation: IFRS 17 delivers comprehensive, accurate, and reliable data, enabling a precise depiction of an institution's financial position and enhancing the quality of financial reports.	4,08	0,80	Agree
Standardized Accounting Practices: IFRS 17 mandates clear and consistent accounting systems, making it easier to compare financial reports across local and international markets.	4,44	0,81	Completely agree
Rebuilding Trust: Transparent financial disclosures foster trust between policyholders and insurers, promoting mergers, attracting more customers, and lowering capital costs.	3,90	0,86	Agree
Verifiable Information: The standard requires insurers to disclose detailed methodologies and estimation techniques, ensuring the information provided is verifiable and reliable	4,40	0,83	Completely agree
Prohibition of Offsetting: IFRS 17 forbids the offsetting of assets and liabilities across distinct groupings of insurance contracts,	4,06	0,79	Agree

thereby enhancing the precision and dependability of financial reporting.			

Source: According to SPSS22 outputs.

Following the statistical analysis of respondents' answers related to the first axis — examining the impact of IFRS 17 on insurance companies — using SPSS 22, the results revealed that the arithmetic means ranged between 3.90 and 4.48. This demonstrates that most participants agreed or strongly agreed with the statements in this section. The standard deviation values, ranging from 0.79 to 0.86, further indicate a high level of consensus among respondents, with minimal variation in their opinions.

These findings align with the earlier statements about IFRS 17's benefits, such as improved consistency in financial reporting, enhanced transparency, and standardized accounting practices. The results confirm that adopting IFRS 17 positively impacts the accounting and financial operations of insurance firms, reinforcing its value as a transformative standard.

AXIS 3: IFRS 17 requirements

In this axis, we aimed to assess the respondents' awareness of the requirements of IFRS 17 through five sets of statements related to the accounting requirements for insurance contracts. The responses were as shown below.

Table n°7: Mean and Standard Deviation for the third Axis

Statements	The arithmetic mean	the standard deviation.	The general trend of the answers.
.Requirements for accounting recognition			
IFRS 17 prohibits offsetting assets and liabilities from different insurance contracts, ensuring more accurate financial reporting. Contracts are recognized at the start of coverage, payment, or loss occurrence.	4,48	0,81	Completely agree
IFRS 17 sets uniform criteria for recognizing in-scope contracts. Firms must recognize them at the earlier of two timelines: a group's coverage start date or the policyholder's first premium payment.	4,36	0,72	Completely agree
In cases where no due date is specified in the contract, the policyholder's initial payment is deemed payable immediately upon receipt.	4,10	0,79	Agree
.Requirements for accounting measurement			
IFRS 17 is built on assessing the significance of insurance risks by calculating their present value. This involves applying a discount rate that reflects both the time value of money and the expected cash flows tied to the insurance contract.	4,34	0,94	Completely agree
Entities are required to provide comprehensive disclosures of all assets and liabilities associated with insurance contracts, as well as those linked to held reinsurance agreements, due to the unique nature of these contracts.	4,30	0,73	Completely agree

IFRS 17 standard requires insurance components and insurance contracts to be separated, ensuring they are accounted for and treated as distinct entities	4,14	0,75	Agree
Under IFRS 17, companies are required to assess a portfolio of insurance contracts by aggregating the expected cash flows and the contractual service margin (CSM).	4,44	0,81	Completely agree
Requirements for the presentation of financial statements.			
Financial reporting quality is enhanced when the contractual service margin (CSM) aligns with the profit and loss recognition principles outlined in IFRS 15.	4,28	0,75	Completely agree
IFRS 15 and IFRS 17 are aligned in terms of determining the revenues that should be recognized in each period, which enhances the quality of financial reports.	4,44	0,81	Completely agree
The figures presented in the profit or loss statement and the statement of other comprehensive income are classified into two main categories: insurance service results and insurance finance income or expenses.	4,24	0,79	Completely agree
Requirements for accounting disclosure.			
Under IFRS 17, reinsurance contracts must be measured and disclosed separately from issued insurance contracts.	4,14	0,75	Agree
Disclosing insurance and financial risks allows financial statement users to assess the characteristics, magnitude, timing, and uncertainty of cash flows tied to insurance contracts, thereby improving the quality of financial reporting.	4,46	0,70	Completely agree
Providing details about the methodologies and estimation techniques used improves transparency in financial reporting.	4,88	0,38	Completely agree

Source: According to SPSS22 outputs.

