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Project	**Amendments to IFRS 17 *Insurance Contracts***		
Paper topic	Loans that transfer significant insurance risk		
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Purpose

1. This paper discusses loans that transfer significant insurance risk. IFRS 17 *Insurance Contracts* requires entities to account for some of those contracts as insurance contracts in their entirety.

Summary of staff recommendations

2. The staff recommend the International Accounting Standards Board (Board) amend the scope of IFRS 17 and IFRS 9 *Financial Instruments* for insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract. The amendment would enable entities issuing such contracts to account for those contracts applying either IFRS 17 or IFRS 9. Such an amendment to the scope of IFRS 9 would require consequential amendments to IFRS 7 *Financial Instruments: Disclosures* and IAS 32 *Financial Instruments: Presentation*.

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Structure of the paper

3. This paper provides:

   (a) an overview of the requirements in IFRS 17 and a summary of the Board's rationale for setting those requirements, including an overview of the Board's previous discussions (paragraphs 4–14 of this paper);

   (b) an overview of the concerns and implementation challenges expressed since IFRS 17 was issued (paragraphs 15–18 of this paper); and

   (c) the staff analysis, recommendations and questions for Board members (paragraphs 19–44 of this paper).

IFRS 17 requirements and the Board's rationale

Scope of IFRS 17

4. IFRS 17 applies to all insurance contracts as defined in IFRS 17, regardless of the type of entity issuing the contracts, with some specific exceptions. The definition of an insurance contract in IFRS 17 is the same as the definition of an insurance contract in IFRS 4 *Insurance Contracts*, with minor clarifications to the related guidance in Appendix B of IFRS 4.[1]

5. The Board decided that IFRS 17 should apply to all entities issuing insurance contracts—as opposed to insurers only—because:

   (a) if an insurer that issues an insurance contract accounted for that contract in one way and a non-insurer that issues the same insurance contract accounted for that contract in a different way, comparability across entities would be reduced;

   (b) entities that might meet the definition of an insurer frequently have major activities in other areas as well as in insurance and would need to

[1] The clarifications in IFRS 17 require that: (i) an entity should consider the time value of money in assessing whether the additional benefits payable in any scenario are significant; and (ii) a contract does not transfer significant insurance risk if there is no scenario with commercial substance in which the entity can suffer a loss on a present value basis.

determine how and to what extent these non-insurance activities would be accounted for in a manner similar to insurance activities or in a manner similar to how other entities account for their non-insurance activities; and

(c) a robust definition of an insurer that could be applied consistently from jurisdiction to jurisdiction would be difficult to create.

6. IFRS 17 carries forward from IFRS 4 some scope exclusions. Paragraph 7 of IFRS 17 excludes from the scope of the Standard various items that may meet the definition of insurance contracts, such as:

(a) warranties provided by a manufacturer, dealer or retailer in connection with the sale of its goods or services to a customer. IFRS 15 *Revenue from Contracts with Customers* applies to those warranties. The Board noted that, if IFRS 17 were to apply to such warranties, entities would generally apply the premium allocation approach to such contracts, which would result in accounting similar to that which would result from applying IFRS 15. Further, in the Board's view, accounting for such contracts in the same way as other contracts with customers would provide comparable information for the users of financial statements for the entities that issue such contracts. Hence, the Board concluded that changing the existing accounting for these contracts would impose costs and disruption for no significant benefit.

(b) some financial guarantee contracts. An entity shall not apply IFRS 17 to financial guarantee contracts it issues unless it has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts. The Board decided to carry forward from IFRS 4 the option that permits an issuer of a financial guarantee contract to apply IFRS 9 or IFRS 17 to such contracts, without any substantive changes, because the option has worked in practice and results in consistent accounting for economically similar contracts issued by the same entity.

