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Understanding Ind AS 117: An Empirical Assessment of Awareness and Perceived Implementation Effectiveness among Indian Health Insurance Professionals

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Abstract:
Ind AS 117 changes how insurance contracts are measured and reported. Its application brings accounting, actuarial, data and technology work into the same reporting process. This paper examines whether professionals who understand the standard more fully also view its implementation as more effective in the Indian health insurance sector. Primary data were collected from 185 professionals across seven occupational categories. Awareness and perceived implementation effectiveness were each measured through eight five-point Likert statements. Descriptive statistics, Cronbach's alpha, Pearson correlation and simple linear regression were applied. Awareness had a positive association with perceived implementation effectiveness ($r = 0.455$, $R^2 = 0.207$, $F(1, 183) = 47.838$, $p < .001$), and the null hypothesis was rejected. Respondents were generally positive about the expected reporting benefits, although their understanding of particular requirements varied. The findings indicate that professional learning and practical guidance can support implementation, while the study's cross-sectional and perception-based design should be considered when interpreting the results.

Keywords: Ind AS 117; professional awareness; implementation effectiveness; health insurance; insurance accounting.

INTRODUCTION

Insurance contracts combine present obligations with uncertain future claims, expenses and policyholder behaviour. Their accounting therefore requires more than recording premiums received and claims paid during a period. Ind AS 117 introduces a comprehensive basis for recognising, measuring, presenting and disclosing insurance contracts and substantially corresponds to IFRS 17. The model uses current estimates of fulfilment cash flows, an explicit adjustment for non-financial risk and, where applicable, a contractual service margin that represents unearned profit. Palmborg et al. (2021) demonstrate that these measurement components alter how an insurer's financial position and performance emerge across reporting periods.

Evidence from the first annual statements of European insurers further shows that the standard changes both reported amounts and the explanations accompanying them (ter Hoeven et al., 2024).

Awareness in this setting involves more than having heard of Ind AS 117. Professionals need to understand how insurance contracts are identified, separated into portfolios and groups, measured under the applicable approach and translated into insurance revenue, service expenses and finance results. They must also appreciate the roles of expected cash flows, discounting, risk adjustment and the contractual service margin. These subjects demand technical judgement and may not be equally familiar to every person participating in implementation. Palmborg et al. (2021) show why interpretation of reported profit depends on knowledge of the underlying measurement model, while Arce et al. (2023) establish that different professional participants raised distinct technical concerns during the development of IFRS 17.

Professional understanding can influence how the benefits of implementation are evaluated. A respondent who understands the new measurement and presentation requirements may be better able to judge whether they improve transparency, comparability, liability representation and the reporting of insurance performance. Alhawtmeh (2023) found a positive association between the application of IFRS 17 requirements and perceived improvements in accounting measurement, disclosure and financial-reporting quality. However, positive expectations should not be treated as assured outcomes. Byun and Han (2025) did not observe a clear improvement in the value relevance of Korean insurers' financial information during the first IFRS 17 reporting year, illustrating that formal adoption and useful reporting are not necessarily identical.

Existing research also points to knowledge and interpretation as implementation concerns. Owais and Dahiyat (2021) identified limited readiness in areas connected with the scope and financial-statement effects of IFRS 17, whereas Puławska (2025) reported continuing challenges involving actuarial assumptions, data quality, systems and communication with market participants. These studies clarify the importance of technical capability, but evidence directly linking professionals' awareness of Ind AS 117 with their assessment of implementation effectiveness remains limited in the Indian health insurance setting. Health insurance merits focused attention because large contract volumes, uncertain claim patterns and medical-cost movements place continuing demands on accounting, actuarial and information systems. Against this background, the present research examines the influence of professionals' awareness and understanding of Ind AS 117 on the perceived effectiveness of its implementation in the Indian health insurance sector. Awareness is assessed through knowledge of the standard's principal identification, measurement, grouping, risk-adjustment, presentation and profit-recognition requirements. Perceived implementation effectiveness is evaluated in terms of transparency, comparability, liability representation, profit reporting, identification of loss-making contract groups, managerial usefulness and overall reporting quality. The analysis provides a profession-based assessment of the proposed relationship; it does not claim to measure realised changes in published financial statements.

