	IFRS 17	Current CIA Standards	What's changed?
Measurement Objective	***Compensation*** required by ***entity*** to bear uncertainty.	Amount required to provide for the ***effect of uncertainty.***	Focus on **compensation required**, not just the effect of uncertainty.
Scope	Non-financial risk only.	Financial and non-financial risks.	No asset related MfADs, such as asset default, investment expenses or reinvestment risk (C3).
Method	Various, at entity discretion.	Assumptions that are more conservative than best estimate (often MfADs).	For non-economic assumptions, current approach can continue to be used, with adjustment if required to reflect entity-specific compensation requirements. Other methods are also permissible.
Diversification Benefit	Reflected, based on diversification that the entity considers when setting compensation requirements.	Reflected due to requirement that assumptions/liabilities be appropriate in aggregate. In practice, often given no explicit consideration or considered only within a line of business.	Diversification between financial risks and non-financial risks ignored. Entity's view of diversification may be different than diversification reflected in PfADs.

9.1 Reflecting Uncertainty in the Risk Adjustment for Non-financial Risk

IFRS 17 does not specify the method that an entity uses to determine the risk adjustment for non-financial risk, but outlines the characteristics of an appropriate risk adjustment in IFRS 17.B91. These characteristics are similar to those described in current CIA Standards of Practice and though the criteria do not match exactly, it is clear that the same basic principles apply. The main difference is that IFRS 17 requires the entity's view of the cost of risk (i.e., compensation required for bearing uncertainty) to be taken into account in setting the risk adjustment for non-financial risk. This is described in IFRS 17.B87 as the compensation required to make the entity indifferent between fulfilling a liability that has a range of possible outcomes arising from non-financial risk, and fulfilling a liability that will generate fixed cash flows with the same expected present value. This could mean, for example:

- The additional amount (in excess of the present value of future cash flows) required by the entity to accept the liability, at a confidence level reflecting the entity's cost of risk (confidence level method); or