IFRS Accounting

Staff paper

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IFRS® Interpretations Committee meeting

Date	**September 2023**
Project	**Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)**
Topic	**Comments on tentative agenda decision**
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Introduction

1. In March 2023, the IFRS Interpretations Committee (Committee) published a tentative agenda decision in response to requests about how an entity that issues insurance contracts (insurer) applies the requirements in IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* to premiums receivable from an intermediary.

2. The objectives of this paper are to:

   (a) analyse comments on the tentative agenda decision; and

   (b) ask the Committee whether it agrees with our recommendation to finalise the agenda decision.

Structure of the paper

3. This paper includes:

   (a) background;

   (b) comment letter summary;

   (c) staff analysis;

(d) staff recommendation; and

(e) questions to the Committee.

4. The appendix to this paper includes the proposed wording of the final agenda decision.

Background

5. An intermediary acts as a link between an insurer and a policyholder to arrange an insurance contract between them. In the fact pattern described in the request, the policyholder has paid in cash the premiums to the intermediary, but the insurer has not yet received in cash the premiums from the intermediary. The agreement between the insurer and the intermediary allows the intermediary to pay the premiums to the insurer at a later date.

6. When the policyholder paid the premiums to the intermediary, the policyholder discharged its obligation under the insurance contract and the insurer is obliged to provide insurance contract services to the policyholder. If the intermediary fails to pay the premiums to the insurer, the insurer does not have the right to recover the premiums from the policyholder, or to cancel the insurance contract.

7. The requests asked whether, in the submitted fact pattern, the premiums receivable from the intermediary are future cash flows within the boundary of an insurance contract and included in the measurement of the group of insurance contracts applying IFRS 17 or are a separate financial asset applying IFRS 9. The requests set out two views.

8. Under the first view (View 1), the insurer determines that the premiums receivable from the intermediary are future cash flows within the boundary of an insurance contract. Applying View 1, when the policyholder pays the premiums to the intermediary:

(a) for a group of contracts to which the premium allocation approach does not apply, the insurer continues to treat the premiums receivable from the intermediary as future cash flows within the boundary of an insurance contract and, applying IFRS 17, include them in the measurement of the group of insurance contracts until recovered in cash; and

(b) for a group of contracts to which the premium allocation approach does apply, the insurer does not increase the liability for remaining coverage—it does so only when it recovers the premiums in cash from the intermediary.

9. Under the second view (View 2), because the payment by the policyholder discharges its obligation under the insurance contract, the insurer considers the right to receive premiums from the policyholder to be settled by the right to receive premiums from the intermediary. The insurer therefore determines that the premiums receivable from the intermediary are not future cash flows within the boundary of an insurance contract but, instead, a separate financial asset. Applying View 2, when the policyholder pays the premiums to the intermediary:

(a) for a group of contracts to which the premium allocation approach does not apply, the insurer removes the premiums from the measurement of the group of insurance contracts and, applying IFRS 9, recognises a separate financial asset; and

(b) for a group of contracts to which the premium allocation approach does apply, the insurer increases the liability for remaining coverage and, applying IFRS 9, recognises a separate financial asset.

10. The Committee observed that:

(a) IFRS 17 is the starting point for an insurer to consider how to account for its right to receive premiums under an insurance contract. Paragraph 33 of IFRS 17 requires an insurer to include in the measurement of a group of insurance contracts an estimate of all the future cash flows within the boundary of each contract in the group. Paragraph B65 of IFRS 17 explains that cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract, including premiums from a policyholder. That paragraph does not distinguish between premiums to be collected directly from a policyholder and premiums to be collected through an intermediary. In applying IFRS 17, premiums from a policyholder collected through an intermediary is therefore included in the measurement of a group of insurance contracts.

(b) IFRS 17 is silent on whether future cash flows within the boundary of an insurance contract are removed from the measurement of a group of insurance contracts only when these cash flows are recovered or settled in cash. In the fact pattern described in the requests, the insurer has not recovered the premiums in cash, but the policyholder has discharged its obligation under the insurance contract.

11. The Committee concluded that, because IFRS 17 is silent on when future cash flows within the boundary of an insurance contract are removed from the measurement of a group of insurance contracts, in the fact pattern described in the requests, an insurer could account for premiums paid by a policyholder and receivable from an intermediary applying either IFRS 17 or IFRS 9.

12. In light of its analysis, the Committee considered whether to recommend that the International Accounting Standards Board (IASB) considers adding a standard-setting project on the interaction between IFRS 17 and IFRS 9 to its work plan. The Committee noted that any such project would involve assessing whether changes to the Standards would have unintended consequences. This assessment may take considerable time and effort to complete because it would involve, among other steps, analysing a broad range of contracts (not only those set out in the fact pattern described in the requests).

