

# What Does CECL Mean for Life Insurers?

Diane Bellas

Director

Allstate

Steve Kane

Partner, Financial Services Office

Ernst & Young LLP

Eve Pastor

Director, Solutions Specialist

Moody's Analytics

March 21, 2019

San Antonio, TX

# Session Description

This session will provide an update on specific areas of CECL (FASB's Topic 326) impacting life insurers including commercial real estate loans, bonds, and reinsurance receivables and recoverable. The balance sheet context, implications, and implementation considerations given the changes to FASB's Topic 944 will also be addressed.

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Diane - What are the specific areas of CECL (FASB's Topic 326) impacting life insurers?

Steve - What are the balance sheet context, implications, and implementation considerations given the changes to FASB's Topic 944?

## Polling Question #1

*Are you also implementing IFRS 9?*

*a. Yes*

*b. No*

Steve - Tell us about the history of CECL and the different models considered over the years

Diane and Steve - How prescriptive should CECL be viewed as compared to IFRS 9 or current US GAAP?

What implementation challenges does that present?



Diane – What important decisions has the TRG made? What is the latest (FASB roundtable Jan 28 etc)? How have you advocated through the ACLI (Financial Instruments Forum)?

## Polling Question #2

*Where are you in your adoption of CECL?*

- a. Scoping and gap assessment*
- b. Vendor selection*
- c. Implementation*
- d. Done!*

Diane and Steve– Tell us about the AFS change and what that operationally means for you

Steve - What are some of the reinsurance complexities and considerations?

### Polling Question #3

*What basis points of your commercial mortgage loan portfolio do you think your CECL reserve will be?*

- a. Qualifies for 0 loss practical expedient*
- b. Close to 0*
- c. 5-15 bps*
- d. 15-30 bps*
- e. More than 30 bps*

Diane - How much do you expect to talk about credit impairment in your financial statements?

## Q&A

Diane - What's happening at the NAIC (SAPWG)?