After the statistical processing of the respondents' answers using SPSS 22, the respondents' answers came as follows with arithmetic means ranging from 4.10 to 4.88, indicating a high level of agreement, from consensus to complete consensus, regarding the impact of implementing IFRS 17 on insurance businesses in terms of recognition, measurement, presentation, and disclosure. The detailed findings are as follows:

1. **Recognition**:

- The first and second statements received average scores of 4.48 and 4.36, with standard deviations of 0.81 and 0.72, respectively. This suggests strong agreement that recognition should occur at the start of the coverage period, upon insurer payment, or when contracts become burdensome. Timely identification of insurance contracts at the coverage period's commencement or the policyholder's first payment date is essential.

- The third statement had an arithmetic mean of 4.00 and a standard deviation of 0.79, indicating that most respondents agreed that, in the absence of a contractual due date, the policyholder's first payment is due upon receipt.

2. **Measurement**:

- The first, second, and fourth statements had arithmetic means of 4.34, 4.30, and 4.44, with standard deviations of 0.94, 0.73, and 0.83, respectively. This reflects strong agreement that IFRS 17 relies on assessing insurance risks using present value analysis, applying a discount rate that accounts for cash flows and the time value of money. Respondents also agreed that the balance sheet must clearly display assets and liabilities tied to issued insurance contracts and held reinsurance agreements due to their unique nature. Additionally, they supported the integration of cash flows with the contractual service margin (CSM) for portfolio assessment.
- The third statement had an arithmetic mean of 4.14 and a standard deviation of 0.75, confirming that most respondents agreed that IFRS 17 requires separate treatment of insurance components and insurance contracts.

3. **Presentation**:

- The first and second statements had arithmetic means of 4.48 and 4.36, with standard deviations of 0.81 and 0.72, respectively.
- The third, fourth, and fifth statements had arithmetic means of 4.24, 4.44, and 4.24, with standard deviations of 0.75, 0.81, and 0.71, respectively. These results indicate strong alignment with IFRS 17's financial statement presentation requirements.

4. **Disclosure**:

- The first statement had an arithmetic mean of 4.14 and a standard deviation of 0.75, reflecting agreement that IFRS 17 requires independent measurement and disclosure of reinsurance contracts.
- The second and third statements had arithmetic means of 4.46 and 4.88, with standard deviations of 0.70 and 0.38, respectively. This confirms strong agreement that disclosing insurance and financial risks in financial statements helps evaluate the nature, magnitude, timing, and uncertainty of cash flows from insurance contracts, thereby improving financial reporting quality.

AXIS 4: challenges of applying the International Financial Reporting Standard IFRS 17 in Algeria.

This axis includes five statements related to the obstacles to implementing IFRS 17 in the Algerian insurance sector, and the individuals' responses were as follows:

Table n°8: Mean and Standard Deviation for the fourth Axis

Statements	The arithmetic mean	the standard deviation.	The general trend of the answers.
Limited Understanding of IFRS 17: Algerian insurers struggle with insufficient awareness and grasp of IFRS 17's requirements, hindering effective implementation.	4,94	0,24	Completely agree
Shortage of Actuarial Expertise: The lack of qualified actuarial professionals poses a barrier to training financial managers and accountants in preparation for adopting IFRS 17.	4,82	0,48	Completely agree
Insufficient Training Programs:	4,80	0,49	Completely

Insurance companies in Algeria lack ongoing education initiatives to keep accountants updated on international standards, particularly those specific to the insurance sector.			agree
Challenges in Measurement Practices: Algerian firms find it difficult to adopt IFRS 17's general measurement model because they rely on a legacy legal framework outlined in Announcement No. 89.	4,64	0,66	Completely agree
Regulatory Conflicts and Delays: Incompatibility between Algerian accounting/tax laws and IFRS 17, coupled with sluggish legislative reforms (similar to past delays with IFRS 4), complicates compliance.	4,82	0,43	Completely agree

Source: According to SPSS22 outputs.

