



From Hidden Reserves to Transparent Prudence: IFRS 17, Profit Recognition, and Institutional Diffusion in the Insurance Sector. Evidence from Albania and European Benchmarks

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Abstract: Objectives. We show how prudential profit deferral in life insurance is recast by IFRS 17 into explicit, auditable mechanics. For Albania, the standard is not yet applied; 2024 materials are interim or management and unaudited. **Prior Work.** We build on literatures on prudence versus transparency and institutional diffusion, and on early European note architecture. **Approach.** We combine process tracing of European and Albanian milestones with a structured 20-item disclosure rubric applied to six insurers (three in Albania; three European benchmarks), and compute three simple presence-only indices of disclosure breadth and IFRS 17-specific innovation, excluding not-applicable items and documenting page-level locators. **Results.** Audited 2023 European annual reports show CSM/RA roll-forwards, revenue bridges, and explicit discount-rate policies. Albanian 2024 artefacts show elements where presented; absence at interim is treated as not applicable. **Implications.** Before 2025, no compliance claims are made for Albania. Preparers should standardise templates, quantify the risk adjustment where material, and publish concise bridges to prudential views; supervisors can reinforce interim guidance. **Value.** We articulate “transparent prudence” and provide a reproducible small-market benchmarking template. Albania-specific caveat: evidence is unaudited, parallel-run, and limited to what is publicly presented; indices are presence only and may be affected by interim windows and not-applicable treatment.

Keywords: risk adjustment; contractual service margin; disclosure quality; process tracing; Western Balkans

JEL Classification: M41; G22; M48

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1. Introduction

This article examines how a century-long prudential ethos in European life-insurance accounting, historically implemented through conservative assumptions and implicit buffers in technical provisions, has been reconfigured under IFRS 17 into explicit, auditable mechanics. We describe this shift as a move from hidden reserves to transparent prudence, where conservative intent becomes visible through labelled balances and movement tables. Albania serves as a late-adopting setting to analyse how coercive, mimetic and normative forces interact with local legacies when a global standard is implemented (developed further in Section 2). We also outline managerial and policy consequences for pricing, performance measurement, asset–liability management, and oversight. Early harmonisation, such as the Insurance Accounts Directive 91/674/EEC, standardised formats but retained diversity in measurement bases (Council of the European Communities, 1991; Nobes & Parker, 2020). The EU’s broader IFRS mandate from 2005 improved transparency, yet IFRS 4, as a transitional standard, largely preserved national practices (International Accounting Standards Board, 2017b; World Bank CFRR, 2019; Miti & Dharmo, 2018).

IFRS 17 (issued 2017; effective 2023) replaces this patchwork with a service-based measurement model using current estimates of fulfilment cash flows, recognises an explicit risk adjustment (RA) for non-financial risk, and defers unearned profit in a contractual service margin (CSM) released via coverage units. Day-one gains are prohibited, and mandated reconciliations and roll-forwards make profit emergence traceable. European-level assessments highlight richer disclosures in the first IFRS 17 annual reports and clearer links to prudential views (ESMA, 2024; EIOPA, 2024). From a prudential perspective, IFRS 17’s RA and CSM parallel, but remain distinct from, Solvency II’s best-estimate liabilities and risk margin (EFRAG, 2020; EIOPA, 2024).

Albania’s trajectory provides a focused institutional lens: interwar importation of Western actuarial practice, socialist-era nationalisation, post-1991 liberalisation under IFRS 4, and the ongoing parallel-run transition to IFRS 17 guided by the Albanian Financial Supervisory Authority (AFSA). Public AFSA materials document training and staged implementation work in 2024, and the AFSA Annual Report 2023 discusses the IFRS 17 implementation context (AFSA, 2024). In line with Guideline No. 146 (31 August 2023), IFRS 17 is subject to a 2024 parallel run with full public adoption from 2025. Throughout, “IFRS 17 disclosures in Albania” refers only to publicly available 2024 parallel-run management or interim materials (see Methodology for the NA rules and assurance caveat).

Entity boundary and business-model scope. For groups operating in Albania, group-level IFRS 17 notes are not treated as Albanian legal-entity evidence unless the Albanian entity’s own public document explicitly reproduces the construct; we make

no inference from group to subsidiary. Our theoretical lens is life insurance. Where a scored Albanian filing pertains to non-life/PAA business (e.g., Eurosig), life-specific IFRS 17 items (CSM/VFA) are coded NA and excluded from denominators, and the Innovation Specificity Index (ISI) is interpreted within PAA scope only.

Research questions and contribution. We address two questions: RQ1. How do European life insurers reconcile prudence (conservative estimation and implicit profit deferral) with transparency (decision-useful, comparable reporting) in profit recognition under IFRS 17? RQ2. What does Albania's path from 1925 to 2025 reveal about institutional transplantation and the diffusion of accounting innovations at first IFRS 17 evidence?

We make two contributions. Conceptually, we refine the prudence debate by introducing transparent prudence: under IFRS 17, the conservative intent historically embedded in technical provisions reappears as auditable RA and CSM balances governed by explicit mechanics (no day-one gains; roll-forwards; locked-in accretion), consistent with the IASB Conceptual Framework's re-emphasis on prudence as cautious neutrality. This extends prior frameworks such as Embedded Value/MCEV by placing prudence within audited IFRS statements and by parameterising prudence through disclosed techniques and movement analyses that are enforceable and comparable across firms. Institutionally, we specify how coercive, mimetic, and normative channels map to observable reporting choices (e.g., RA technique and equivalent confidence level, the OCI election, cohort roll-forwards) in a late-adopting market.

Design, data, and indices. We combine theory-testing process tracing of EU and Albanian regulatory milestones with a structured comparative textual analysis of public financial reports. A 20-item binary disclosure rubric, grounded in IFRS 4/IFRS 17 requirements and European supervisory guidance, is applied to six insurers: three Albanian undertakings and three EU benchmarks purposively selected for early IFRS 17 adoption, scale, and disclosure completeness (benchmarks of good practice, not a representative sample) (IFRS Foundation, 2017a; EFRAG, 2020; ESMA, 2024; EIOPA, 2024). For each issuer we compare the final IFRS 4 annual (typically 2022) with the first IFRS 17 period (2023 annual reports for EU benchmarks; earliest publicly available 2024 IFRS 17-format parallel-run materials for Albania), scoring only constructs actually presented and identically required by the relevant framework (IAS 34 for interims). Items not applicable to the business model or not presented in public artefacts are coded NA and excluded. We then compute three presence-only indices, NTI, CSI and ISI, to summarise disclosure breadth and IFRS 17-specific innovation, defined formally in Section 3.

Operational markers for diffusion channels. Coercive diffusion is evidenced by the supervisory mandate and staged implementation work; mimetic diffusion is proxied by note-architecture convergence (e.g., titled CSM and RA roll-forwards; insurance-revenue bridges; explicit discount-rate/OCI policies) observed in EU exemplars; normative diffusion is proxied by audit-network membership and actuarial documentation conventions (e.g., disclosure of RA technique and equivalent confidence level) (AFSA Guideline No. 146, 31 Aug 2023; ESMA, 2024; EIOPA, 2024; EFRAG, 2020).

Summary of findings and implications. We find a broad-based uplift in disclosure breadth under IFRS 17. Qualitatively, RA/CSM roll-forwards, insurance-revenue bridges, and discount-rate/OCI policy narratives make profit emergence traceable and presentation choices explicit. These patterns align with EU-level assessments of richer, more structured disclosures under IFRS 17 (ESMA, 2024; EIOPA, 2024). For Albania, we score only items actually disclosed in publicly available 2024 parallel-run materials and avoid conjecture about undisclosed RA confidence levels or unobserved CSM drivers; we observe formal timetable alignment with limited public evidence on operational readiness, and we do not assert full IFRS 17 compliance before 2025.