(c) the following contracts because they are in scope of other IFRS Standards:

(i) employers' assets and liabilities that arise from employee benefit plans (see IAS 19 *Employee Benefits* and IFRS 2 *Share-based Payment*);

(ii) retirement benefit obligations reported by defined benefit retirement plans (see IAS 26 *Accounting and Reporting by Retirement Benefit Plans*);

(iii) contractual rights or contractual obligations contingent on the future use of, or the right to use, a non-financial item (see IFRS 15, IAS 38 *Intangible Assets* and IFRS 16 *Leases*);

(iv) residual value guarantees provided by the manufacturer, dealer or retailer and lessees' residual value guarantees embedded in a lease (see IFRS 15 and IFRS 16); and

(v) contingent consideration payable or receivable in a business combination (see IFRS 3 *Business Combinations*).

7. Paragraph 8 of IFRS 17 also allows an entity a choice of applying IFRS 17 or IFRS 15 to some fixed-fee service contracts. Some stakeholders noted some entities issue both fixed-fee service contracts and other insurance contracts. For example, some entities issue both roadside assistance contracts and insurance contracts for damage arising from accidents. The Board decided to allow entities a choice of whether to apply IFRS 17 or IFRS 15 to fixed-fee service contracts to enable such entities to account for both types of contract in the same way.

8. IFRS 17 was developed with the objective that entities provide relevant information in a way that faithfully represents the features of all types of insurance contracts. IFRS 17 reflects the Board's view that:

(a) an insurance contract combines features of both a financial instrument and a service contract in such a way that those components are interrelated; and

(b) many insurance contracts generate cash flows with substantial variability over a long period.

9. To provide useful information about these features, the Board developed the approach in IFRS 17 which:

    (a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract—measuring insurance contracts at current value is consistent with the requirements for comparable financial instruments; and

    (b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses.

10. As explained in paragraphs BC7–BC11 of the Basis for Conclusions on IFRS 17 the Board considered whether an entity could apply generally applicable IFRS Standards to the insurance contracts it issues. The Board concluded that applying generally applicable IFRS Standards would provide useful information for users of financial statements and would be relatively easy to apply to insurance contracts for which there is no significant variability in outcomes and no significant investment component. However, simply applying generally applicable Standards would be difficult and would produce information of limited relevance for other types of insurance contracts.

Separating components from an insurance contract

11. For insurance contracts that include non-insurance components IFRS 17 requires an entity to:

    (a) apply IFRS 9 to determine whether there is an embedded derivative to be separated from a host insurance contract and, if there is, to determine how to account for that derivative;

    (b) account for any distinct investment component separately from a host insurance contract applying IFRS 9;

    (c) account for any promise to transfer distinct goods or non-insurance services separately from a host insurance contract applying IFRS 15; and

(d) apply IFRS 17 to all remaining components of the host insurance contract—these components include embedded derivatives that are not separated, non-distinct investment components and promises to transfer non-distinct goods or non-insurance services.

12. IFRS 17 prohibits the separation of non-insurance components from an insurance contract if the specified criteria are not met. IFRS 17 is more restrictive in this regard than IFRS 4.

13. The Board decided to prohibit an entity from separating a non-insurance component when not required to do so by IFRS 17 because:

(a) it would be difficult for an entity to routinely separate components of an insurance contract in a non-arbitrary way and setting requirements to do so would result in complexity; and

(b) such separation would ignore interdependencies between components, with the result that the sum of the values of the components may not always equal the value of the contract as a whole, even on initial recognition.

14. Therefore, the Board concluded that permitting separation of non-distinct non-insurance components would result in less useful information and reduce the comparability of the financial statements across entities.

Concerns and implementation challenges expressed since IFRS 17 was issued

15. Some stakeholders are concerned that IFRS 17 requires entities to account for some loans that transfer significant insurance risk as insurance contracts in their entirety. Examples of those contracts provided by stakeholders are the following:

(a) mortgage with death waiver contract—the contract includes the following features:

(i) the contract is a retail mortgage with life insurance coverage—the consideration for the life insurance coverage is part of the overall interest rate charged on the mortgage; and

(ii) the outstanding balance of the mortgage is waived if the borrower dies.

(b) student loan contract—the contract includes the following features:

(i) the contract is a loan made to students to fund their tertiary education under the terms of a government scheme;

(ii) the loan bears a specified interest rate but interest is paid only if a repayment trigger is met; and

(iii) repayments are income contingent (for example, a percentage of earnings over an annual threshold) and may not be made at all if the borrower's income never exceeds the repayment threshold or the borrower dies.