The results presented above, based on SPSS 22 analysis, indicate a high level of consensus among respondents (arithmetic means: 3.90–4.48) regarding the impact of IFRS 17 on insurance companies. The detailed findings are as follows:

1. **Limited Understanding of IFRS 17**:

The first statement had an arithmetic mean of **4.94** (SD = 0.24), reflecting unanimous agreement that Algerian insurers' primary challenge is insufficient awareness of IFRS 17's requirements.

2. **Actuarial Expertise Shortage**:

The second statement scored a mean of **4.82** (SD = 0.48), highlighting consensus on the critical barrier posed by the lack of actuarial professionals to train financial staff pre-implementation.

3. **Insufficient Training Programs**::

The third statement (mean = **4.80**, SD = 0.49) underscored the absence of ongoing training for accountants on international standards, especially those relevant to the insurance sector.

4. **Challenges in Measurement Practices**:

The fourth statement (mean = **4.64**, SD = 0.66) indicated difficulties in adopting IFRS 17's measurement model due to reliance on a legacy legal framework under Notice No. 89.

5. **Regulatory Conflicts and Delays**: The fifth statement (mean = **4.82**, SD = 0.43) confirmed that Algerian accounting/tax laws conflict with IFRS 17, compounded by legislative delays akin to those seen with IFRS 4.

Conclusion

The insurance sector basically functions on the idea of uncertainty, rendering its nature intrinsically probabilistic. This presents difficulties in precisely evaluating expenses and revenues, hence exacerbating the disparity between real financial results (profit or loss) under uncertainty and the more foreseeable outcomes attainable with certainty. Moreover, ascertaining the actual cost of insurance services is difficult by the lack of distinctly defined cost components. Pricing must be predetermined, requiring dependence on previous data and anticipated patterns. Consequently, cost determination is intricately linked to future occurrences and is significantly shaped by assumptions and probabilities, hence affecting the precision of financial outcomes in insurance firms.

Our research sought to elucidate the fundamental aspects of IFRS 17 concerning the accounting treatment of insurance contracts, considering their distinct peculiarities. The research produced the subsequent principal findings:

- IFRS standards, especially IFRS 17, offer a comprehensive framework to guarantee uniformity in accounting processes for insurance contracts globally. They also improve the reliability and equilibrium of financial data for insurance firms.
- IFRS 17 delineates standards for financial statement presentation, alongside measurement, recognition, and disclosure mandates for insurance contracts. This guarantees adherence to accounting standards while considering the distinct characteristics of insurance contract elements.
- The majority of players in the insurance sector possess a comprehensive awareness of international accounting standards, including IFRS 17.
- The prevailing conditions in Algeria's insurance business are not entirely favorable for the implementation of IFRS 17.
- The principal problem resides in the absence of an adequate legislative framework to endorse these standards or enable requisite modifications in accordance with the impending insurance law.
- The lack of training opportunities, due to the absence of experienced trainers and experts, is a major obstacle to the development of the insurance industry and the adoption of global standards, limiting its ability to keep up with ongoing advancements.

- **Recommendations:**
- Revise the accounting framework for insurance firms to comply with IFRS 17 standards.
- Facilitate training sessions for accounting professionals on IAS/IFRS standards.
- Augment actuarial training prospects and elevate the function of actuaries within the insurance industry, since they are pivotal for proficient risk management in insurance firms.

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