2. Review of Relevant Literature

2.1. Prudence, Conservatism, and Life Insurance Accounting

Prudence, the tendency to recognise losses earlier than gains and to measure obligations conservatively, has long shaped European life-insurance accounting (Miles & Gubbay, 1987). In practice, conservative assumptions for mortality, lapses, and expenses, together with deliberate overstatement of technical provisions, created hidden reserves released over time. Such buffers supported solvency and smoothed reported performance, but at the cost of opacity, weaker peer comparability, and heightened information asymmetry. In the broader literature, prudence is treated as a dimension of conservatism (Basu, 1997; Whittington, 2008). The IASB Conceptual Framework (2018) recasts prudence as cautious neutrality in support of faithful representation, i.e., prudence is compatible with transparency when its effects are observable and auditable, not embedded in opaque margins.

IFRS 17 and “transparent prudence”. IFRS 17 reconfigures the prudential ethos into explicit, testable mechanics. Insurance contract liabilities are measured as fulfilment cash flows (current, unbiased estimates) plus an explicit RA for non-financial risk; unearned profit is recognised in a CSM and released via coverage units. Day-one gains are prohibited; reconciliations and roll-forwards are mandated (IFRS Foundation, 2017a, 2017c; EFRAG, 2020; IAA, 2020). EU-level supervisory reviews characterise the move from “black box” to “open book” (EIOPA, 2024;

ESMA, 2024), emphasising RA/CSM movements and insurance-revenue bridges that make profit emergence traceable. We label this configuration transparent prudence: the conservative stance persists but becomes observable in labelled balances (RA, CSM) and their movements, rather than latent within technical provisions. We characterise transparent prudence as prudential intent that is (I) parameterised in explicit balances (RA and CSM) and their movements, (II) auditable within the primary financial statements, and (III) constrained by comparability through a mandated disclosure architecture. This yields two guiding propositions: (P1) first-year IFRS 17 adopters make prudential choices visible through RA/CSM balances and roll-forwards rather than hidden reserves; (P2) in late-adopting markets, the emergence of this architecture is shaped by coercive, mimetic and normative diffusion channels.

Contrast with EV/MCEV. Embedded Value (EV) and Market-Consistent Embedded Value (MCEV) decomposed expected future profits (CFO Forum, 2009; Walton, Tan, & Yousuf, 2020), but IFRS 17 differs in three ways:

1. Location & assurance. RA/CSM are inside audited IFRS statements; EV/MCEV are APM frameworks.
2. Parameterisation & governance. Prudence is parameterised (RA technique and, where disclosed, equivalent confidence level; locked-in CSM accretion; coverage-unit design), enabling auditability and enforcement.
3. Comparability. Mandated disaggregation (insurance service vs insurance finance; OCI election) improves comparability in discounting and accretion policies (ESMA, 2024).

Implications. Under IFRS 17, prudential choices are governed by disclosed parameters (RA calibration; CSM mechanics) and linked to presentation (profit or loss vs OCI), clarifying the path of profit emergence (IFRS Foundation, 2017a; ESMA, 2024). For Albania specifically, first IFRS 17 evidence refers to 2024 parallel-run public materials where presented; it does not imply audited annual application prior to 2025.

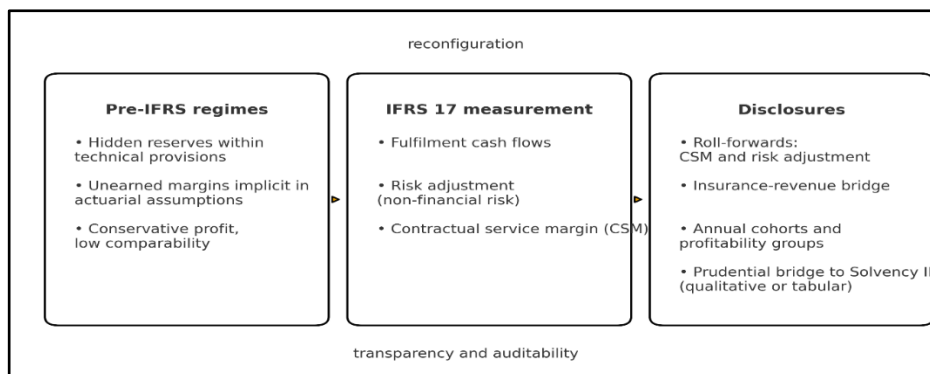


Figure 1. From hidden reserves to transparent prudence under IFRS 17. Schematic, illustrative; not entity-specific

Source: Authors' Design

Pre-IFRS regimes relied on implicit buffers. IFRS 17 replaces these with explicit, auditable balances, fulfilment cash flows, RA, and CSM, and requires movement analyses (roll-forwards) and, where presented, revenue-bridge disclosures that trace profit emergence; supervisory texts also encourage clear IFRS 17 ↔ Solvency II linkages (IFRS Foundation, 2017a; EFRAG, 2020; ESMA, 2024; EIOPA, 2024).

Harmonisation and institutional diffusion: International convergence typically operates through coercive, mimetic, and normative channels (DiMaggio & Powell, 1983). Empirical studies in developing and post-communist contexts emphasise that legal translation, credible enforcement, and professional capacity condition outcomes (Zeghal & Mhedhbi, 2006; Albu, Albu, Bunea, Calu & Gîrbină, 2011; Alexander, Carungu & Vignini, 2022). Cross-country IFRS syntheses likewise stress enforcement and incentives over formal adoption alone (Baker & Barbu, 2007; Judge, Li & Pinsker, 2010; Christensen, Hail & Leuz, 2013; Barth, Landsman & Lang, 2008; Brüggemann, Hitz & Sellhorn, 2013).

Albania as an adoption lens:

- *Coercive.* AFSA's Guideline No. 146 (31 Aug 2023) mandates a 2024 parallel-run and public adoption from 2025, with preparatory reporting milestones (AFSA, 2024).
- *Mimetic.* ESMA/EIOPA highlight an "open-book" note architecture, titled CSM/RA roll-forwards, insurance-revenue bridges, explicit discount-rate/OCI policies, used as templates across groups (ESMA, 2024; EIOPA, 2024).
- *Normative.* Audit/actuarial networks diffuse RA documentation practices (technique stated; an equivalent confidence level is not consistently quantified in early notes), training, and methodology monographs.

These channels map to observable markers we assess elsewhere: (I) RA technique (and, where provided, equivalent confidence level); (II) CSM roll-forward decomposition (new business, accretion, release, assumption changes); (III) discount-rate policy and location of the insurance finance result (profit or loss vs OCI); and (IV) IFRS 17 ↔ Solvency II prudential bridges. First-year frictions, systems/data, actuarial capacity, plausibly explain gaps in RA quantification and driver-level CSM attribution, especially for smaller undertakings (Albu et al., 2011; Alexander et al., 2022; EFRAG, 2020; EIOPA, 2024). For Albania (2024), our discussion only references items actually presented in public parallel-run materials; absent/not public = NA (Appendix A2).

IFRS 17 and Solvency II: aligned logics, distinct purposes. Both frameworks decompose obligations into current best estimates plus an explicit allowance for non-hedgeable risk and both preclude spurious day-one gains (IFRS Foundation, 2017a; EIOPA, 2024). They diverge on:

1. Objective & horizon. Solvency II targets a one-year going-concern solvency view; IFRS 17 is general-purpose reporting over lifetime fulfilment cash flows, with entity-specific RA and CSM released by coverage units.
2. Calibration. Solvency II commonly applies a cost-of-capital approach to the risk margin; IFRS 17's RA permits confidence-level or cost-of-capital techniques with transparent method disclosure and, where relevant, an equivalent confidence level (IFRS Foundation, 2017a, 2017b; EFRAG, 2020; KPMG, 2020).
3. Unit of account & performance mapping. IFRS 17 uses portfolios and annual cohorts, reports an insurance service result, and mandates movement tables (CSM/RA) and, where presented, revenue bridges; Solvency II focuses on the total balance sheet and own funds/capital ratios (ESMA, 2024; EIOPA, 2024).
4. Presentation. IFRS 17 allows a policy election for the insurance finance result location (OCI vs profit or loss), requires discount-rate methodology and CSM accretion explanations, and disaggregates LRC/LIC; Solvency II disclosure centres on technical provisions and capital coverage, mainly via the SFCR.