(c) lifetime mortgage contract (sometimes called equity release or reverse mortgage contract)—the contract includes the following features:

(i) the contract is a retail mortgage that an entity offers to older customers;

(ii) when the customer dies or moves into long-term care, the property is sold and the proceeds are used to repay the mortgage balance (including any accrued but unpaid interest). The following scenarios may arise:

1. the property is sold for more than the mortgage balance and the excess is paid to the customer;
2. the property is sold for less than the mortgage balance and the loss is borne by the entity.

16. Those contracts:

(a) typically combine a loan with an agreement from the entity to compensate the borrower if a specified uncertain future event adversely affects the borrower (for example, death) by waiving some or all the payments due under the contract (for example, repayment of the loan balance and payment of interest). Although the definition of an insurance contract in IFRS 17 is the same as the definition in IFRS 4, some stakeholders observed that the requirements in IFRS 17 for the separation of non-insurance components (such as a loan component) differ from the

requirements in IFRS 4, which permit entities to separate a loan component from an insurance contract and apply IFRS 9 to the loan component.

(b) may not have the legal form of an insurance contract.

(c) are generally issued by non-insurance entities, which might be expected to be in a less advanced stage of IFRS 17 implementation and might not have fully assessed the implications of the changes introduced by IFRS 17 to the requirements for the separation of non-insurance components discussed in paragraph 16(a) of this paper.

17. Some stakeholders:

(a) are concerned that entities issuing those contracts have not been preparing to apply IFRS 17 to such contracts in their entirety—some of those stakeholders expressed the view that the requirement to apply IFRS 17 to those contracts in their entirety would impose unnecessary costs to non-insurance entities because, for example, those entities would need to develop systems to calculate the risk adjustment and the contractual service margin applying the general model, and would need to educate their investor community on the changes introduced by IFRS 17 to their financial reporting.

(b) believe that it would be more appropriate to account for those contracts partially or totally applying IFRS 9 because such contracts expose the entity mainly to credit risk. Those stakeholders noted that credit risk would be reflected in measurement if the entity were to apply IFRS 9 to those contracts. Those stakeholders also stated that if an entity were to account for those contracts at fair value through profit or loss applying IFRS 9:

(i) changes in non-financial assumptions would be recognised immediately in profit or loss as fair value changes (rather than recognised against the contractual service margin if the entity were to apply IFRS 17 and the changes relate to future service);

(ii) the entity would present the contract profit as part of the financial result (rather than as part of the insurance service result if the entity were to apply IFRS 17); and

(iii) the measurement of those contracts would be consistent with how some entities measure loan contracts that do not include any insurance component.

18. Those stakeholders have suggested the following alternative amendments to IFRS 17 that they think would address their concerns:

(a) amend the requirements for the separation of non-insurance components in IFRS 17 so that an entity is permitted or required to separate a loan component from an insurance contract and to account for the loan component applying IFRS 9. This amendment would require that an entity applies IFRS 17 only to the remaining component of the host insurance contract.

(b) expand the scope exclusions in paragraph 7 of IFRS 17 (see paragraph 6 of this paper) so that an entity is not required to apply IFRS 17 to loans that transfer significant insurance risk (referred to as 'insurance contracts that have credit risk as their main risk to the issuer' by some stakeholders). This amendment could require or permit an entity to apply IFRS 9 to those contracts.

Staff analysis and recommendation

19. The staff note that:

(a) a contract that is an insurance contract applying IFRS 4 is expected to be an insurance contract applying IFRS 17 (and vice versa). The clarifications provided by IFRS 17 about the definition of an insurance contract in IFRS 4—mentioned in paragraph 4 of this paper—are not expected to change conclusions about whether contracts are insurance contracts.

(b) some loan contracts meet the definition of an insurance contract applying IFRS 4 and IFRS 17. Paragraph B26 of IFRS 17 provides examples of

contracts that are insurance contracts if the transfer of insurance risk is significant that are similar to the contracts described in paragraph 15 of this paper, including life insurance and prepaid funeral plans (although death is certain, it is uncertain when death will occur or, for some types of life insurance, whether death will occur within the period covered by the insurance) (see paragraph B26(c) of IFRS 17). The Guidance on Implementing IFRS 4 includes as an example of an insurance contract a loan contract that waives repayment of the entire loan balance if the borrower dies.

