



African Reinsurance Corporation  
Société Africaine de Réassurance

13 April 2021

## REQUEST FOR PROPOSAL (RFP) — CONSULTING PARTNER FOR THE IMPLEMENTATION OF IFRS 17 —

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### 1.0 BACKGROUND

Established in 1976 by 36 member States of the African Union and the African Development Bank Group (AfDB), The African Reinsurance Corporation (AFRICA RE), the leading reinsurance company in Africa and the Middle East, is a pan-African financial institution whose shareholding is split between African (75%) and Non-African (25%) investors. African shareholding comprises 41 African states, the AfDB and more than 100 African insurance/reinsurance companies from the 41 member countries. Headquartered in Lagos (Nigeria), Africa Re has a continental network of regional and local offices in Lagos (Nigeria), Casablanca (Morocco), Nairobi (Kenya), Abidjan (Côte d'Ivoire), Ebène (Mauritius), Cairo (Egypt), Addis Ababa (Ethiopia) and Dubai (UAE) as well as two subsidiaries: Africa Re (South Africa) Ltd in Johannesburg and Africa Retakaful Ltd in Cairo (Egypt).

Africa Re is currently in the process of implementing the IFRS 17 Insurance Contract in compliance with the International Accounting Standards Board (IASB) Exposure Draft which becomes effective for reporting periods beginning on or after 1 January 2022, thus heralding a new era of accounting for insurers.

### 2.0 OBJECTIVES

The African Reinsurance Corporation is seeking to engage a Consulting firm that will act as an Implementation Partner to assist the Corporation in all aspects of the IFRS 17 & 9 implementation. The preferred implementation Partner will apply the business knowledge, technical skills, and the experience

acquired in the course of executing similar assignments for their other clients in accomplishing the expected deliverable to Africa Re.

### 3.0 DELIVERABLES

The requirements listed in the table below are expected to be delivered by the Implementation Partner. However, these deliverables are not exhaustive, as such the Implementation Partner would be expected to give guidance and offer advise on any areas that may not have been listed in the table below, which the Implementation Partner reasonably believe are necessary and relevant to Africa Re’s circumstance. The Implementation Partner is expected to leverage on the vast experience acquired from similar assignments previously delivered to their other clients to fill any gaps that may exist.

#### Requirements for IFRS 17 Request for Proposals (RFP)

No.	Support Areas	Details
1.	<b>Technical Support in interpretation and application of IFRA 9 &amp; 17 to Africa Re circumstances</b>	<ul style="list-style-type: none"> <li>• Guidance on specific policy decisions that should be taken in order to create a comprehensive IFRS 17 framework. This includes insight on advantages/disadvantages of the various options for a specific policy item and the appropriateness of a specific policy choice for Africa Re</li> <li>• Advise on the most suitable transition Approach for Africa Re</li> <li>• Policy decisions and guidance on the classification of different types of contracts and/or product lines into these categories:               <ol style="list-style-type: none"> <li>1. Contracts that automatically qualify for PAA measurement approach.</li> <li>2. Contracts that only qualify for GMM (Building Block Approach)</li> <li>3. Contracts that may qualify for PAA measurement approach subject to materiality considerations</li> </ol> </li> <li>• Provide guidance on the level of aggregation to be adopted and the impact of such a choice on the ability of the SICS Reinsurance Administration System to extract the relevant data for use in the chosen Calculation Engine.</li> </ul>