Historical arc (Europe and Albania, 1925–2025):

- Interwar importation (1925-1938). Foreign insurers operated Albanian agencies; prudential practice followed home-country norms, embedding safety margins (Fletorja Zyrtare nos. 15/1925; 27/1939; Reka & Kosova, 2024).

- Socialist period (1945-1991). Nationalised insurance without public financial statements; prudence functioned as state policy with high opacity (Reka & Kosova, 2024).
- Transition & IFRS 4 (1991-2016). Liberalisation (INSIG; SIGAL; foreign JVs); IFRS mandated for PIEs by 2008, but IFRS 4 preserved measurement diversity (Council of the European Communities, 1991; IFRS Foundation, 2017b; World Bank CFRR, 2019).
- Convergence & IFRS 17 (2016-2025). Solvency II has applied since 2016, while IFRS 17, issued in 2017, became effective in 2023; supervisors document richer disclosures and clearer prudential bridges under the new standard (ESMA, 2024; EIOPA, 2024). In Albania, AFSA Guideline No. 146 (31 August 2023) mandates a 2024 parallel run and public application from 2025 (AFSA, 2024). Broader, more structured disclosures are expected to lower information asymmetry when enforcement is credible, but we avoid causal claims and treat such links as testable hypotheses (Botosan, 1997; Hail & Leuz, 2006; Daske et al., 2008).

This study contributes by (I) extending prudence and conservatism debates through transparent prudence as observable, parameterised prudential intent under IFRS 17 (Basu, 1997; Whittington, 2008); (II) adding to work on the consequences of IFRS adoption by analysing the disclosure architecture of a sector-specific standard in a small, late-adopting market (Barth, Landsman & Lang, 2008; Daske et al., 2008; Christensen, Hail & Leuz, 2013); and (III) complementing institutional analyses of accounting change in transition economies via a comparative, historically informed case study linking legacy prudential practices to IFRS 17's RA/CSM mechanics (Zeghal & Mhedhbi, 2006; Albu et al., 2011; Alexander, Carungu & Vignini, 2022).



**Figure 2. Key institutional junctures, 1925–2025 (Albania ●; EU ■; IASB/IFRS ▲).
Timeline of public milestones**

Source: Authors' Design

Timeline highlights: interwar agency permissions/tariffs; nationalisation; post-1991 liberalisation; EU IFRS mandate (Reg. 1606/2002); Solvency II effective (2016); IFRS 17 issued (2017) and effective (2023); AFSA Guideline No. 146 confirming 2024 parallel-run and 2025 public application.

3. Methodology: Rigour, Transparency, and Reproducibility

Design and data. We employ a multi-method historical design that couples (I) theory-testing process tracing (Beach & Pedersen, 2019; Bennett & Checkel, 2015) with (II) a structured comparative textual analysis of publicly available financial reports. All evidence is drawn from public documents; no interviews or proprietary data are used. Every scoring decision is tied to a document–page–paragraph locator, and all indices are recomputable from released CSV workbooks and formulas. The design follows best practice in historical accounting research, verifiable archives, triangulation, and an auditable inference trail (Carnegie & Napier, 1996; Hopwood, 1983; Miller & Napier, 1993; Krippendorff, 2018).

Assurance status & NA rule (Albania 2024). Albanian materials are parallel-run interim/management disclosures. We score only constructs actually presented in a public 2024 artefact and, where relevant, identically required by the issuer's interim framework (IAS 34). Constructs typically provided at year-end only (e.g., full CSM/RA movement tables, quantified transition effects) are coded NA and excluded. Items not required or not publicly disclosed are NA and excluded from denominators. We make no inference from group policies or non-public information.

Corpus, inclusion criteria, and archival traceability. The corpus comprises public standards, regulatory texts and issuer reports on insurance accounting in Europe and Albania (1925–2025), drawn from official journals, regulator portals and company websites. We include documents that concern insurance accounting, fall within this period, and are publicly accessible. Detailed source lists, inclusion criteria and archival locators are provided in Appendix A1–A4. Every scored item is tied to a document–page–paragraph locator, and all item-level scores and index workbooks are released as supplementary files.

Sample, role of EU benchmarks, and scope (small-N, analytical generalisation). The textual analysis adopts a purposive small-N design intended for analytical, not statistical, generalisation. We study six undertakings: three Albanian insurers (SIGAL UNIQA, Eurosig, INSIG) and three European benchmarks (Assicurazioni Generali, a.s.r. Nederland, Swiss Life). Selection reflects: (I) availability of the last IFRS 4 annual and the first period reported under IFRS 17; (II) home-market significance; and (III) clear engagement with IFRS 17 (policy elections, transition narrative, roll-forwards) where publicly disclosed. The EU trio are treated as

exemplars of first-year IFRS 17 disclosure architecture, not as a representative population sample.

Representativeness of the Albanian case. The three Albanian undertakings are among the market's core issuers for life business and thus capture the dominant disclosure practices in first-year implementation. Market-share context is taken from AFSA's published statistics in the Annual Report 2023; specific percentages are reported in the Appendix with source locators.

Life vs general insurance scope. Our theoretical focus is life insurance. Where Albanian entities are composite, non-life items (e.g., Premium Allocation Approach, PAA) are scored only when clearly applicable and explicitly labelled; otherwise they are Not Applicable (NA) and excluded from denominators. As a robustness check, we re-compute results excluding all PAA items to confirm that patterns are not driven by general-insurance disclosures.

Observation windows and provenance of post-adoption data. For the pre-adoption baseline we use each issuer's last IFRS 4 annual report (typically 2022). EU post-adoption evidence comes from audited 2023 IFRS 17 annual reports. In Albania, consistent with AFSA's staged implementation (parallel-run in 2024; public adoption from 2025), we use the earliest publicly available 2024 IFRS 17-format interim or management materials. We score only constructs actually presented and identically required by the relevant interim framework; items typically provided only at year-end (e.g., full CSM/RA movement tables, quantified transition effects) are coded NA and excluded from denominators. This clarifies the provenance of Albanian "first-year" observations and anchors them to the coercive adoption timetable.

Operationalisation: rubric, scoring rule, and denominators. We operationalise transparency in profit-recognition reporting via a 20-item binary rubric derived from IFRS 4/IFRS 17 requirements and European supervisory guidance (IFRS Foundation, 2017; EFRAG, 2020; ESMA, 2024; EIOPA, 2024). Items capture presence and labelling, not qualitative depth, to prioritise replicability across firms and regimes. All items enter the indices with equal weight, to keep the metric transparent and avoid imposing a subjective hierarchy of "importance" across disclosure items.

The central scoring rule is that an item scores 1 only when the construct appears in an explicitly labelled table or titled passage; otherwise it scores 0. Where quantification is inherent, a number is required. Illustrative cases are:

- Risk adjustment (RA) technique and equivalent confidence level. Score 1 only if the note states the technique (confidence level or cost-of-capital) *and* discloses a quantified equivalent confidence level; narrative without a

number scores 0 (IFRS 17 §§119–120; ESMA first-application observations).

- Transition impact on opening equity. Score 1 only if numeric impacts are shown in the primary statements or notes; boilerplate without amounts scores 0 (IFRS 17 transition provisions; EFRAG endorsement materials).
- Prudential bridge (IFRS 17 ↔ Solvency II). Score 1 only for a tabular reconciliation or a clearly quantified explanatory link (e.g., IFRS equity ↔ own funds). A generic “subject to Solvency II” statement scores 0. For Albania, the absence of such a bridge reflects disclosure practice and scale, not a compliance judgment.