(c) applying IFRS 4, loan contracts that transfer significant insurance risk are regarded as containing a deposit component (the loan)[2] and an insurance component (for example, the waiver of the loan balance on death, equivalent to a cash death benefit). If specified conditions are met, an entity would:

  (i) account separately for insurance and non-insurance components in those contracts; and

  (ii) apply IFRS 9 to measure the loan embedded in those contracts.

(d) applying IFRS 17, the loan embedded in those contracts does not meet the definition of an investment component,[3] nor can it be accounted for separately. Therefore, IFRS 17 requires an entity to apply IFRS 17 to those contracts in their entirety.

20. The staff note that, although the three examples of loan contracts discussed in paragraph 15 of this paper have different features, all of these contracts are insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract—ie the obligation of the policyholder/borrower to pay the loan and its accrued interest.

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[2] IFRS 4 defines a deposit component as ‘a contractual component that is not accounted for as a derivative under IFRS 9 and would be within the scope of IFRS 9 if it were a separate instrument’.

[3] IFRS 17 defines an investment component as ‘the amounts that an insurance contract requires the entity to *repay* to a policyholder even if an insured event does not occur’ [emphasis added].

21. Consistent with the Board's rationale discussed in paragraphs 8–9 of this paper, the staff think that the IFRS 17 model appropriately reflects:

    (a) the variability in outcomes of insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract. Estimates of cash flows are based on current information at the end of every reporting period.

    (b) the credit risk to which the entity is exposed in issuing those contracts. The measurement of a group of insurance contracts applying IFRS 17 includes an estimate of the expected present value of the cash flows generated by the contracts. The expected present value is the probability-weighted mean of the present value of the possible cash flows, discounted using current estimates of discount rates. The measurement model in IFRS 17 therefore reflects the risk of non-payment of the loan by policyholders.

    (c) the profit earned over the period services are provided under those contracts (ie the contractual service margin). For the examples of loan contracts discussed in paragraph 15 of this paper the insurance coverage is always for the same period of the loan balance because the insurance is over the settlement of that balance—the coverage period ends when the loan balance is repaid. Therefore, the staff think that any service is provided in the same pattern as the insurance coverage.

22. However, the staff think that:

    (a) there might be significant costs to implement IFRS 17, without corresponding benefits, for entities that do not issue insurance contracts other than insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract.[4] As discussed in paragraph 34 of this paper, the staff think that applying IFRS 9 to such contracts would also provide useful information to users of financial statements.

[4] The staff note this situation is different from insurance contracts that include an investment component. The insurance coverage in such contracts is not related to the recovery of the investment component.

(b) some entities, for example those that are in a less advanced stage of IFRS 17 implementation or those that do not typically issue other contracts within the scope of IFRS 17 and thus are not focused on IFRS 17 implementation, might not have fully assessed the implications of the changes introduced by IFRS 17 to the requirements for the separation of non-insurance components from the insurance contracts they issue (see paragraphs 19(c)–(d) of this paper).

23. Accordingly, the staff have considered possible ways of amending IFRS 17 to address the problems discussed in paragraph 22 of this paper and ease IFRS 17 implementation for those entities. The staff have analysed the following approaches suggested by stakeholders (see paragraph 18 of this paper):

(a) Approach 1—Separating the loan from an insurance contract.

(b) Approach 2—Excluding from the scope of IFRS 17 insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract:

(i) Approach 2A—A requirement that entities exclude from the scope of IFRS 17 such contracts; and

(ii) Approach 2B—An option that permits entities to apply either IFRS 17 or IFRS 9 to such contracts.