13. The Committee also considered the implications of both views for information about credit risk. The Committee observed IFRS 17 and IFRS 9 deal differently with the measurement, presentation and disclosure of expected credit losses from an intermediary. Depending on which view (View 1 or View 2) an insurer applies, the

insurer is required to apply all the measurement and disclosure requirements in the applicable IFRS Accounting Standards. Therefore, an insurer applies either IFRS 17 (including paragraph 131 that requires disclosure of information about the credit risk that arises from contracts within the scope of IFRS 17) or IFRS 9 (and the requirements in IFRS 7 *Financial Instruments: Disclosures*) to the premiums receivable from an intermediary. The Committee observed that the application of either View 1 or View 2 when accounting for premiums paid by a policyholder and receivable from an intermediary would provide users of financial statements with useful information based on the requirements in IFRS 17 or IFRS 9.

14. Consequently, the Committee tentatively concluded that a project would not result in an improvement in financial reporting that would be sufficient to outweigh the costs. The Committee therefore decided not to recommend that the IASB considers adding a standard-setting project to its workplan and, instead, published the tentative agenda decision.

Comment letter summary

15. We received 16 comment letters by the comment letter deadline. All comments received, including any late comment letters, are available on our website.[1] This paper includes an analysis of the comment letters received by the comment letter deadline. We reproduce these comment letters in Agenda Paper 3A.

16. Feedback from the 16 respondents can be grouped as follows:

    (a) fourteen respondents agreed with the Committee's conclusion not to recommend that the IASB considers adding a standard-setting project to its workplan;

    (b) one respondent says, rather than finalising the agenda decision, the Committee needs to reconsider whether to refer the matter to the IASB; and

[1] At the date of posting this paper, there was one late comment letter.

(c) one respondent does not disagree with the Committee's conclusion that the Committee does not refer the matter to the IASB, but says, in their view, only View 2 is the appropriate accounting treatment for the submitted fact pattern.

17. Our analysis includes more detail about respondents' comments.

Staff analysis

18. This section analyses respondents' comments about:

(a) the technical analysis in the tentative agenda decision;

(b) whether the Committee recommends that the IASB considers adding a standard-setting project to its workplan; and

(c) matters unrelated to the tentative agenda decision.

Technical analysis in the tentative agenda decision

Respondents' comments

19. Fifteen respondents agree (or do not disagree) with the technical analysis in the tentative agenda decision. Particularly:

(a) the German Insurance Association (GDV) agrees IFRS 17 is the starting point for an insurer to consider how to account for its right to receive premiums under an insurance contract. In applying IFRS 17, premiums from a policyholder collected through an intermediary is included in the measurement of a group of insurance contracts.

(b) GDV, the Saudi Organization for Chartered and Professional Accountants (SOCPA) and the Institute and Faculty of Actuaries (IFoA) agree IFRS 17 is silent on whether future cash flows within the boundary of an insurance contract are removed from the measurement of a group of insurance contracts only when these cash flows are recovered or settled in cash.

(c) GDV, the European Insurance CFO Forum, and the Group of Latin American Standards Setters (GLASS) agree when payment by the policyholder discharges the policyholder's obligation under the insurance contract, an insurer can apply either View 1 (IFRS 17) or View 2 (IFRS 9).

(d) GDV agrees that depending on which view an insurer applies, it is required to apply all the measurement and disclosure requirements in the applicable IFRS Accounting Standards.

20. GLASS—agreeing with the Committee's conclusion that either View 1 or View 2 is permissible—expresses a preference for View 2 because, in their view, the risk inherent in the recovery of the receivable is more clearly associated with the intermediary than with the cash flows attributable to the insurance contracts pending collection.

21. On the other hand, the Institute of Chartered Accountants of India (ICAI) is of the view that applying IFRS 9 (View 2) is the only appropriate accounting treatment. In India insurance companies are governed by the Insurance Act and Regulations. The intermediary is appointed by the insurer and acts as his agent. Therefore, in accordance with the Insurance Act, all funds collected by intermediary needs to be remitted to the insurer within a specified time. The policyholder has discharged its obligation under the insurance contract and the insurer is legally obliged to provide insurance contract services to the policyholder as soon as the premium is paid by the policyholder to the intermediary. ICAI is, therefore, of the view that the premiums receivable from an intermediary represents a separate financial asset within the scope of IFRS 9. The insurer's right to receive premiums from an intermediary is a separate right and does not arise under an insurance contract with the policyholder but arises from a service agreement between the insurer and the intermediary.

Respondents' suggestions

22. Some respondents suggest clarifications or additions to the technical analysis in the final agenda decision. The comments can be grouped under: (i) accounting policy; (ii) scope; and (iii) disclosure.