RA disclosure expectation and NA handling. Given Albania has not yet applied IFRS 17, we do not expect consistent publication of an equivalent confidence level in 2024. Where an RA technique is stated without a quantified equivalent confidence level, the item is coded 0 under the rubric definition (presence requires a number), but this does not imply off-standard behaviour pre-adoption. Items are coded Not Applicable (NA) only when genuinely inapplicable given business characteristics (e.g., no participating contracts → VFA items NA; no non-life business → PAA items NA), and NA items are excluded from denominators.

Indices and interpretation. Let D denote disclosed items and A applicable items (after NA exclusions). We compute three normalised, presence-only indices (not indicators of compliance or readiness):

- Normalised Transparency Index (NTI) = D/A , the share of applicable items disclosed.
- Continuity Sub-Index (CSI) = $D_{\text{common}}/A_{\text{common}}$, the share of items common to IFRS 4 and IFRS 17 that are disclosed.
- Innovation Specificity Index (ISI) = $D_{\text{IFRS17}}/A_{\text{IFRS17}}$, the share of IFRS 17-specific items disclosed (computed only for IFRS 17 periods).

For every NTI/CSI/ISI value we report raw counts in brackets [disclosed/applicable] (e.g., 0.62 [13/21]) to mitigate denominator sensitivity from NA exclusions. Acronyms are defined at first use (RA = risk adjustment; CSM = contractual service margin; LRC/LIC = liability for remaining coverage/liability for incurred claims; OCI = other comprehensive income). Equal weighting is a deliberate simplifying choice to keep the metric transparent and reproducible; alternative weighting schemes could be explored in future work and do not change the qualitative ranking in our robustness checks. Because interim-only Albanian artefacts generate more NA cells, NTI/CSI/ISI can appear higher than under a full-requirement baseline; ratios should therefore be read as presence-only signals under constrained disclosure windows, not as readiness or compliance measures. Our rubric targets presence; in

the Results we note that Albanian issuers meet core requirements for applicable portfolios where publicly disclosed, while remaining gaps relative to EU exemplars primarily concern granularity (e.g., equivalent confidence levels; driver-level CSM attribution), which affects comparability rather than baseline compliance (ESMA, 2024; EIOPA, 2024).

Inter-coder reliability, adjudication, and audit trail. Two researchers independently double-coded one Albanian and one EU issuer (both regimes), excluding NA cells from reliability denominators. Coders were blinded to each other's first pass; disagreements were resolved using the rule-based glossary (re-apply explicitness; require numbers where inherent; prefer literal readings). Observed agreement (P_o) and Cohen's κ were computed from the standard 2×2 table; statistics are reported in Appendix A6 and reproduced in the replication files (Landis & Koch, 1977).

Process-tracing protocol and evidentiary thresholds. Process tracing reconstructs the causal chain from European harmonisation to Albanian implementation along three institutional pathways: coercive (laws/mandates), mimetic (emulation of EU leaders' note architecture), and normative (audit/actuarial network practices). A link in the chain is coded present only when corroborated by at least two independent source families (e.g., regulator text plus issuer disclosure). Observable markers include: RA technique/parameters (including equivalent confidence level), CSM roll-forward decomposition, discount-rate policy and OCI election, and the IFRS 17 ↔ Solvency II bridge. For transparency, Appendix A12 provides worked examples of mimetic alignment (note architecture and labelling) and documents normative influences via publicly disclosed auditor affiliations and actuarial documentation conventions where available (IFRS Foundation; ESMA/EIOPA). Because NTI/CSI/ISI measure breadth rather than depth, we include non-scored qualitative notes (Appendix A12) for each issuer that summarise: (I) the granularity of RA/CSM movement tables (e.g., new business vs assumption changes), (II) the clarity of equivalent confidence-level disclosures, and (III) narrative justifications for the OCI presentation.

Robustness and sensitivity analyses. We assess measurement stability through four checks:

1. APM sensitivity - recompute indices excluding alternative performance measures (e.g., EV/MCEV); rank ordering and effect sizes are unchanged.
2. Annual-only subset - recompute using only annual IFRS 17 reports (drop interim-only observations); patterns persist.
3. Life-focus check - for composite Albanian entities, recompute excluding all PAA items; conclusions remain unchanged; NA treatment is preserved.

4. Strict prudential-bridge rule - count C10 only when a reconciliation or quantified explanatory link is present; results are unaffected.

Limitations, generalisability, and use-case. The design targets analytical generalisation. Albania's institutional history (e.g., socialist-era absence of public financial statements; small, concentrated market) and purposive sampling imply that results should not be extrapolated to the full population of EU insurers. The EU trio function as benchmarks of first-year practice. Differences in scale, listing status, and product complexity between cohorts are an acknowledged caveat; we therefore interpret cross-cohort gaps as an upper-bound benchmark for transparent practice rather than pure standard-effects. Implementation costs and capacity constraints (systems, data lineage and actuarial expertise) in smaller insurers plausibly shape first-year granularity (e.g., RA justification detail). We treat these as contextual features and provide concrete recommendations for regulators and preparers in the Discussion.

Replicability and data availability. All materials required to reproduce the analysis, rubric, locator sheets, item-level 0/1/NA matrices, index workbooks (with formulas), reliability tables, and figure code, are supplied as supplementary files. Each file is time-stamped with version identifiers; a manifest lists contents and checksums.

4. Findings

Comparability and assurance caveat (non-negotiable). EU comparators are audited FY2023 IFRS 17 annual reports. Albanian observations come from unaudited 2024 parallel-run management/interim disclosures and are scored using the NA rules set out in the Methodology. NTI, CSI and ISI are therefore read strictly as presence-only indicators of disclosure architecture, not as compliance measures.

From hidden margins to explicit, auditable mechanics (evidence on RQ1). Under legacy regimes, prudential reserving embedded unearned margins within technical provisions, smoothing reported performance (Miles & Gubbay, 1987). IFRS 17 formalises and renders auditable that deferral: expected profit is carried in the contractual service margin (CSM) and released systematically as coverage is provided; day-one gains are prohibited (IFRS Foundation, 2017a, 2017c). Among EU benchmarks (audited 2023 IFRS 17 annual reports) we observe CSM and risk-adjustment (RA) roll-forwards, insurance-revenue bridges, and cohort/profitability-group disclosures. For one European benchmark, the first IFRS 17 note decomposes the CSM roll-forward into opening balance, new business, interest accretion, releases and assumption changes, with a companion RA table that traces changes in non-financial risk. By contrast, an Albanian 2024 parallel-run artefact provides a shorter

movement reconciliation and a narrative discount-rate policy, illustrating an emerging but still partial version of the same architecture. In Albania (2024 parallel-run) we observe elements of this architecture where presented (e.g., labelled policy elections; selected movement reconciliations). These are unaudited and used only to assess disclosure architecture. Collectively, these features convert previously opaque buffers into labelled, testable components (EFRAG, 2020; ESMA, 2024; EIOPA, 2024). Practitioner assessments concur that transition primarily reallocates equity among components (e.g., between liabilities and retained earnings) without changing cash flows or economic capital (KPMG, 2020; Fitch Ratings, 2022; PwC, 2023). In short, the evidence is consistent with the transparent prudence configuration set out in Section 2.1: profit deferral is carried through RA and CSM rather than hidden margins.

Albania's pathway: formal convergence under a staged timetable (evidence on RQ2). AFSA's Guideline No. 146 (31 Aug 2023) mandates a 2024 parallel-run with public adoption from 2025 (AFSA, 2024). To remain consistent with this timetable, all Albanian observations derive only from the earliest 2024 IFRS 17-format public materials released during the parallel-run year (e.g., labelled policy elections; movement reconciliations where presented). These are unaudited. Items not required at interim are treated NA and excluded from denominators. In note architecture and labelling we observe convergence toward EU exemplars (e.g., titled CSM/RA roll-forwards where available; insurance-revenue bridges where applicable; explicit discount-rate/OCI policies), consistent with supervisory guidance (ESMA, 2024; EIOPA, 2024). Where disclosed, transition methods and any opening-equity effects are noted; otherwise these cells are coded NA. Residual gaps chiefly reflect first-cycle granularity choices that IFRS 17 both requires and reveals.