REVIEW OF LITERATURE

Palmborg et al. (2021) examined how the fulfilment cash flows, risk adjustment and contractual service margin prescribed by IFRS 17 influence an insurer's financial position and performance. Their actuarial illustrations show that interpreting the timing of profit requires knowledge of the measurement model and its underlying assumptions. The study is especially relevant to professional awareness because familiarity

with terminology alone would not enable a respondent to evaluate the meaning of reported insurance revenue, liability movements or service results.

Yousuf et al. (2021) investigated the contractual service margin from a life-insurance perspective and explained the judgements involved in contract boundaries, coverage units, loss components and subsequent measurement. The authors observed that the principles-based character of IFRS 17 leaves several decisions to insurers. Their work demonstrates the depth of technical understanding required from professionals and supports the distinction between general awareness of the standard and an operational understanding of its measurement consequences.

Arce et al. (2023) analysed participation and responsiveness during the development of IFRS 17. Their study showed that preparers, users and other professional groups did not approach the proposed requirements from a single perspective. Technical concerns were connected with the interests and responsibilities of the participants. This evidence suggests that professional awareness may develop unevenly and that perceptions of implementation effectiveness can reflect the particular aspects of the standard encountered in practice.

Owais and Dahiyat (2021) surveyed insurance companies in Jordan and reported limited readiness in areas involving scope, financial-statement effects and implementation monitoring. Data and systems difficulties were also prominent. Although their study addressed organisational preparedness, the findings indicate that weak technical understanding may prevent professionals from recognising how the standard affects measurement and reporting. It therefore provides a useful empirical basis for connecting knowledge of IFRS 17 with judgements about implementation.

Basu and Grace (2022) considered the implementation frictions created by IFRS 17 and argued that its principles-based model is costly and demanding to apply. They emphasised the need for sophisticated users of the models underlying insurers' reports. This observation reinforces the importance of professional capability: the intended information benefits cannot be assessed meaningfully when those involved lack sufficient understanding of the assumptions, estimates and accounting choices producing the reported figures.

Puławska (2025) obtained evidence from 68 market participants and found that the significance assigned to IFRS 17 challenges differed according to professional background. Annual cohorts, onerous contracts, discount-rate methods and the premium allocation approach were among the most prominent concerns. The study links professional knowledge with the interpretation of implementation difficulties, but corresponding evidence from Indian health insurance professionals remains limited. The present paper addresses this gap by testing whether awareness and understanding are associated with perceived implementation effectiveness.

RESEARCH METHODOLOGY

Research Objective

To examine the influence of professionals' awareness and understanding of Ind AS 117 on the perceived effectiveness of its implementation in the Indian health insurance sector.

Research Design

The research uses a cross-sectional design to describe the construct scores and examine the approved relationship between them. A quantitative approach is suitable because the questionnaire responses are expressed numerically and analysed through descriptive and inferential statistics.

Population and Sample

The target population covers professionals working in insurance accounting, actuarial services, audit, compliance, consultancy, information technology and senior management within India's health insurance sector. The final sample comprises 185 respondents: 41 accounting and finance professionals, 24 actuaries, 27 auditors, 23 compliance professionals, 25 consultants, 20 information technology professionals and 25 senior managers. Purposive sampling was used because respondents needed sufficient knowledge of insurance reporting or Ind AS 117.

Research Variables

Awareness and Understanding of Ind AS 117 was the independent variable, while Perceived Implementation Effectiveness was the dependent variable. For each respondent, the construct score was obtained by averaging the eight relevant items on the original 1 to 5 scale.

