

# AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

Sao Paolo November 2017

**Agenda ref 1D**

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## Implementation activities for the insurance contracts Standard

### Purpose

1. We updated the Due Process Oversight Committee (DPOC) on the planned implementation activities for the new insurance contracts Standard—IFRS 17 at its January 2017 (see Agenda Paper 1D) and May 2017 meetings (see Agenda Paper 1C). IFRS 17 was issued on the 18 May 2017.
2. Since the May 2017 DPOC meeting we have undertaken the implementation activities outlined in those papers. Accordingly, we are providing a further update on the implementation support for IFRS 17 for the DPOC’s information and note. A similar update was provided to the IFRS Advisory Council at its October 2017 meeting.

### IFRS 17 Implementation support

3. At the previous DPOC meetings, we outlined our plans to support the implementation of IFRS 17. The following table summarises how we have carried out those plans.

<b>Planned implementation support (communicated previously to the DPOC)</b>	<b>Status—as at 30 September 2017</b>
(a) Supporting and explanatory materials together with the new Standard (Basis for Conclusions, Illustrative Examples, Effects	These materials were published when IFRS 17 was issued.

<b>Planned implementation support (communicated previously to the DPOC)</b>	<b>Status—as at 30 September 2017</b>
Analysis, Project Summary and Feedback Statement)	
(b) A webpage that consolidates information about our implementation activities on the date IFRS 17 is issued, similar to what has been done for other recently issued Standards	This webpage ( <a href="http://go.ifrs.org/IFRS-17-implementation">go.ifrs.org/IFRS-17-implementation</a> ) was live on the date IFRS 17 was issued.
(c) A webcast introducing the new Standard, and a series of webcasts focusing on specific areas of the Standard	There have been 7 webcasts published on the website, including introductory webcasts. We are planning further webcasts.
(d) Supporting materials for investors, including meetings and articles	<p>There have been 45 discussions with investors and analysts to illustrate the information that IFRS 17 will provide to users of financial statements compared to today. In total we have met with 250 investors and analysts.</p> <p>We co-hosted a live webinar with the Canadian Accounting Standards Board on IFRS 17 tailored to investors. The recording of this webinar is available on the website.</p> <p>We have published Issue No. 4 of <i>The Essentials</i>—Busting insurance jargon—on our website. Each issue of the <i>Essentials</i> aims to provide an overview of how a specific Standard, in this case</p>

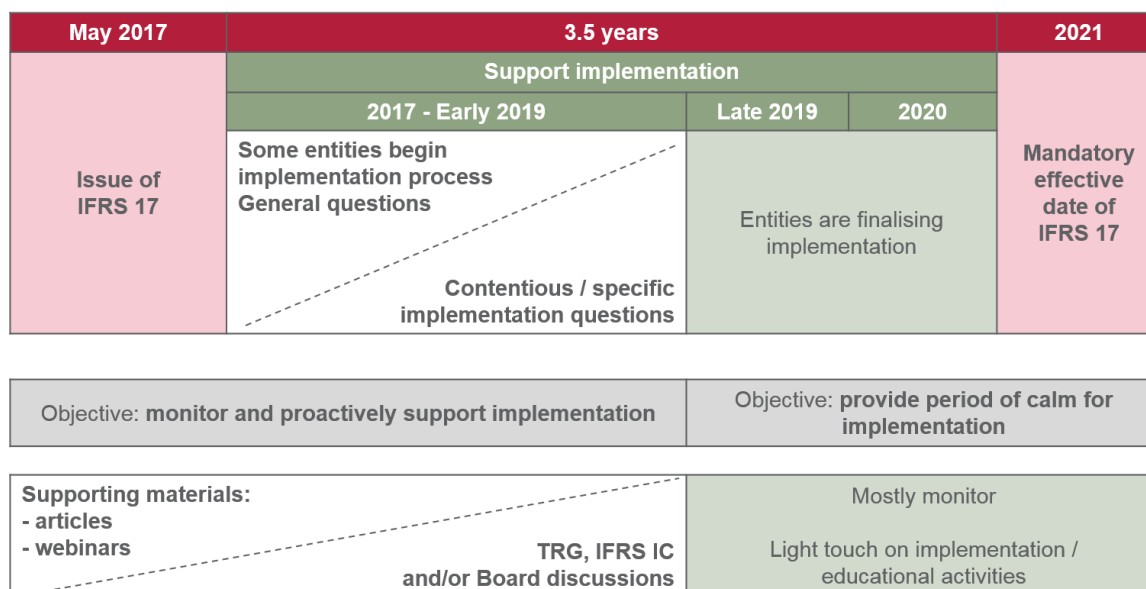
<b>Planned implementation support (communicated previously to the DPOC)</b>	<b>Status—as at 30 September 2017</b>
	<p>IFRS 17, is relevant to financial-statement analysis.</p> <p>We are planning further educational activities.</p>
(e) Educational support for regulators and national standard-setters	<p>Two live webinars tailored to national standard-setters were held in May 2017. We have also presented at events arranged by national standard-setters and presented two sessions at the September 2017 world standard-setters conference.</p> <p>We have presented at a prudential regulatory conference and have met several times with prudential and securities regulators on IFRS 17.</p>
(f) Sessions at conferences focusing on the implementation of IFRS 17 and meetings with those who will be, or are involved in, implementing IFRS 17	<p>We have offered a half-day workshop on IFRS 17 at all IFRS Foundation conferences this year.<sup>1</sup> We have also presented on IFRS 17 at numerous third-party conferences and events.</p>
(g) A dedicated email inbox for implementation questions on the website. While we do not offer a technical enquiry service, such questions are a useful way of monitoring IFRS 17 implementation and may result in further action. For	<p>This dedicated IFRS 17 implementation email was made available on the IFRS 17 implementation webpage on the day IFRS 17 was issued.</p>