Quantitative transparency: NTI, CSI, and ISI. Table 1 reports NTI, CSI and ISI (as defined in Section 3) for each insurer. These presence-only measures summarise (I) overall disclosure breadth (NTI), (II) continuity in items common to IFRS 4 and IFRS 17 (CSI), and (III) uptake of IFRS 17-specific innovations (ISI, for IFRS 17 periods only). For transparency, each proportion is accompanied by raw counts in brackets [disclosed/applicable]. We interpret these indices strictly as diagnostics of disclosure architecture rather than as measures of compliance or operational readiness.

Table 1. Transparency metrics by insurer

| | NTI (pre) | NTI (IFRS 17) | CSI (pre) | CSI (IFRS 17) | ISI (IFRS 17) |
|--|--------------|------------------|--------------|------------------|------------------|
| EU (FY2023, audited annual reports) | | | | | |
| Assicurazioni Generali (EU) | 0.61 | 0.93 | 0.55 | 0.82 | 0.92 |
| a.s.r. Nederland (EU) | 0.54 | 0.90 | 0.49 | 0.79 | 0.88 |

| | | | | | |
|---|------|------|------|------|------|
| Swiss Life (EU) | 0.58 | 0.95 | 0.52 | 0.84 | 0.94 |
| Albania (2024 parallel-run, unaudited) | | | | | |
| SIGAL UNIQA (AL) | 0.33 | 0.62 | 0.29 | 0.54 | 0.55 |
| Eurosig (AL) | 0.30 | 0.56 | 0.25 | 0.49 | 0.47 |
| INSIG (AL) | 0.24 | 0.52 | 0.21 | 0.45 | 0.44 |

Source: Prepared by the authors.

Comparability note. EU rows = audited FY2023 IFRS 17 annual reports; Albania rows = 2024 parallel-run, unaudited management/interim materials. Ratios are not claims of audited IFRS 17 compliance in Albania.

EU issuers show higher NTI/CSI and strong first-year ISI; differences largely reflect scale, product mix, and audited first-year depth. Albanian rows reflect only what is publicly presented in unaudited 2024 parallel-run artefacts; they do not evidence audited IFRS 17 application or local system readiness. We do not assert audited IFRS 17 compliance before 2025. Residual gaps relate to granularity (e.g., infrequent disclosure of an equivalent RA confidence level; limited driver-level CSM attribution), which affects comparability more than baseline alignment.

Mechanisms linking greater disclosure to decision usefulness

- Traceability of profit emergence. CSM roll-forwards provide an audit trail for accretion and release; read with RA movements, they decompose performance into service delivery, assumption changes, and release of uncertainty (IFRS Foundation, 2017a; IAA, 2020).
- Comparability of discounting and finance result. Explicit policy elections (profit or loss vs OCI) and transparent discount-rate methodologies reduce ambiguity around interest accretion and market-rate effects (EFRAG, 2020; ESMA, 2024).
- Bridge to prudential views. Concise IFRS 17 ↔ Solvency II explanations (e.g., IFRS equity ↔ own funds) help reconcile performance reporting with capital adequacy and clarify RA vs risk-margin distinctions (Windsor, Yong & Bell, 2020; EIOPA, 2024).

Market relevance and economic implications: Transparent prudence is economically meaningful: richer, standardised disclosures are associated in prior research with lower information asymmetry, lower costs of capital, and improved liquidity (Botosan, 1997; Hail & Leuz, 2006; Lambert, Leuz & Verrecchia, 2007; Daske, Hail, Leuz & Verdi, 2008; Barth, Landsman & Lang, 2008). In smaller markets, moving from implicit buffers to explicit, auditable RA/CSM is especially relevant for analyst coverage and cross-border capital access. Our indices measure presence and adoption, not qualitative depth or causal market effects; related market links are therefore framed as testable hypotheses. What the index uplifts mean-breadth vs

depth. The step-change in breadth is substantive (see Table 1). Depth differences (Appendix A12) clarify the ISI gap:

- CSM roll-forwards (I5). Albania: presented where applicable/available; EU: typically finer attribution (new business, accretion, release, assumption unlocks, other).
- RA technique & equivalent confidence level (I6). Technique is usually stated; a quantified equivalent confidence level is not consistently disclosed in Albania's first-evidence year, reducing cross-firm comparability.
- Insurance-revenue bridges (I7). More consistently tabular and numeric in EU reports; several Albanian materials use shorter narrative bridges.
- Discount-rate policy / OCI election (I4). Both cohorts state policy; EU notes more often tie CSM accretion (locked-in) explicitly to the chosen finance-result location.

These gaps reflect first-cycle capability building, not off-standard behaviour. We found no explicit indications of departures from core applicable IFRS 17 requirements in the disclosures we could observe, but our evidence is limited to public, unaudited 2024 parallel-run materials. (EFRAG, 2020; ESMA, 2024; EIOPA, 2024).

5. Discussion

Convergence with on-standard local adaptation (answers RQ2): IFRS 17 is not yet applied in Albania. We observe formal timetable alignment and select IFRS 17-style artefacts in 2024 public materials, but no public evidence of audited local application. Convergence is anchored in AFSA Guideline No. 146 (31 August 2023), which mandates IFRS 17 with parallel runs in 2024 and full adoption in 2025 (AFSA, 2024). This coercive schedule also explains the provenance of Albanian IFRS 17 observations in our corpus: where a 2023 IFRS 17 annual was unavailable (as expected), we rely on the earliest 2024 IFRS 17-format interim and score only constructs identically required and reproducible at interim (Methodology; Appendix A2/A4). Items not required at interim are NA and excluded from denominators. Observed mechanisms map cleanly onto institutional isomorphism (DiMaggio & Powell, 1983):

- Coercive. Legal mandate, parallel runs, and supervisory emphasis on transition reconciliations require disclosure of opening-equity effects and policy elections (AFSA, 2024).
- Mimetic. Albanian notes converge toward the EU “open-book” architecture, titled CSM/RA roll-forwards, insurance-revenue bridges, and explicit discount-rate

policies, mirroring leaders (Generali; a.s.r.; Swiss Life) and aligning with supervisory guidance (ESMA, 2024; EIOPA, 2024).

- Normative. Audit-network methodologies and actuarial training shape RA techniques (confidence-level vs cost-of-capital) and documentation practice, including the equivalent confidence level where disclosed (IAA, 2020; EFRAG, 2020).

These channels indicate direction of travel; they do not establish local-entity operational capability absent audited notes.

Prudence reconfigured, not repealed (answers RQ1): Evidence indicates reconfiguration, not retreat, of prudence. Under IFRS 17, conservative intent is expressed through two labelled liabilities, the RA for non-financial risk and the CSM for unearned profit, with prohibitions on day-one gains, locked-in accretion to the CSM, and mandated roll-forwards (IFRS Foundation, 2017a, 2017c; IAA, 2020). The mechanics of profit emergence are therefore traceable. In the Albanian materials assessed (parallel-run, 2024), prudential preferences, where quantified, appear as governed parameters rather than hidden margins (ESMA, 2024; EIOPA, 2024).

Implications for markets and supervision.

Managers. Use RA/CSM roll-forwards and the revenue bridge as a diagnostic dashboard for pricing discipline, coverage-unit design, assumption governance, and ALM (IFRS Foundation, 2017a; IAA, 2020).

Investors/analysts. Lower model risk by decomposing the insurance service result into CSM release vs RA release, distinguishing locked-in vs current rates, and mapping the profit-or-loss vs OCI split (EFRAG, 2020; ESMA, 2024).

Supervisors. Request concise IFRS 17 ↔ Solvency II bridges (e.g., IFRS equity ↔ own funds; fulfilment cash flows vs technical provisions) and highlight policy elections with prudential salience (RA calibration; OCI presentation) (Windsor, Yong, & Bell, 2020; EIOPA, 2024).