	<ul style="list-style-type: none"> <li>• Provide guidance on the process to identify and separate distinct investment components (particularly in relation to life business).</li> <li>• Provide support in determining the most suitable measurement approach (or mix of approaches) for Africa Re (PAA vs GMM or Both). <ul style="list-style-type: none"> <li>▪ If PAA is recommended, suggested quantitative criteria to test the 'material difference' eligibility test. Also advise on a suitable method of earning revenue (passage of time vs timing of insurance service)</li> <li>▪ For GMM, suitable candidates for coverage units for release of CSM, practical roll-forward of the CSM, suggested method of calculating risk adjustment and discount rates given the nature of Africa Re's business and peculiarities of its coverage areas.</li> <li>▪ Where a combination of both GMM and PAA is determined to be ideal, advise on the practical implications.</li> <li>▪ Guidance in the determination of discount rates for insurance contract liabilities, i.e. what method to apply</li> <li>▪ Guidance in ensuring that the risk adjustment is reflective of the uncertainty in the amounts and timing of future cash flows that are linked with fulfilling the obligations arising from the group of contracts the Corporation issued.</li> <li>▪ Guidance on the data to be used to support the computation of the disclosed level of confidence (estimates, external or market data, or extrapolations?)</li> </ul> </li> <li>• Suitable level of aggregation for the portfolio and groups of contracts</li> <li>• Design a policy framework for determining contracts to be designated as being "Onerous"</li> <li>• Provide advice and guidance on the application of IFRS 17 to complex reinsurance contracts (including materiality assessments &amp; judgement): <ul style="list-style-type: none"> <li>○ Multi-Year Contracts,</li> <li>○ Surplus Treaty Contracts</li> </ul> </li> </ul>
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		<ul style="list-style-type: none"> <li>○ XOL Treaty Contracts as the different layers apply.</li> <li>• Setting contract boundaries for different lines of business e.g. where it appears we can reprice midway into the term, open-ended contracts in Life, extensions in Engineering polices, etc.</li> <li>• Guidance in identifying contracts where the contract boundary will require judgement (such as whether Africa Re has the right to reassess the risk only at level of portfolio or contract)</li> <li>• Guidance in assessing whether options and riders (particularly in the Corporation's Life Portfolio) impact the initial contract boundary.</li> <li>• Accounting for Administrative Expenses, Ceding Commissions, Brokerage and Profit Share Commissions, especially the possible reallocation of such expenses between Management Expenses, Acquisition Costs and Claims Expenses</li> <li>• We expect policy option suggestions &amp; decisions to be practical and fully compliant with the requirements of the Standard.</li> <li>• Once the policy decision has been made, the Implementation Partner is expected to set up the various process and models that need to be in place to achieve said polices. These models are expected to remain the property of Africa Re once implementation is complete.</li> </ul>
2.	<b>Technical Support in the selection and on-boarding of IFRS 9 &amp; 17 Engine:</b>	<ul style="list-style-type: none"> <li>• Definition of the architecture to be implemented (data flow between Systems): Design and build IFRS 17 overlay model.</li> <li>• Study the current software used to manage reinsurance and finance and define the GAP to be filled to meet IFRS 17 rules and integration with the solution to be chosen.</li> <li>• Provide advice / insight to Africa Re on the range of suitable software available, consideration of the appropriateness of the</li> </ul>

		<p>various software to enable the Corporation to achieve its goals, and (unbiased) assistance in selecting such software.</p> <ul style="list-style-type: none"> <li>• Ensure that the software allows end-to-end production of IFRS 17 compliant numbers and all the disclosures requirements</li> <li>• Participate fully and take ownership in the successful on-boarding of the IFRS 17 engine, including building the required models within the selected software</li> <li>• Establishment of a full list of disclosures to the financial statements. Once the list is established, our Implementation Partner should review our ability to produce these disclosures. If our current processes are deficient, they are to design and set up new processes to be used to adequately produce the disclosures.</li> </ul>
3.	<b>Dry Run Testing Requirements</b>	<ul style="list-style-type: none"> <li>• Complete two full dry runs and complete in-depth comparison of Africa Re's P&amp;L and Balance Sheets under the current and proposed Accounting Standards (using 2019 and 2020 data)</li> <li>• Dry run testing to include the full disclosure requirements using FY 2020 data.</li> <li>• All key changes between IFRS 4 (and IAS 39) to IFRS 9 &amp; 17 to be clearly articulated during Dry Run testing</li> <li>• Compare KPIs for FY 2020 under IFRS 4 &amp; IAS 39 to IFRS 9 &amp; 17KPIs and clearly articulate the implications for performance management and long-term monitoring.</li> <li>• Ensure that sufficient transfer of knowledge is undertaken during the Dry run test such that the current team can be fully involved in the production of the 2022 opening balance.</li> <li>• Supervise Africa Re staff in the production of the 2022 Half Year P&amp;L and Balance Sheet</li> </ul>