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<sup>1</sup> We did not proceed with the workshop at the IFRS Foundation Dubai conference due to insufficient participants.

<b>Planned implementation support (communicated previously to the DPOC)</b>	<b>Status—as at 30 September 2017</b>
example, a webinar or discussion at the transition resource group	
(h) Establishment of the IFRS 17 transition resource group (TRG)	The TRG has been established. Further details are provided in paragraphs 5-14

4. The following diagram, which has been discussed with the DPOC previously, illustrates how we intend to tailor implementation support based on how we expect entities to approach implementation of IFRS 17.



## Transition resource group

### Objective

5. Taking into account the advice we have received from the IFRS Advisory Council<sup>2</sup> and our previous experience of other transition resource groups, we have established a transition resource group with the following objectives:

<sup>2</sup> In October 2016 the staff sought the advice of the IFRS Advisory Council in relation to the ways to support the implementation of IFRS 17 and this was reported in Agenda Paper 1D at the January 2017 DPOC meeting.

- (a) to provide a public forum for stakeholders to follow the discussion of questions raised on implementation.
  - (b) to inform the Board in order to help the Board determine what, if any, action will be needed to address those questions.
6. Transition resource groups are not part of our formal due process and do not issue authoritative guidance. Our previous experience with existing transition resource groups is that they can be an effective way of:
- (a) supporting the implementation of new requirements which are complex by discussing those requirements in a public forum and therefore allowing stakeholders another way of understanding how those requirements should be implemented; and
  - (b) informing the Board of emerging implementation questions.
7. In the light of the implementation questions received and/or the discussion at the TRG, the Board could decide that a question should be addressed further. Possible actions could include providing supporting materials such as webinars or case studies, and/or discussing the question in a Board and/or IFRS Interpretations Committee meeting. For some questions, further standard-setting action may be warranted. We note, however, that some standard-setting action may be disruptive to the implementation of the Standard, especially to early implementers, because a stable implementation period is necessary for preparers to implement the Standard efficiently. We therefore need to balance carefully the costs and benefits of any standard setting.