Accounting policy

23. Allianz, GDV, the European Securities and Markets Authority (ESMA) and IFoA (respondents that agree with the technical analysis) recommend (directly or indirectly) that the Committee clarifies that whether an insurer applies IFRS 17 or IFRS 9 is an accounting policy choice.

24. SOCPA—agreeing with the Committee's conclusion that either View 1 or View 2 is permissible—says it will, along with the involvement of all stakeholders in Saudi Arabia, continue to review this matter and will evaluate based on future experience if standardization in the Saudi Arabia insurance sector on this matter is deemed necessary.

25. On the other hand, ICAI says that whether an insurer applies IFRS 17 or IFRS 9 should not be left as an accounting policy choice. If the Committee concludes to finalise the agenda decision, the agenda decision needs to include guidance about the circumstances under which each view would be acceptable.

Scope

26. Mazars says the final agenda decision needs to clarify:

    (a) whether the Committee's technical analysis applies equally to insurance contracts measured under the PAA.

    (b) whether an insurer applies either IFRS 17 or IFRS 9 consistently to both premiums receivable from, and claims payable to, an intermediary. For example, if an insurer applies IFRS 9 to premiums receivable from an intermediary, the obligation to reimburse the intermediary for claims the intermediary has already paid to the policyholder need also be presented as an IFRS 9 financial liability rather than as part of the liability for incurred claims under IFRS 17.

Disclosure

27. ESMA says, because the two views are permissible (and the Committee tentatively concluded not to recommend that the IASB consider adding a standard-setting project to its workplan), the agenda decision would benefit from clarifying that insurers need to provide disclosures on the view they have adopted. In ESMA's view, such disclosure would enhance comparability of financial information between different entities. ESMA specifically mentions:

(a) paragraphs 117–117E of IAS 1 *Presentation of Financial Statements* that requires the insurer to disclose material accounting policy information. An insurer may need to disclose, if material, its selected accounting policy to account for premiums receivable from an intermediary.

(b) if an insurer applies IFRS 17, paragraphs 122–132 of IFRS 17 and specifically the credit risks disclosure requirements in paragraph 131 of IFRS 17.

(c) if an insurer applies IFRS 9, the relevant disclosure requirements in IFRS 7. Because the scope of IFRS 7 excludes 'insurance contracts as defined in IFRS 17', ESMA says the agenda decision needs to clarify that if an insurer applies IFRS 9, the premiums receivable is subject to all the relevant disclosure requirements of IFRS 7.

Staff analysis

28. We continue to agree with the Committee's technical analysis in the tentative agenda decision. For the reasons listed in paragraph 19 above, we continue to be of the view that IFRS Accounting Standards do not prohibit an insurer from either applying IFRS 17 or IFRS 9. We did not identify from ICAI's comments summarised in paragraph 21 matters that the Committee have not already considered.

Respondents' suggestions

29. Considering the feedback, we recommend that the Committee amend the final agenda decision:

(a) to focus on the key reasons of the technical analysis as listed in paragraph 19 of this paper.

(b) to clarify that in accounting for premiums receivable from an intermediary, when payment by the policyholder discharges the policyholder's obligation under the insurance contract, an insurer develops and applies an accounting policy that determines when cash flows are removed from the measurement of a group of insurance contracts. The insurer could determine that cash flows are removed when the cash flows are recovered or settled in cash (View 1) or when the obligation under the insurance contract is discharged (View 2).

(c) to include a reference to the requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* that an accounting policy results in information that is relevant and reliable and is applied consistently for all similar transactions.

30. In our view, the Committee does not need to amend the final agenda decision:

(a) to include guidance about the circumstances under which each view would be acceptable. Paragraph 8.4 of the *Due Process Handbook* says agenda decisions (including any explanatory material contained within them) cannot add or change requirements in IFRS Accounting Standards. As noted by the Committee in the tentative agenda decision, IFRS 17 is silent on whether future cash flows within the boundary of an insurance contract are removed from the measurement of a group of insurance contracts only when these cash flows are recovered or settled in cash. Adding guidance to the final agenda decision about the circumstances under which each view would be acceptable would, in our view, add to the existing requirements in IFRS Accounting Standards.

(b) to clarify further whether the technical analysis and conclusion applies equally to insurance contracts measured under the PAA. The tentative agenda decision, when describing View 1 and View 2, already explains the effects of applying both views to insurance contracts measured under the PAA. In our view, no additional analysis for contracts measured under the PAA is required.