Instrument Development and Measurement

The questionnaire contains 24 statements divided equally among Awareness and Understanding, Organisational Readiness and Perceived Implementation Effectiveness. This paper uses the 16 statements relating to awareness and implementation effectiveness. Responses range from 1, Strongly Disagree, to 5, Strongly Agree. All statements follow the same direction, so reverse coding is not required.

Data Collection Procedure

Primary data were collected from 185 eligible professionals working in accounting and finance, actuarial services, auditing, compliance, consulting, information technology and senior management. The structured questionnaire was administered in printed or electronic form, according to respondent accessibility. Participation was voluntary, and respondents were informed that their answers would be used only for academic analysis. Completed questionnaires were screened before coding to ensure that the responses were usable for the study.

Reliability Testing

Table 1.1: Reliability Testing

Construct	Items	Cronbach's alpha	Interpretation
Awareness and Understanding	**8**	**0.890**	**Good internal consistency**
Perceived Implementation Effectiveness	**8**	**0.891**	**Good internal consistency**

Cronbach's alpha was 0.890 for Awareness and Understanding and 0.891 for Perceived Implementation Effectiveness. Both values exceed 0.70 and indicate good internal consistency for the responses included in the study.

Statistical Tools and Techniques

Frequencies, percentages, means and standard deviations were used to describe the Likert responses. Cronbach's alpha examined internal consistency. Pearson correlation measured the direction and strength of the relationship, while simple linear regression tested whether awareness predicted perceived implementation effectiveness. The hypothesis was evaluated at the 5 per cent significance level.

LIKERT-SCALE STATEMENT ANALYSIS

Table 1.2: Likert-Scale Statement Analysis

S. No.	Likert statement	D/SD %	Neutral %	A/SA %	Mean	SD
1	I am familiar with the principal requirements of Ind AS 117.	30.81	24.32	44.86	3.222	1.255
2	I understand how insurance contracts are identified under Ind AS 117.	29.19	28.65	42.16	3.216	1.121
3	I understand the measurement approaches prescribed under Ind AS 117.	37.30	25.41	37.30	2.978	1.277
4	I am aware of the requirements for grouping insurance contracts under Ind AS 117.	36.76	24.86	38.38	3.070	1.290
5	I understand the role of expected future cash flows in measuring insurance contract liabilities.	31.35	28.65	40.00	3.130	1.244
6	I understand the purpose of the risk adjustment for non-financial risk.	35.14	28.11	36.76	3.038	1.199
7	I am familiar with the presentation and disclosure requirements of Ind AS 117.	30.27	22.70	47.03	3.254	1.275
8	I understand how Ind AS 117 changes the recognition of insurance revenue and profit.	32.43	31.35	36.22	3.130	1.158
9	Implementation of Ind AS 117 can improve the transparency of insurance financial statements.	23.78	19.46	56.76	3.535	1.225
10	Ind AS 117 can improve the comparability of financial results among health insurance companies.	22.16	21.62	56.22	3.514	1.198
11	Ind AS 117 can provide a clearer representation of insurance contract liabilities.	25.41	25.95	48.65	3.384	1.255
12	Ind AS 117 can improve the reporting of profit arising from health insurance contracts.	25.41	27.57	47.03	3.357	1.230
13	Ind AS 117 can improve the identification and reporting of loss-making groups of insurance contracts.	21.62	24.32	54.05	3.519	1.157
14	Ind AS 117 can provide management with more useful information for evaluating insurance performance.	22.16	21.08	56.76	3.557	1.146

S. No.	Likert statement	D/SD %	Neutral %	A/SA %	Mean	SD
15	Ind AS 117 can improve the quality of information available to users of financial statements.	20.00	23.24	56.76	3.638	1.266
16	Overall, Ind AS 117 can improve the effectiveness of financial reporting in the health insurance sector.	17.30	26.49	56.22	3.643	1.203

Findings from Likert-Scale Analysis

Awareness and understanding produced an overall mean of 3.130, showing neither a uniformly strong nor an entirely unfavourable response. Familiarity with presentation and disclosure requirements received the highest mean (M = 3.254). Understanding of the measurement approaches was weaker (M = 2.978). Respondents therefore appeared more comfortable with reporting requirements than with some of the calculations underlying them.