4.	<b>Advise on the necessary re-design and implementation of KPIs under IFRS 9 # 17</b>	<ul style="list-style-type: none"> <li>• Suggest suitable KPIs for the business for adequate performance monitoring going forward, including the initial set up of such KPIs.</li> <li>• In doing so, they would also need to assess current KPIs for appropriateness and suggest enhancements.</li> <li>• As a minimum, KPI should cover capital ratios, underwriting profitability, overall profitability, budget process re-design, potential sources of volatility on earnings, impact on group dividend and pay-out policy</li> <li>• Where applicable, collaborate with tax consultants on the tax implications of IFRS 9 &amp; 17</li> </ul>
5.	<b>Maintain active communication with Group Auditors on implementation assurance</b>	<ul style="list-style-type: none"> <li>• Participate fully in the IFRS 9 &amp; 17 implementation assurance activities with the Group Auditors</li> <li>• Take a proactive engagement stance with the auditors to avert any surprises</li> <li>• Ensure that the audit of key milestones is well documented in the project plan and that the dates are pre-agreed with the auditors</li> <li>• All pre-audit requirements should be clearly mapped out and agreed with the auditors as part of the project timetable formulation</li> </ul>
6.	<b>Engagement with the Group Management</b>	<ul style="list-style-type: none"> <li>• Ensure that a monthly Steering Committee Progress Report is produced and presented to Group Management</li> <li>• The format and content of the Monthly Steering Committee Report should be agreed and approved by Group Management</li> <li>• Provide Group Management with the necessary support in the preparation of policy documentation to be presented to the Board of Directors.</li> </ul>

		<ul style="list-style-type: none"> <li>• Where appropriate, support Management in training activities with the Board, Staff and other relevant partners</li> <li>• Prepare a weekly progress meeting report to be presented to the various functional heads.</li> </ul>
7.	<b>Other Activities</b>	<ul style="list-style-type: none"> <li>• Agree and sign a clear road map with key milestones with Africa Re Group Management as part of the contract signing process</li> <li>• Maintain a robust issues tracking system in conjunction with the Programme Manager (JIRA System)</li> <li>• Maintain a close and efficient working relationship with the Africa Re Programme Manager and the Project team</li> <li>• Value adding suggestions in potential product re-designs where possible.</li> </ul>
8.	<b>Minimum Qualifications</b>	<ul style="list-style-type: none"> <li>• Demonstrated track record in implementing new Financial Reporting Standards in the insurance and reinsurance sectors.</li> <li>• Involvement in insurance industry as Statutory Actuary or Statutory Auditor</li> <li>• Accreditation with recognised Actuarial Professional Institute</li> <li>• Accreditation with recognised Accounting Professional Institute</li> <li>• Accreditation with relevant Supervisory / Regulatory Agencies.</li> </ul>
9.	<b>Additional Requirements on Takaful</b>	<ul style="list-style-type: none"> <li>• Guidance on whether there is significant transfer of insurance risks in Retakaful business and can therefore be accounted for under IFRS 17</li> <li>• Where there is significant transfer of insurance risks, guidance on the additional modifications required in measuring this group of business.</li> </ul>

#### **4.0 EVALUATION PROCESS AND SELECTION CRITERIA**

Responses to this RFP will be evaluated and scored based on the following criteria:

- Demonstrated track record in implementing new Financial Report Standards in the insurance and reinsurance sectors.
- Indepth knowledge of the requirement of the IFRS 17 Insurance Contract Standard
- Experience of the Implementation Partner from having undertaken similar roles for a professional composite reinsurer
- Involvement in insurance industry, and preferably in the reinsurance sub-sector, as Statutory Actuary or Statutory Auditor
- Accreditation with recognised Actuarial Professional Institute
- Accreditation with recognised Accounting Professional Institute
- Accreditation with relevant Supervisory / Regulatory Agencies.
- Experience in auditing and rescuing risky or failed project implementation,
- Technical approach and methodology,
- Organisation and staffing,
- Proposed Cost,
- Financial information,
- Similar projects delivered previously,
- Quality, clarity and presentation of the proposal.
- Knowledge of the ARIMA's Reinsurance Management System (RMS) Application will be added advantage.

#### **5.0 PRESENTATION OF TENDER**

In order to facilitate the analysis of responses to this RFP, the responding consulting firms are required to prepare their proposals in accordance with the instructions outlined in this section. The Consulting Firms whose proposals deviate from these instructions would be considered non-responsive and may be disqualified at the discretion of Africa Re.

