

STAFF PAPER

May 2019

IASB[®] meeting

Project	Amendments to IFRS 17 <i>Insurance Contracts</i>		
Paper topic	Cover note		
CONTACT(S)	Andrea Pryde	apryde@ifrs.org	+44 (0)20 7246 6491

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS[®] Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB[®] *Update*.

Introduction

1. In April 2019, the International Accounting Standards Board (Board) gave permission for the staff to begin the balloting process for an Exposure Draft of proposed amendments to IFRS 17 *Insurance Contracts*. That Exposure Draft will propose 12 targeted amendments to IFRS 17 in eight areas.
2. At this meeting, the staff conclude the planned deliberations before the Exposure Draft is issued. The topics for this meeting comprise:
 - (a) An update on the discussions of the **Transition Resource Group for IFRS 17 *Insurance Contracts* (TRG)** meeting, held on 4 April 2019:
 - (i) Agenda Paper 2A *Summary of the Transition Resource Group for IFRS 17 Insurance Contracts meeting held on 4 April 2019*; and
 - (ii) Agenda Paper 2B *Transition Resource Group for IFRS 17 submissions log as at 22 March 2019*.
 - (b) **Additional technical issues** for the Board to consider before finalising the Exposure Draft that:
 - (i) are consequential to issues that the Board has previously discussed; and
 - (ii) have been identified through stakeholder feedback, TRG discussions or when drafting the Exposure Draft, as discussed in Agenda Paper 2C *Sweep issues*.

- (c) The **comment period for the forthcoming Exposure Draft**, discussed in Agenda Paper 2D *Comment period for Exposure Draft Amendments to IFRS 17*.

Summary of staff recommendations

- 3. In Agenda Paper 2C, the staff recommend the Board:
 - (a) revise its tentative decision to establish in IFRS 17 that an investment-return service exists only when an insurance contract includes an investment component, to instead specify that an investment-return service exists in specified circumstances, sometimes without an investment component;
 - (b) amend paragraph 103 of IFRS 17 to clarify that, in the reconciliation from the opening to the closing balance of the insurance contract liabilities, an entity need not disclose refunds of premiums separately; and
 - (c) amend paragraph B123(a) of IFRS 17 to clarify that changes resulting from cash flows of amounts lent to customers and waivers of amounts lent to customers are excluded from insurance revenue.
- 4. The staff also recommend the Board not amend IFRS 17 or the Basis for Conclusions on IFRS 17 regarding the considerations for mutual entities issuing insurance contracts.
- 5. In Agenda Paper 2D, the staff recommend the Board set a comment period of 90 days for the Exposure Draft of proposed amendments to IFRS 17, following approval from the Due Process Oversight Committee on 23 April 2019.

Next steps

- 6. The staff expect that the Exposure Draft of proposed amendments to IFRS 17 will be published at the end of June 2019.
- 7. At present, no further TRG meetings are scheduled. A TRG meeting may be scheduled in the future depending on the nature of any new submissions and whether discussion of those submissions would provide helpful education to stakeholders at this stage of implementing IFRS 17, without disrupting implementation processes under way.