

STAFF PAPER

May 2019

IASB[®] meeting

Project	Amendments to IFRS 17 <i>Insurance Contracts</i>		
Paper topic	Comment period for Exposure Draft <i>Amendments to IFRS 17</i>		
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Purpose of this paper

1. This paper asks the International Accounting Standards Board (Board) to set a comment period of 90 days for the forthcoming Exposure Draft of proposed amendments to IFRS 17 *Insurance Contracts*.

Background

2. The Exposure Draft responds to the concerns and implementation challenges raised by stakeholders since IFRS 17 was issued in May 2017. In considering possible amendments to IFRS 17, the Board noted that:
 - (a) the application of IFRS 17 is urgent to address the many inadequacies in the wide range of insurance accounting practices used today applying IFRS 4 *Insurance Contracts*; and
 - (b) delaying the effective date of a recently issued Standard that entities are in the process of implementing risks disrupting their implementation processes.

3. The Exposure Draft will propose 12 targeted amendments to IFRS 17 in eight areas. In April 2019, the Board confirmed that these amendments:
 - (a) are needed to support entities implementing the Standard.
 - (b) do not result in significant loss of useful information relative to that which would otherwise be provided by IFRS 17 to users of financial statements. The amendments do not change the fundamental principles of the Standard.
 - (c) do not unduly disrupt implementation processes already under way or do not risk undue delays in the effective date of IFRS 17.
4. Thus, the proposed amendments are both urgent and narrow in scope.

Recommended comment period

5. In setting the comment period for the Exposure Draft, the Board needs to strike a balance between the need to:
 - (a) allow stakeholders time to consider the proposals and provide any further input to the Board; and
 - (b) finalise any amendments to IFRS 17 to provide clarity about those amendments on a timely basis.
6. In accordance with paragraph 6.7 of the Due Process Handbook, the normal comment period for Exposure Drafts, other than annual improvements, is 120 days. The staff think that a comment period of 120 days is not necessary given that:
 - (a) the amendments are targeted to specific areas of IFRS 17 and, by their nature, are narrow in scope.
 - (b) many entities, and their representative bodies, that are expected to provide comments to the targeted amendments to IFRS 17, are following the project to amend IFRS 17 very closely. The Board has continued to engage extensively with stakeholders after the issuance of the Standard. In addition, staff and Board members have kept stakeholders informed about the proposed amendments through regular podcasts and outreach.

- (c) there is a need to provide certainty about the proposed amendments to IFRS 17 to minimise any disruption created by them for both users and preparers of financial statements.
7. However, at the other end of the scale, the staff think that the minimum comment period of 30 days permitted by paragraph 6.7 of the Due Process Handbook would not provide stakeholders with sufficient time to consider the proposals. Although the targeted amendments to IFRS 17 are narrow in scope, those amendments provide meaningful change and address a number of concerns expressed by stakeholders.
 8. Consequently, the staff recommend the Board set a shortened comment period of 90 days for the Exposure Draft. A comment period of 90 days would:
 - (a) be the same as the comment period set for the Exposure Draft of the narrow-scope amendments to IFRS 15 *Revenue from Contracts with Customers* that the Board issued in July 2015. As for that Exposure Draft, a 90-day comment period would balance the need to allow sufficient time for stakeholders to respond to the targeted amendments and, yet, also provide clarity about the proposed amendments on a timely basis.
 - (b) facilitate issuing the amendments to IFRS 17 in the second quarter of 2020—including confirming the mandatory effective date of 1 January 2022—to minimise disruption to implementation.
 9. In accordance with paragraph 6.7 of the Due Process Handbook, the Board can set a comment period of less than 120 days only after consulting, and obtaining approval from, the Due Process Oversight Committee (DPOC). At its meeting on 23 April 2019, the DPOC gave approval for a shortened comment period of 90 days for the forthcoming Exposure Draft of proposed amendments to IFRS 17.

Question for Board members

Do you agree with a comment period of 90 days for the Exposure Draft of proposed amendments to IFRS 17?