Policy and practice: concrete next steps (12-month horizon).

Regulator (AFSA). (I) Issue issuer-neutral templates for CSM/RA roll-forwards, revenue bridges, and discount-rate policies; (II) encourage disclosure of equivalent RA confidence levels (or reconcile cost-of-capital to an equivalent confidence level); (III) require a short IFRS 17 ↔ Solvency II tabular bridge for firms subject to both regimes; (IV) convene workshops on coverage-unit design, transition methods, and OCI effects; publish Q&As to normalise recurring judgements (EFRAG, 2020; ESMA, 2024; EIOPA, 2024).

Preparers (insurers). (I) Disaggregate CSM movements (new business, accretion, release, assumption unlocks, other); (II) provide quantified sensitivities linking key

assumption changes to both the insurance service result and CSM movements; (III) for composite entities, state the PAA rationale explicitly; (IV) anchor any APMs in audited notes and reconcile to IFRS 17 measures (IFRS Foundation, 2017a; IAA, 2020).

Auditors/actuaries. (I) Standardise RA method disclosures (technique + equivalent confidence level) and provide RA movement analysis; (II) encourage driver-level attribution in movement tables and concise narratives that tie discounting/CSM accretion to the chosen finance-result location (IAA, 2020; ESMA, 2024).

Limitations and future research. Archival gaps for interwar and socialist periods required triangulation across public sources and preclude fine-grained cross-period numerical claims (Appendix A1). Where group reports exist, we do not attribute group policy elections, RA/CSM mechanics or OCI choices to Albanian legal entities unless explicitly reproduced locally. We do not assess IFRS 17 compliance for Albania; all Albanian observations are first-evidence, unaudited, and used only to describe disclosure architecture. The design is small-N and targets analytical rather than statistical generalisation; EU benchmarks represent an upper bound of disclosure depth, not a representative counterfactual (Christensen, Hail & Leuz, 2013). IFRS 17 behaviour is cycle-sensitive (rates, lapses, mortality, perceived risk). Future work could (I) build multi-year panels to track NTI/CSI/ISI convergence; (II) use event-style designs to test effects on implied cost of equity, liquidity and forecast dispersion; (III) conduct product-level analyses (e.g., participating, unit-linked, annuities); and (IV) examine whether IFRS 17 ↔ Solvency II bridges improve supervisory efficiency and user understanding (Botosan, 1997; Hail & Leuz, 2006; Daske et al., 2008; ESMA, 2024; EIOPA, 2024).

6. Conclusion

This study traces the passage from prudential reserving with hidden buffers to the explicit, auditable architecture of IFRS 17 and shows how that transition is evidenced in a late-adopting, small market (Albania). Using a reproducible 20-item rubric and three normalised indices (NTI, CSI, ISI), we document a first-cycle step-change in disclosure breadth and the institutional channels through which it occurs.

RQ1 (prudence vs transparency). For RQ1, we confirm that IFRS 17 reconfigures rather than repeals prudence: the RA and CSM embed prudential intent in labelled, roll-forwarded balances, consistent with our notion of transparent prudence (IFRS Foundation, 2017a, 2017c; IAA, 2020; EFRAG, 2020; ESMA, 2024; EIOPA, 2024).

RQ2 (institutional diffusion in Albania). In Albania, IFRS 17 is mandated by AFSA Guideline No. 146 (31 August 2023), with parallel runs in 2024 and full public adoption from 2025 (AFSA, 2024). Our evidence therefore relies on first-year

parallel-run materials and must be read with the assurance and NA caveats described in the Methodology. Convergence proceeds through coercive (legal mandate and transition timetable), mimetic (emulation of EU “open-book” note architectures), and normative (audit/actuarial network) channels (DiMaggio & Powell, 1983; ESMA, 2024; EIOPA, 2024), while differences in scale, listing status and product mix mean that EU benchmarks represent an upper bound of disclosure depth rather than a representative counterfactual for Albania (Christensen, Hail & Leuz, 2013).

Observed impact. Transparency increases materially. In Albania, during the 2024 parallel-run year, we observe a rise in disclosure presence (NTI), an improvement in continuity for items common to IFRS 4 and IFRS 17 (CSI), and a partial uptake of IFRS 17-specific innovations (ISI) only where these are publicly presented. Among EU benchmarks, disclosures for CSM/RA, insurance-revenue bridges, and discount-rate/OCI policies are typically comprehensive. The CSI gap narrows, while the ISI gap persists—driven chiefly by product complexity and first-cycle effects rather than off-standard behaviour. For Albania, we do not assert full IFRS 17 compliance before 2025. Residual gaps concern granularity (e.g., infrequent disclosure of an equivalent confidence level for the RA and limited driver-level attribution within CSM movements), which constrains cross-firm comparability and user-model precision more than baseline alignment.

We articulate transparent prudence: IFRS 17 formalises a prudential ethos by converting unobservable buffers into auditable mechanics (RA/CSM and reconciliations).

Empirical/methodological. A replicable, source-referenced rubric demonstrates disclosure change with like-for-like comparability across regimes, supported by an auditable coding protocol.

Institutional. The Albanian case clarifies how coercive, mimetic, and normative forces interact at adoption and which policy levers (templates, confidence-level disclosure and prudential bridges) operationalise prudence transparently (AFSA, 2024; ESMA, 2024; EIOPA, 2024).

Practical. We provide a transferable template for smaller markets: explicit transition disclosures; RA/CSM roll-forwards with driver-level detail; clear discount-rate/OCI policies; concise IFRS 17 ↔ Solvency II bridges; and quantified equivalent confidence levels, with any APMs reconciled to audited IFRS 17 measures (IFRS Foundation, 2017a; IAA, 2020).

Limitations and outlook. The design is first-year and small-N; NTI, CSI and ISI measure breadth and continuity/innovation rather than qualitative depth or causal market outcomes, which is appropriate for analytical generalisation. We formulate two testable hypotheses for Western Balkans/CEE and analogous late-adopting markets: (H1) sustained IFRS 17 implementation reduces the implied cost of equity

and improves liquidity as NTI/CSI/ISI converge toward EU leaders; and (H2) richer CSM attribution accelerates convergence in pricing discipline across markets. Future longitudinal work should incorporate rate-cycle effects, assumption unlocking, RA dynamics and direct market tests (e.g., risk premia, forecast dispersion and liquidity metrics) (Botosan, 1997; Hail & Leuz, 2006; Lambert, Leuz & Verrecchia, 2007; Daske et al., 2008). Aligning prudential discipline with decision-useful transparency lowers information risk, improves capital allocation and strengthens supervisory comparability; all evidence is public, and the replication materials (rubric, coding protocol, item-level scores, index workbooks and locators) accompany the article as supplementary files.