Proposals should be clear and comprehensive. It should provide a straightforward, concise description of the consulting firm's capabilities to meet the requirements of the RFP. Emphasis should be laid on accuracy, completeness and clarity of content. All parts, pages, figures and tables should be numbered and clearly labeled. The proposal should be organised into the following major sections:



Section	Title
1.0	Executive summary
2.0	Company Experience / Expertise
3.0	Technical approach and methodology
4.0	Organisation and staffing
5.0	Cost quotations
6.0	Financial information
7.0	Resumes of key staff to be deployed

### 5.1 Executive summary

This part of the response to the RFP should be limited to a brief narrative highlighting the consulting firm's proposal. The summary should contain as little technical details as possible, and should be oriented towards non-technical personnel. The Executive summary should not include cost quotations.

### 5.2 Experience of the consultant

The consulting firm must provide the following information about their company so that Africa Re can evaluate their stability and ability to support the commitments set forth in response to the RFP. Africa Re may require the consulting firm to provide additional documentation to support and/or clarify requested information.

*[Using the format below, provide information on each relevant assignment for which your organisation, and each associate for this assignment, was legally contracted either individually, as a corporate entity or, as one of the major companies within an association, for carrying out consulting services similar to the ones requested under the Terms of Reference included in this document. The Proposal must demonstrate that the Consultant has a proven track record of successful experience in providing services similar in substance, complexity, value, duration, and volume of services sought in this procurement.]*

Maximum 20 pages

Assignment name:	Approx. value of the contract (in current US\$):
Country:	Duration of assignment (months):

Location within country:	
Name of client:	Total No of staff-months of the assignment:
Address:	Approx. value of the services provided by your firm under the contract (in current US\$):
Start date (month/year): Completion date (month/year):	No of professional staff-months provided by associated consultants:
Name of associated consultants, if any:	Name of proposed senior professional staff of your firm involved and functions performed
Narrative description of review engagement:	
Description of actual services provided by your staff within the assignment:	
Description of challenges encountered and the strategy used to address and successfully close the project including time and resources.	

Authorised Signatory

Name of Consultant

### 5.3 Approach and methodology

In this chapter, the consulting firm should explain its understanding of the objectives of the assignment, approach to the services, methodology for carrying out the activities and obtaining the expected output and the degree of detail of such output. The consulting firm should highlight the problems being addressed and their importance and explain the technical approach you would adopt to address them. The consulting firm should also explain the methodologies it proposes to adopt and highlight the compatibility of those methodologies with the proposed approach.

### 5.4 Organisation and staffing

In this chapter, the consulting firm should propose the structure and composition of its team. The consulting firm should list the main disciplines of the assignment, the key expert responsible, and proposed technical and functional staff.

## 5.5 Cost quotations

The consulting firm's cost quotations must be itemised in accordance with the phases of the assignment.

## 5.6 Financial information

The consulting firm's financial information should be included in this section. Financial information must include audited financial information for the past three years if applicable.

## 5.7 Resumes

The consulting firm must make every effort to select staff for the assignment based on the client's needs. Applicable resumes should be included in this section.

## 6.0 COMPANY AND OTHER GENERAL REQUIREMENTS

No.	Requirement	Vendor Response
<b>6.1</b>	<b>Company information requirements</b>	
a)	How long has company been in business?	
b)	How long has the company been in business providing the proposed partnership services for difficult implementation projects?	
c)	State number of employees in the company.	
e)	State total number of employees dedicated to this assignment.	

## 7.0 CLARIFICATION AND AMENDMENT OF REQUEST FOR PROPOSAL

The consulting firm may request for clarification only up to 7 days before proposal submission date. Any request for clarification must be sent in writing by letter or email to the

Africa Re's address indicated below. Africa Re will respond by letter or email to such requests and will send written copies of the response (including an explanation of the query but without identifying the source of the inquiry) to all firms which intend to submit proposals.

**Contact for clarification:**

Email: [tender@africa-re.com](mailto:tender@africa-re.com)

## **8.0 PROPOSAL SUBMISSION**

The Proposals, which must be in duplicate copies sealed in an envelope, must be delivered to the submission address indicated below and received by Africa Re not later than **13 May 2021**. Any proposal received by Africa Re after the submission deadline shall not be considered.

**Submission Address:**

The Chairman of the Tenders Committee  
African Reinsurance Corporation  
Plot 1679 Karimu Kotun Street  
Victoria Island PMB 12765 Lagos, Nigeria  
Email: [tender@africa-re.com](mailto:tender@africa-re.com)

Yours Sincerely,

**Dr. Corneille Karekezi**  
Group Managing Director / CEO.