



IFRS 17

Insurance Contracts

Accounting Standards Advisory Forum meeting
December 2018
ASAF Agenda Paper 4

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

Concerns and implementation challenges

- At its October 2018 meeting, the Board decided on criteria for evaluating possible changes to IFRS 17¹ (see slide 4)
- Agenda Paper 2D for the October 2018 Board meeting:²
 - sets out an overview, by topic, of the main concerns and implementations challenges raised by stakeholders about the requirements in IFRS 17
 - includes staff preliminary thoughts on whether IFRS 17 could be amended to address those topics in a way that meets those criteria

¹ Refer to October 2018 IASB Update: <https://www.ifrs.org/news-and-events/updates/iasb-updates/october-2018/#4>

² Agenda Paper 2D for the October 2018 Board meeting is available here: <https://www.ifrs.org/-/media/feature/meetings/2018/october/iasb/ap02d-ifrs17.pdf>

Possible topics to explore

- For the following topics the staff preliminary thoughts in Agenda Paper 2D for the October 2018 Board meeting indicate that it might be possible to amend IFRS 17 in a way that meets the criteria set by the Board (see slide 4)

1

Scope of IFRS 17
Loans and other forms of credit
that transfer insurance risk

3

Acquisition cash flows for
renewals outside the contract
boundary

7

Contractual service margin:
coverage units in the general
model

12

Reinsurance contracts held: initial
recognition when underlying
insurance contracts are onerous

15

Separate presentation of groups
of assets and groups of liabilities

24

Transition
Modified retrospective approach:
further modifications

Criteria for evaluating possible changes

- Board's tentative decisions made in October 2018
 - demonstrate a need for the amendment
 - consider only possible amendments that meet the following criteria

1 Avoid significant loss of useful information for users

Relevance and
faithful
representation

Comparability

Consistency

Understandability

2 Not unduly disrupt implementation processes under way

Not risk undue delays in the effective date of IFRS 17

Questions for ASAF members

- Do you have any suggestions on how the Board could address the topics on slide 3 in a way that meets the criteria in slide 4, and consistent with the basis for the Board's decisions in the development of IFRS 17?

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