Approach 1—Separating the loan from an insurance contract

24. As discussed in paragraph 12 of this paper, IFRS 17 prohibits the separation of non-insurance components from an insurance contract if the specified criteria are not met. A loan embedded in the contracts described in paragraph 15 of this paper cannot be assessed for separation from an insurance contract applying paragraph 10–13 of IFRS 17 because the loan does not meet the definition of an embedded derivative, an investment component, a good or a non-insurance service (see paragraph 11 of this paper).

25. Thus, separating the loan component from the insurance contract would require the Board to amend IFRS 17 to enable an entity to account for the loan applying

IFRS 9 and the insurance component applying IFRS 17. This approach would extend the requirements for separating non-insurance components from an insurance contract discussed in paragraph 11 of this paper. For some entities, this would represent a continuation from existing accounting practice for some loans that transfer significant insurance risk.

26. The staff note that the loan component and the insurance component in a contract that compensates the borrower—by waiving some or all the payments due under the contract—if a specified uncertain future event adversely affects the borrower are highly interrelated because:

    (a) the value of the compensation (waiver) varies accordingly to the outstanding balance of the loan; and

    (b) the full repayment of the loan causes the lapse of the waiver.

27. The staff observe that separating loans from an insurance contract can improve comparability when separation can be achieved without arbitrary allocations. Accounting for loans using IFRS 9 might:

    (a) make them more comparable to similar contracts that are issued as separate contracts; and

    (b) allow users of financial statements to better compare the risks undertaken by entities in different businesses or industries.

28. However, there are also limitations to the usefulness of separating components. Separating a contract into components could result in complex accounting that does not provide useful information if the contract contains interdependent cash flows that are not attributable to individual components. As noted in paragraph 13 of this paper:

    (a) when cash flows are interdependent, separating the cash flows for each component can be arbitrary, particularly if the contract includes cross-subsidies between components or discounts; and

    (b) when separation ignores interdependencies between components, the sum of the values of the components may not always equal the value of the contract as a whole, even on initial recognition.

29. The staff think that:

    (a) the reasons for which the Board decided to limit the circumstances in which an entity separates non-insurance components from an insurance contract—discussed in paragraphs 13–14 of this paper—are still valid.

    (b) amending the requirements for separating components from an insurance contract in IFRS 17 would:

        (i) be complex;

        (ii) may not result in useful information for the separated components; and

        (iii) represent a significant change to the requirements in IFRS 17 that might significantly disrupt implementation processes that are already under way.

30. The staff therefore do not recommend amending IFRS 17 to add requirements for the separation of loans from an insurance contract.

Approach 2—Excluding from the scope of IFRS 17 insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract

31. As discussed in paragraph 6 of this paper, IFRS 17 excludes from the scope of the Standard various items that may meet the definition of insurance contracts. The Board decided to substantially carry forward the scope exclusions from IFRS 4. When developing the scope of IFRS 4 and IFRS 17, the Board decided that the transfer of significant insurance risk is the unique feature of an insurance contract. The Board did not consider it appropriate to exclude from the scope of IFRS 17 contracts with non-insurance components that are the predominant portion of the overall contract. In the Board's view, if a contract transfers significant insurance risk, the contract is an insurance contract. The presence of non-insurance components, no matter how substantial, does not change the insurance risk assumed by the entity.

33. As discussed in paragraph 18(b) of this paper, some stakeholders have suggested the Board amend IFRS 17 to exclude from the scope of the Standard loans that transfer significant insurance risk. Such an amendment could require or permit an entity to apply IFRS 9 in recognising and measuring those contracts in their entirety.

Approach 2A—Require entities to apply IFRS 9 to insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract

34. The staff think that applying IFRS 9 to the examples of loan contracts discussed in paragraph 15 of this paper, which would be captured by the possible scope exclusion, would provide useful information to users of financial statements, for example through the measurement of the contracts at fair value through profit or loss.

35. However, the staff note that amending IFRS 17 to require entities to apply IFRS 9 to insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract might introduce a significant change for entities that currently account for those contracts applying IFRS 4 and are preparing to implement IFRS 17. Some entities might need to develop systems to account for contracts with insurance and non-insurance components in accordance with IFRS 9, while already developing systems to implement IFRS 17 to account for those contracts.