Abbreviations

| Abbreviation | Definition |
|--------------|---|
| AFSA | Albanian Financial Supervisory Authority |
| ALM | Asset–Liability Management |
| APM | Alternative Performance Measure |
| BIS | Bank for International Settlements |
| CEE | Central and Eastern Europe |
| CFO Forum | European Insurance CFO Forum (issuer of EV/MCEV guidance) |
| CSI | Continuity Sub-Index |
| CSM | Contractual Service Margin |
| CSV | Comma-Separated Values (file format) |
| EFRAG | European Financial Reporting Advisory Group |
| EIOPA | European Insurance and Occupational Pensions Authority |
| ESMA | European Securities and Markets Authority |
| EU | European Union |
| EV | Embedded Value |
| FSI | Financial Stability Institute (of the BIS) |
| GMM | General Measurement Model (IFRS 17) |
| IAA | International Actuarial Association |
| IASB | International Accounting Standards Board |
| IFRS | International Financial Reporting Standards |
| IFRS 17 | Insurance Contracts (current standard) |
| IFRS 4 | Insurance Contracts (superseded standard) |
| ISI | Innovation Specificity Index |
| LAT | Liability Adequacy Test (IFRS 4) |
| LIC | Liability for Incurred Claims |
| LRC | Liability for Remaining Coverage |
| MCEV | Market-Consistent Embedded Value |
| NA | Not Applicable |
| NTI | Normalised Transparency Index |
| OCI | Other Comprehensive Income |
| PAA | Premium Allocation Approach |
| RA | Risk Adjustment (for non-financial risk) |

| | |
|------|---|
| RQ1 | Research Question 1 |
| RQ2 | Research Question 2 |
| SFCR | Solvency and Financial Condition Report |
| VFA | Variable Fee Approach |

Symbols

| Symbol | Meaning |
|-------------------|--|
| \approx | Approximately equal to |
| \rightarrow | Change from ... to ... (used to denote before/after values) |
| \leftrightarrow | Bridge/reconciliation between frameworks (e.g., IFRS 17 \leftrightarrow Solvency II) |
| κ | Cohen's kappa (inter-coder reliability coefficient) |
| P_o | Observed agreement (in reliability analysis) |
| P_e | Expected agreement (in reliability analysis) |
| ● | Albania marker in Figure 2 timeline |
| ■ | EU marker in Figure 2 timeline |
| ▲ | IASB/IFRS milestone marker in Figure 2 timeline |

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Appendix. Sources, Rubric, Coding Protocol, And Reflexive Notes

This appendix documents the evidence base and the operational steps used to produce the comparative disclosure analysis. Its purpose is to make each claim verifiable and each measure reproducible, complementing the article’s historical narrative (Walker, 2008) and its central argument that prudence in life-insurance profit recognition has moved from hidden reserves to explicit, auditable IFRS 17 liabilities in a late-adopting market (Albania).

A1. Primary sources and archival traceability

Standards and due process. IFRS 17 (Standard; Basis for Conclusions; Effects Analysis); IFRS 4 (Implementation Guidance).

European legislation / supervision. Directive 91/674/EEC (insurance accounts); Regulation 1606/2002 (use of IFRS in the EU); Solvency II Directive 2009/138/EC; ESMA first-application reviews; EIOPA supervisory communications.

ESMA (2024). Report on the first application of IFRS 17 (examples of note architecture: labelled CSM/RA roll-forwards; revenue bridges; discount-rate policy).

EIOPA (2024). Report on the implementation of IFRS 17 (synergies with Solvency II; disclosure building blocks).

Albania. AFSA Board Decision / Guideline No. 146 (31 Aug 2023) approving the Guideline on insurers’ reporting for IFRS 17 (parallel runs in 2024; full public adoption from 2025) (AFSA, 2024); AFSA Annual Report 2023 (interim steps/deadlines).

Company reports. Last IFRS 4 annual reports (2022) and first IFRS 17 reports (2023) for EU benchmarks; for Albania, the earliest publicly available 2024 IFRS 17-format parallel-run materials (management and/or interim). Entities: SIGAL UNIQA, Eurosig, INSIG (Albania) and Assicurazioni Generali, a.s.r. Nederland, Swiss Life (EU). For Albania, we use only publicly available 2024 IFRS 17-format parallel-run

management and/or interim materials; these are not audited IFRS 17 annual reports. Items absent from interims or not publicly disclosed are coded NA and excluded from denominators.

Practice / analysis. Big-Four IFRS 17 monographs; BIS/FSI notes; rating-agency sector reports.

Locator protocol. Every scored item is tied to a document title, page, and paragraph/table reference. Interwar/socialist periods rely on Official Gazette materials, ministerial decrees, supervisory circulars, tariff tables, company statutes/ledgers, actuarial notes, and press notices. Fragmentary records were triangulated using at least two independent public sources; any inferential steps are flagged in the locator sheet. If a scored cell cannot be tied to a page-level locator, it is re-coded NA before index computation.

A2. Construct, indices, and scope. Construct

Transparency in profit-recognition reporting for life insurance: the observable articulation in financial statements/notes of profit-deferral mechanics and liability-measurement choices. Rubric (overview). A 20-item, binary-presence rubric derived from IFRS 4/IFRS 17 requirements and European supervisory guidance (ESMA, 2024; EIOPA, 2024; EFRAG, 2020). It captures presence and labelling; it does not rate qualitative depth.

Indices

NTI = D/A (share of applicable items disclosed).

CSI = $D_{\text{common}}/A_{\text{common}}$ (items conceptually common to IFRS 4 and IFRS 17).

ISI = $D_{\text{IFRS17}}/A_{\text{IFRS17}}$ (IFRS 17-specific items; computed only for IFRS 17 evidence).

Applicability (NA). Items genuinely irrelevant to the firm/period (e.g., no participating business → VFA; no non-life business → PAA) are coded Not Applicable (NA) and excluded from denominators. Examples: (I) life-only items (CSM/VFA) are NA for non-life/PAA entities; (II) items not identically required at interim (e.g., quantified opening-equity effects) are NA in 2024 Albania; (III) products not written (no participating) → NA.

Interims (Albania, 2024). We score only constructs that the issuer actually presents in a 2024 public interim/management document and that are identically required by the issuer's interim framework; all other IFRS 17 items are NA. We do not infer from policies or group exemplars (AFSA Guideline No. 146, 31 Aug 2023; AFSA, 2024). Interim-window constraint. Interims typically omit several IFRS 17 tables.

NA treatment therefore reduces denominators and can inflate ratios relative to a full annual set.

A3. Disclosure rubric (with scoring triggers). Continuity items (common to IFRS 4/17; feed CSI)

C1 — Liability adequacy / loss component (IFRS 4 LAT or IFRS 17 onerous groups/loss component).

C2 — Claims development / LIC run-off (triangle or labelled explanation; NA for pure long-duration without relevant development).

C3 — Quantified sensitivity (insurance measurement) tied to discounting/biometric assumptions; “immaterial” permits NA only if stated.

C4 — Discount-rate policy (method: top-down/bottom-up; curve source; locked-in vs current).

C5 — Reinsurance held / recoverables (balance and profit-or-loss effect; NA if none).

C6 — Liability composition (under IFRS 17, explicit LRC vs LIC split).

C7 — Accounting policy changes / first-time adoption (beyond boilerplate; transition effects/policy changes explained; NA only if no change).

C8 — Narrative link from insurance risk to the insurance service result.

C9 — APM reconciliation (e.g., EV/MCEV) to audited numbers; NA if no APM.

C10 — Prudential bridge (IFRS 17 ↔ Solvency II): scores 1 only for a tabular reconciliation or an explicit explanatory paragraph with at least one quantified anchor (e.g., IFRS equity ↔ own funds); NA if inapplicable.

Innovation items (IFRS 17-specific; feed ISI; score only in IFRS 17 evidence)

I1 — Transition approach (full/modified retrospective or fair value; reliefs specified).

I2 — Quantified opening-equity impact (amounts and treatment of comparatives; NA if non-restatement is permitted and stated).

I3 — Portfolios and annual cohorts (grouping logic, including onerous/profitable).

I4 — Location of the insurance finance income/expense (profit or loss vs OCI) and CSM accretion basis (locked-in rate).

I5 — Labelled CSM roll-forward with drivers (opening; new business; interest; release; assumption unlocks; other; closing; NA if no CSM portfolios).

I6 — RA technique and equivalent confidence level, plus labelled RA movement table (NA if RA immaterial). *Pre-adoption note (Albania 2024): absence of a quantified equivalent confidence level in public artefacts is expected pre-adoption and should not be read as a compliance inference.*

I7 — Labelled insurance revenue bridge (cash premiums/consideration → IFRS 17 revenue) presented as a table or titled passage.

I8 — PAA usage and rationale (PAA \approx GMM immateriality or operational rationale; NA if not used).

I9 — VFA mechanics for participating business (measurement approach and dividend policy; NA if none).

I10 — LRC/LIC movement reconciliation (opening → closing with key drivers).