Respondents were more positive about the expected benefits of implementation, for which the overall mean was 3.518. The broad statement that Ind AS 117 can improve financial reporting received the strongest response (M = 3.643). Its effect on profit reporting was viewed less confidently (M = 3.357). General support for the standard was therefore stronger than confidence in every individual reporting outcome.

HYPOTHESIS TESTING

H0: There is no significant influence of professionals' awareness and understanding of Ind AS 117 on the perceived effectiveness of its implementation in the Indian health insurance sector.

Variables Used

Awareness and Understanding of Ind AS 117 was the independent variable, and Perceived Implementation Effectiveness was the dependent variable.

Statistical Test Applied

Pearson correlation measured the association between the two construct scores. Simple linear regression was then used to examine whether awareness predicted perceived implementation effectiveness.

Table 1.3: Correlation and Regression Results

R	R^2	Adjusted R^2	B	Std. Error	t	F	p
0.455	0.207	0.203	0.450	0.065	6.917	47.838	< .001

Awareness and perceived implementation effectiveness were positively correlated ($r = 0.455$, $p < .001$). The regression model was statistically significant, $F(1, 183) = 47.838$, $p < .001$, and explained 20.7 per cent of the variation in implementation-effectiveness scores. The positive coefficient ($B = 0.450$, $SE = 0.065$, $t = 6.917$) indicates that effectiveness scores tended to rise as awareness increased. The estimated

equation was: Perceived Implementation Effectiveness = 2.111 + 0.450(Awareness and Understanding of Ind AS 117). This is a predictive association and does not establish causation.

Decision

The test was significant at the 5 per cent level. Accordingly, H01, the null hypothesis, was rejected.

Finding

Professionals with higher awareness scores generally gave more favourable assessments of implementation effectiveness. This result points to a meaningful connection between understanding the standard and recognising its possible reporting benefits.

Hypothesis Conclusion

The analysis indicates a significant positive influence of Awareness and Understanding of Ind AS 117 on Perceived Implementation Effectiveness. The result should be understood as a predictive relationship rather than proof of causation.

OVERALL CONCLUSION

Professional awareness was positively related to perceived implementation effectiveness. Respondents who showed a better understanding of Ind AS 117 tended to view its reporting benefits more favourably. Awareness accounted for 20.7 per cent of the variation in effectiveness scores, which also indicates that other organisational and implementation factors may shape these views. The result supports an association between the two variables, but the cross-sectional design does not by itself establish causation.

SUGGESTIONS BASED ON FINDINGS

1. Measurement approaches need the most attention. A short explanation followed by a familiar health insurance example would be more useful than another broad introduction to the standard.
2. Respondents appeared more comfortable with presentation and disclosure requirements. Training can begin with this familiar area and then show how the reported figures arise from the underlying calculations.
3. Not every employee requires the same level of technical detail. Accountants may need greater emphasis on recognition and presentation, while actuarial personnel require fuller treatment of cash-flow estimates, risk adjustment and contract grouping.
4. One practical exercise could follow a small group of annual health insurance contracts from initial recognition to year-end reporting. Employees from different functions would then be able to see where their work connects.
5. A brief knowledge check before advanced sessions would help identify the areas that actually require attention. It would also prevent experienced employees from being taken through material they already understand.
6. Guidance for health insurance should use familiar situations, such as annual policies, medical-cost increases and claims reported after the coverage period. These examples can make difficult Ind AS 117 judgements easier to understand.

RESEARCH LIMITATIONS

The study is based on the perceptions reported by 185 professionals, so the findings may not represent every health insurer or professional working in India. Professional category is the only grouping variable

used in the analysis. The research is cross-sectional and does not examine how perceptions change over time. It also does not use audited financial statements to measure the actual financial effect of Ind AS 117. These limits should be considered when applying the findings beyond the respondents included in the study.

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