### ***Membership***

8. At the May 2017 DPOC meeting, we shared with you our plans, which were consistent with the objectives of the TRG, to have members of the group with the following characteristics:
- (a) capable of making a positive contribution by having expertise, skills or practical knowledge related to insurance accounting and different types of insurance products, and be directly involved in the implementation of IFRS 17;

- (b) open-minded towards different perspectives and have the ability to participate in a free exchange of ideas in English; and
  - (c) appointed in their personal capacity. No substitutions will be accepted if, or when, a member is unable to attend.
9. Indications of interest in being a member of the group were sought publicly through a notice on our website when IFRS 17 was issued and which remained open for two and a half months. To ensure visibility, the call for members was referenced in the press release announcing the issuance of IFRS 17.
10. We received many high-quality applications. As discussed previously at the DPOC, a group that is limited in size is likely to have a more effective discussion and debate on complex technical questions than would be the case with a larger group. Accordingly, we explained at the DPOC that we were seeking 13 members and 3 members with observer status. Based on the characteristics of the expected group's members, we intended that the 13 members would be both preparers (7 in number) and accounting firms (6 in number) who have begun, or are involved in, the process of implementing IFRS 17 relatively early compared to the overall population of implementers. The three members with observer status would be sought from prudential and securities regulators. In addition, we explained that we were seeking to achieve a geographical balance along with a membership with practical and direct knowledge of the ongoing implementation of IFRS 17 across a variety of insurance product types. It was also noted in discussions with the Trustees that we should consider the ability of members to interact with other industry participants.
11. After considering the applications for membership and the objectives discussed above, we decided to increase the membership of the TRG to 15 from the previously discussed number of 13. This was done by increasing the preparer members from 7 to 9. Further details of the membership of the TRG are provided in the Appendix. These details were communicated to DPOC members previously via email.

## **Meetings**

12. We previously discussed with the DPOC at its May 2017 meeting our plans on the schedule of the TRG meetings. We thought it was important not to hold the first meeting immediately after the issuance of IFRS 17 to allow an initial period for interested parties to become more familiar with the requirements in the Standard.
13. Accordingly, we have announced publically on our website the following dates for the 2017 and 2018 TRG meetings:
  - (a) The first meeting, which will be administrative and focus on how the group will operate, is on 13 November 2017 via teleconference.
  - (b) Four face-to-face meetings are planned for 2018, one in every quarter. We have built in flexibility to extend the length of these meetings from one to two days.

All meetings will be in in public and webcast live, and after the meeting, recordings will be available on our website.

14. We will look at whether we need to schedule a meeting or meetings in the first half of 2019 based on the level of questions that are being received. As explained previously, we do not envisage having meetings of the transition resource group in the 18 months prior to the effective date of IFRS 17. Experience has shown that a stable implementation period is necessary for preparers to implement the Standard efficiently. During that period we expect implementation activities to be in a monitoring phase (see the diagram in paragraph 4).

## Appendix: Membership of the TRG

15. The members of the TRG include financial-statement preparers and auditors with both practical and direct knowledge of implementing IFRS 17.

<b>Member</b>	<b>Organisation</b>	<b>Job title</b>
Vasilka L Bangeova	Grant Thornton UK LLP	Director, head of insurance technical
Laurent Cholvy	AXA	Group head of accounting norms and actuarial reporting
Jo Clube	Aviva plc	Technical accounting director
Anne Driver	QBE Insurance Group	Group head of finance policy and assurance
Sai-Cheong Foong	AIA Group Limited	Group chief actuary
Jens Freiberg	BDO AG Wirtschaftsprüfungsgesellschaft	Partner, head of accounting advisory group
Kevin Griffith	EY	Global IFRS insurance leader
Francesco Nagari	Deloitte	Global IFRS insurance leader
Jeong Hyeok Park	Samsung Life Insurance	General manager
Roman Sauer	Allianz SE	Head of group accounting and reporting
Lesley Thomson	Sun Life Financial	Vice president and deputy chief actuary
Massimo Tosoni	Assicurazioni Generali SpA	Head of group accounting policy and reporting
Mary Helen Trussell	KPMG	Partner and global leader, insurance change
Gail Tucker	PricewaterhouseCoopers	Lead global accounting technical partner responsible for insurance
Ying (Sally) Wang	China Pacific Life Insurance Co Ltd	Deputy general manager and chief financial officer



16. An additional three members with observer status represent international security regulators, insurance supervisors and actuarial organisations:

<b>Observer</b>	<b>Organisation</b>
William C. Hines	International Actuarial Association
Thorsten Melcher	International Organization of Securities Commissions
Kallol Sen	International Association of Insurance Supervisors

17. The board members on the TRG are: Martin Edelmann (chair of the TRG), Sue Lloyd and Darrel Scott. In addition, IASB staff are also participating at the TRG meetings.