36. The staff note that those contracts meet the definition of an insurance contract because they transfer significant insurance risk. IFRS 17 was developed with the objective that entities issuing contracts that transfer significant insurance risk faithfully represent those contracts. As discussed in paragraph 21 of this paper, the staff think that the IFRS 17 model appropriately reflects the feature of these contracts and therefore do not believe that it would be appropriate to prohibit an entity issuing those contracts from accounting for them applying IFRS 17. In addition, prohibiting entities from applying IFRS 17 to those contracts would not enable entities that issue those contracts and other types of insurance contracts to account for both types of contract in the same way.

37. The staff therefore do not recommend requiring IFRS 9 for accounting for insurance contracts for which the only insurance in the contract is for the settlement of some or all the obligation created by the contract.

Approach 2B—Option to apply either IFRS 17 or IFRS 9 to insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract

38. The staff think that amending IFRS 17 to permit entities to apply IFRS 9 to insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract would avoid the problem identified in paragraph 35 of this paper and would ease IFRS 17 implementation for some entities. Consistently with the existing scope exclusions in IFRS 17 for financial guarantee contracts (see paragraph 7(e) of IFRS 17) and for fixed-fee service contracts (see paragraph 8 of IFRS 17), the staff think that an entity should be permitted to make a choice contract by contract, rather than for all the insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract that the entity issue. However, the choice for each contract should be irrevocable.

39. The staff note that allowing an entity a choice, on a contract-by-contract basis, of whether to apply IFRS 17 or IFRS 9 to such contracts would enable:
    (a) an entity that mainly issues insurance contracts to apply IFRS 17 to insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract, permitting comparability with the other insurance contracts issued by the same entity; and
    (b) an entity that mainly issues financial instruments to apply IFRS 9 to insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract, permitting comparability with the financial instruments issued by the same entity, without imposing IFRS 17 implementation costs for such contracts to the entity. As some entities issuing such contracts may not otherwise be applying IFRS 17 the staff note that this may be particularly helpful in minimising the risk of disruption to implementation.

40. The staff considered whether to recommend that some entities be required to apply IFRS 17 to insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract and other entities to apply IFRS 9 to such contracts, for example depending on the extent to which they apply IFRS 17 to other contracts. However, the staff concluded that such a requirement would not address the concerns and implementation challenges discussed in paragraphs 15–18 of this paper because it would still require insurance entities to account for some loans that transfer significant insurance risk as insurance contracts in their entirety.

41. The staff think that amending IFRS 17 to permit an entity to apply IFRS 17 or IFRS 9 to a specified population of insurance contracts—ie insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract—would address the concerns and implementation challenges discussed in paragraphs 15–18 of this paper without unduly impairing comparability. This is because, entities that would elect to apply IFRS 9 to those contracts would account for those contracts in the same way as other financial instruments and would therefore provide useful information about those contracts, similarly to entities that would apply IFRS 17 instead.

42. The staff therefore think that Approach 2B in this paper would meet the criteria set by the Board at its October 2018 meeting because it would not:

    (a) result in a significant loss of useful information relative to that which would be provided by IFRS 17 for users of financial statements; or

    (b) unduly disrupt implementation processes that are already under way—many loans that transfer significant insurance risk are issued by non-insurance entities that may be at a less advanced stage of IFRS 17 implementation.

43. Accordingly, the staff recommend the Board amend the scope of IFRS 17 and IFRS 9 for insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract, by adding a scope exclusion in IFRS 17 so that an entity may apply either IFRS 17 or IAS 32, IFRS 7 and IFRS 9 to such contracts that it issues.

44. Such amendment to the scope of IFRS 9 would require consequential amendments to IFRS 7 and IAS 32. The staff note that if the Board were to amend IFRS 17 to permit an entity to apply IFRS 9 to those contracts the staff will consider possible implications to the transition and disclosures requirements at a future Board meeting.

Question for Board members
Do you agree the Board amend the scope of IFRS 17 and IFRS 9 for insurance contracts for which the only insurance in the contract is for the settlement of some or all of the obligation created by the contract to enable an entity to apply either IFRS 17 or IFRS 9 to such contracts that it issues?