

Amendments to IFRS 4 *Insurance Contracts*

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The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board (the Board) or IFRS Foundation.

- Amendments to IFRS 4 *Insurance Contracts*
 - Summary of ITCG suggestions from June 2016
 - Disclosures for associates and joint ventures
 - ITCG review of the full modelling of the Amendments

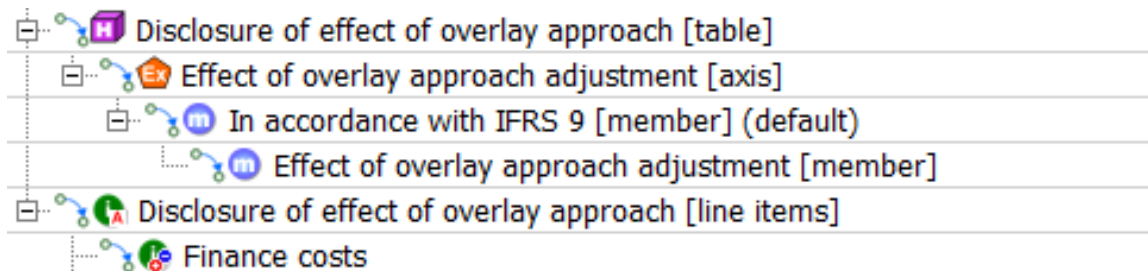
Summary of ITCG suggestions from June 2016

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Summary of June 2016 meeting

In accordance with the **ITCG suggestions** from the face-to-face meeting in **June 2016**, we will:

- 1) include the elements for which there is **no early application** in the annual **IFRS Taxonomy 2018 files**
- 2) create an **'effect of overlay approach adjustment'** axis and member to be used with existing line items from the entity's statement of profit or loss



Disclosures for associates and joint ventures

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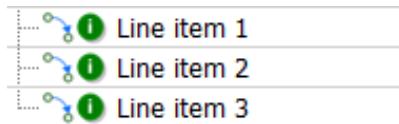
Disclosures for associates and joint ventures

- The Amendments to IFRS 4 require approximately **40 line items** to be created:
 - 25 for disclosures about the temporary exemption from IFRS 9
 - 15 for disclosures about the overlay approach
- These items are to be **disclosed**:
 - for the **insurer's consolidated financial statements** and
 - for **each of the associates and joint ventures**, if equity method is used and the financial information of those entities is prepared using the temporary exemption from IFRS 9 or the overlay approach

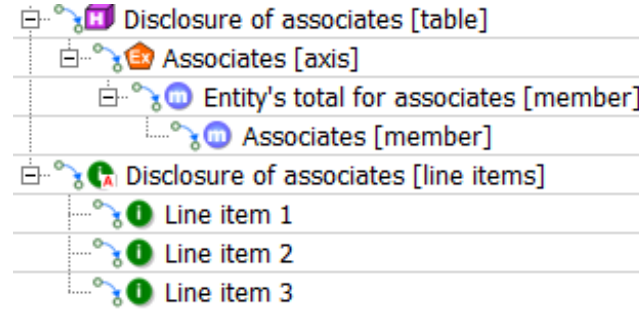
Modelling option 1

Create separate sections/tables in the Taxonomy for each type of entity:

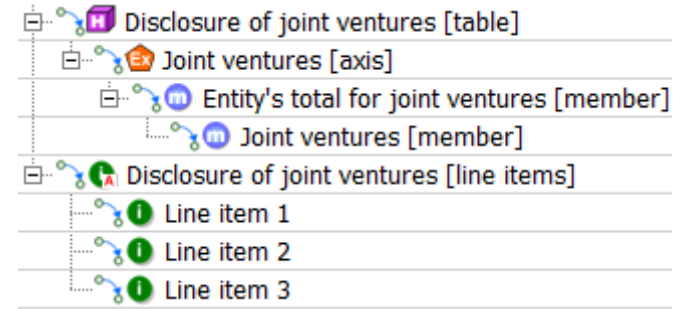
Insurer



Associates



Joint ventures



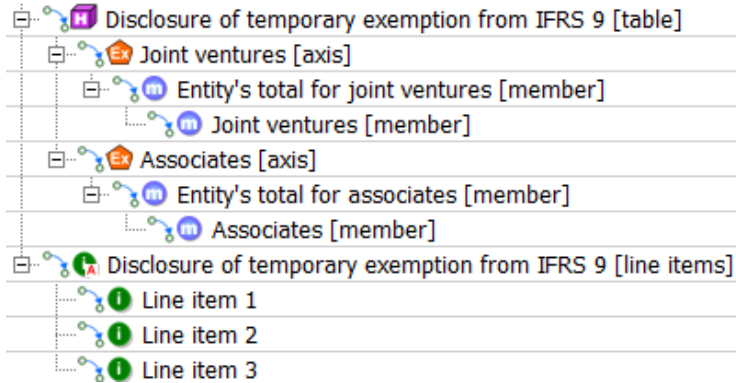
Advantages:

- modelling consistent with IFRS 12 (the same axes used to report A and JV data)
- reporting of consolidated data apparent from the presentation linkbase

Disadvantage – repetition of line items in the presentation and definition linkbase

Modelling option 2

Create one table with both currently available axes:



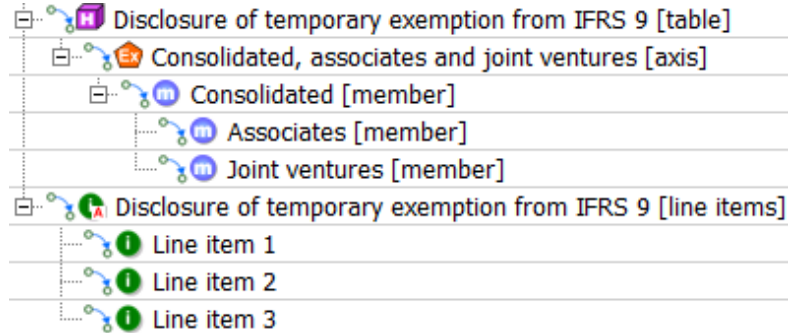
Advantage – no repetition of line items in the presentation and definition linkbase

Disadvantages:

- reporting of consolidated data not apparent from the presentation linkbase (default members on both axes to be used)
- axes not orthogonal (all members could be placed on one axis)

Modelling option 3

Create one table with a new axis:



Advantages:

- no repetition of line items in the presentation and definition linkbase
- reporting of consolidated data more apparent

Disadvantages:

- modelling inconsistent with IFRS 12 (different axis used to report A and JV data)
- potential trouble identifying which extension members are A and which are JV (if the IFRS Taxonomy total elements are not used in hierarchy)

- The IFRS Taxonomy team view's are **split between option 1 and 2**.
- We think that:
 - **option 3** is inconsistent with IFRS 12 modelling, therefore it **should be avoided**. At the same time, it remains a **viable option** if the modelling of IFRS 12 disclosures was to be changed **in the future**
 - **option 2 might cause confusion** for preparers using the Taxonomy, because consolidated data is required to be reported in defaults of all axes in the table. It should not however cause any confusion for users of tagged data.
 - **option 1 is rather lengthy**, however it is consistent with IFRS 12 modelling and more intuitive for preparers of financial statements

Questions to the ITCG

- Which option do you prefer?
- Why?
- Are there any other viable options that were not mentioned?

ITCG review – full modelling

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- The full modelling is made available to the ITCG members as an **Excel file**, with the **same structure as an ITI file** (including references and element properties)
- **Comments to be submitted until 29 July 2016**
- The **review time**, in accordance with the Due Process, is **aligned with the external review** of the draft Amendments by other reviewers
- **ITCG comments** will be **taken into account** not only by the Taxonomy team, but also by the Board when issuing the final Amendments

Thank you