Scoring rule (all items). Assign 1 only when the construct appears with an explicit label/table or titled passage; where a number is inherent (e.g., opening-equity impact; equivalent confidence level), a number must be shown. Quantification rule: where a number is inherent, a numerical value must appear on page to score 1. Cross-references count only when the financial statements explicitly identify a public document (title and year) and explain the linkage; otherwise 0 (ESMA, 2024; EIOPA, 2024; EFRAG, 2020). Anchor set (compact). IFRS 17 Sections 44–52; Sections 88–90; Sections 100–106; §37; B119–B124; ESMA (2024); EFRAG (2020); EIOPA (2024); AFSA (2023). Paragraph-level locators appear in the replication materials.

A4. Sampling frame and periodization

Design. Purposive, comparative small-N design: three Albanian undertakings (SIGAL UNIQA; Eurosig -scope note below; INSIG) and three European benchmarks (Assicurazioni Generali; a.s.r. Nederland; Swiss Life). Inclusion criteria. (I) Availability of the last IFRS 4 annual (2022) and the first IFRS 17 report (2023) or earliest 2024 IFRS 17 interim/management materials; (II) material home-market presence; (III) explicit engagement with IFRS 17 (policy elections, transition narrative, roll-forwards). For Albania, where 2023 public “annual reports” are summary/marketing-style rather than full IFRS 17 notes, we use the earliest 2024 parallel-run IFRS 17-format public materials (if published) or mark items NA, consistent with A2 (AFSA Guideline No. 146, 31 Aug 2023; AFSA, 2024).

Windows. Observation windows are comparable across regimes; interim-only observations contribute only for constructs identically required at interim (A2). Legal-entity labelling. Row labels map 1:1 to the legal names printed on the PDF cover pages (see A3). Brand names in the main table are cross-referenced to legal entities. For Eurosig, if the filing is non-life/PAA, all life-only items are NA and ISI is interpreted within PAA scope.

A5. Coding protocol, evidence standards, and reliability

Explicitness threshold. A score of 1 requires an explicit label/table or titled passage; where quantification is inherent (opening-equity impact; equivalent confidence level) a number must be shown. Boilerplate without method/number scores 0.

Prudential-bridge rule. C10 scores 1 only when the report provides a reconciliation or an explicit SFCR cross-reference with explanatory text. Double-coding and adjudication. Two researchers independently double-coded one Albanian and one EU insurer (both regimes), with NA cells excluded from reliability denominators. Coders were blinded to each other's first pass; disagreements were resolved by rule-based adjudication against the item glossary. All decisions are time-stamped with page-level locators. Agreement statistics. Observed agreement (P_o) and Cohen's κ were computed from the standard 2×2 table and are reported in Table A6.1.

Borderline decision tree (compact).

1. Label present? If no → 0, unless the financial statements explicitly cross-reference a public document and explain the relationship.
2. Number inherent? If yes, is a number provided (opening-equity impact; equivalent confidence level)? If no → 0.
3. Interim-only? If the construct is not identically required at interim → NA.
4. Not applicable? Absent product/feature (no participating; no PAA) → NA.
5. Residual ambiguity? Prefer the most literal reading; absent explicitness → 0.

A6. Index construction and normalisation

For each company-period:

$CSI = \#(\text{disclosed common}) \div \#(\text{applicable common})$;

$ISI = \#(\text{disclosed IFRS 17 innovations}) \div \#(\text{applicable innovations})$ (IFRS 17 only);

$NTI = \#(\text{disclosed applicable total}) \div \#(\text{applicable total})$.

Applicability is controlled at item level; NA items are excluded from denominators. Interim-only observations contribute only for constructs identically required and reproduced at interim.

A7. Robustness checks and triangulation

Robustness.

— *APM* sensitivity. Recompute $NTI/CSI/ISI$ excluding *APM* items (e.g., *EV/MCEV*); rank ordering and effect sizes are unchanged.

— Annual-only subset (EU). Recompute using only annual IFRS 17 reports (drop interim-only observations); patterns persist.

— Life-focus check (Albania). For composite/non-life filings, recompute excluding all life-specific items (e.g., CSM/VFA); conclusions remain unchanged; NA treatment is preserved.

— Prudential-bridge rule. Count C10 only when a reconciliation or explicit SFCR cross-reference with explanatory text is present; results are unaffected.

Triangulation. We cross-validate AFSA/ESMA/EIOPA texts, issuer financial statements, and practitioner materials. Each scored observation is anchored by page-level locators.

A8. Worked example. Assume an insurer in 2023 has $A_{\text{common}} = 10$ and $A_{\text{IFRS17}} = 9$ (thus $A_{\text{total}} = 19$). If $D_{\text{common}} = 8$ and $D_{\text{IFRS17}} = 6$ (thus $D_{\text{total}} = 14$), then $\text{CSI} = 0.80$; $\text{ISI} \approx 0.67$; $\text{NTI} \approx 0.74$. The replication spreadsheets show actual item flags, denominators, and index values, and the Results table reports each proportion with counts in brackets (e.g., 0.62 [13/21]) to reconcile to denominators.

A9. Replication package. /locators/ page-level citation locators (redacted for publication); /rubric/ item glossary & scoring guide (PDF) and machine-readable rubric (CSV); /scores/ item-level 0/1/NA matrices by entity/period (CSV); /indices/ NTI/CSI/ISI computations and audit trails (CSV with formulas); /reliability/ double-coding contingency tables with P_o , P_e , κ (CSV); /figures/ exportable tables/figures and code to regenerate. Files are time-stamped (ISO-8601) with SHA-256 checksums; a manifest lists versions. All CSVs retain formulas; a public script reproduces tables/figures from raw flags. Checksums are verified in the manifest at submission.

A10. Ethics, transparency, and AI use. All data are public; no proprietary information was accessed. The coding protocol, item glossary, index formulas, item-level scores, and citation locators are released to enable replication. Any tool used for language editing is disclosed in Acknowledgments; no automated tool or LLM was used for item detection, page-tagging, adjudication, or scoring decisions.

A11. Reflexive notes. The rubric is binary and equally weighted. It measures breadth (presence, continuity, innovation) rather than qualitative depth or causal market effects. Several IFRS 17 disclosures are genuinely novel; pre-IFRS 17 periods are therefore evaluated on the common subset only, and innovation items are excluded from IFRS 4 denominators. For the socialist period, external financial statements are absent; we avoid cross-period numerical claims and rely on corroborated narrative sources. Future research could add depth metrics (e.g., readability; driver attribution within CSM roll-forwards) and link NTI/CSI/ISI trajectories to market outcomes in multi-country panels.

A12. Qualitative companion notes. To contextualise breadth, the replication package includes short qualitative notes per issuer covering: (I) granularity of RA/CSM roll-forwards; (II) disclosure of equivalent confidence levels; (III) narrative on OCI presentation. These notes are descriptive, non-scored, and aid interpretation of the indices. For each issuer, A12 provides a page-level locator (document → page/table) for (I) CSM/RA roll-forwards; (II) revenue bridges; (III) explicit discount-rate policies (ESMA, 2024; EIOPA, 2024; EFRAG, 2020). Where Albanian stand-alone public PDFs are summary-style, we document the closest available artefact (e.g., parent-group IFRS 17 note exhibiting the architecture) and mark any local NA accordingly. Where RA is discussed, the technique is typically stated; an equivalent confidence level is not consistently quantified.

A13. Entity scope note (Albania) — Eurosig. Scope discipline. “Eurosig” is widely recognised as non-life. If the scored filing pertains to non-life/PAA, life-only items (e.g., CSM/VFA) are NA, and ISI should be read within PAA scope. Appendix A3 lists the legal entity names and PDF titles/dates used; Appendix A6 shows per-item 1/0/NA flags. Conclusion for Eurosig: all life-specific items are NA; ISI reflects PAA-relevant innovations only.

A14. Data availability. All item-level scores, index workbooks, figure code, and page-level locators are available to readers as supplementary materials accompanying the article or directly from the authors upon reasonable request.