(c) to opine on how the technical analysis and conclusion applies to other fact patterns, for example claims payable to intermediaries. Paragraph 8.4 of the *Due Process Handbook* says explanatory material in an agenda decision explains how the applicable principles and requirements in IFRS Accounting Standards apply to the transaction or fact pattern described in the agenda decision. Paragraph 8.6 of the *Due Process Handbook* acknowledges that explanatory material may provide additional insights that might change an entity's understanding of the principles and requirements in IFRS Accounting Standards. These insights may lead the insurer to evaluate its accounting policies on transactions or fact patterns not directly addressed in the agenda decision.

(d) to add further references to, or explanations of, disclosure requirements in IFRS Accounting Standards. The tentative agenda decision already says: 'The Committee considered that, depending on which view (View 1 or View 2) an insurer applies, it is required to apply all the measurement and disclosure requirements in the applicable IFRS Accounting Standards…an insurer applies either IFRS 17 (including paragraph 131 that requires disclosure of information about the credit risk that arises from contracts within the scope of IFRS 17) or IFRS 9 (and the requirements in IFRS 7 *Financial Instruments: Disclosures*) to the premiums receivable from an intermediary.'

Conclusion

31. Based on our analysis in paragraph 28–30, we continue to agree with the Committee's technical analysis in the tentative agenda decision, subject to the changes described in paragraph 29. The appendix to this paper includes the proposed wording of the final agenda decision.

Whether to recommend that the IASB considers adding a standard-setting project to its work plan

Respondents' comments

32. Fifteen respondents agree (or does not disagree) that the Committee does not recommend that the IASB considers adding a standard-setting project to its workplan. Particularly:

(a) the Association of British Insurers (ABI), Allianz, the Australian Accounting Standards Board (AASB), GDV, the European Insurance CFO Forum, Deloitte, QBE, ESMA and GLASS agree a standard-setting project that addresses the matter in the requests would not result in an improvement in financial reporting that would be sufficient to outweigh the costs;

(b) the European Insurance CFO Forum, QBE and ESMA agree a standard-setting project would involve assessing whether changes to the Standards would have unintended consequences; and that assessment may take considerable time and effort to complete; and

(c) AASB, GDV and the European Insurance CFO Forum say a standard-setting project so close to the effective date of IFRS 17 might unduly disrupt implementation projects.

33. The Institute of Indonesia Chartered Accountants (IAI) says, rather than finalising the agenda decision, the Committee needs to reconsider whether to refer the matter to the IASB for standard-setting. The IAI is of the view that, because the fact pattern is widespread, allowing an accounting policy choice degrades comparability and understandability of the industry financial statements, even if additional disclosures are provided.

Respondents' suggestions

34. Deloitte says the penultimate sentence of the tentative agenda decision which states why the request was not added to Committee's agenda (a project would not result in

an improvement in financial reporting that would be sufficient to outweigh the costs) needs to be more closely aligned with the criteria established in paragraph 5.16 of the *Due Process Handbook*.

Staff analysis

35. We agree with IAI, and the evidence reported in Agenda Paper 4 of the Committee's March 2023 meeting also supports, that the matter has widespread effect and has, or is expected to have, a material effect on those affected (paragraph 5.16(a) of the *Due Process Handbook*).

36. For the Committee to recommend a standard-setting project to the IASB, it however also needs to consider whether the matter is sufficiently narrow in scope that the IASB or the Committee can address it in an efficient manner, but not so narrow that it is not cost-effective for the IASB or the Committee and stakeholders to undertake the due process required to change a Standard (paragraph 5.16(d) of the *Due Process Handbook*). In order to address the matter in the fact pattern, a standard-setting project would need to consider when future cash flows within the boundary of an insurance contract are removed from the measurement of a group of insurance contracts. A standard-setting project would involve assessing whether changes to the Standards would have unintended consequences. This assessment may take considerable time and effort to complete because it would involve, among other steps, analysing a broad range of contracts (not only those set out in the fact pattern described in the requests). Additionally, the tentative agenda decision explains that the Committee does not expect a standard-setting project to be cost-efficient—that is, the expected incremental financial reporting benefits of standard-setting do not outweigh the time and effort it will take to develop applicable requirements. Therefore, the matter would not be sufficiently narrow in scope that the IASB or the Committee can address it in an efficient manner. In our view, the criterion in paragraph 5.16(d) of the *Due Process Handbook* is not met.

Respondents' suggestions

37. The tentative agenda decision says: 'Consequently, the Committee concluded that a project would not result in an improvement in financial reporting that would be sufficient to outweigh the costs.' Even though we are of the view that this sentence adequately reflects the Committee's conclusion, we agree that the sentence refers to the exact words used in paragraph 15.6(d) of the *Due Process Handbook*. The appendix to this paper includes the proposed wording of the final agenda decision.

Conclusion

38. Based on our analysis in paragraphs 35–37, we continue to agree with the Committee's conclusion in the tentative agenda decision, subject to the changes described in paragraph 37, not to recommend that the IASB considers adding a standard-setting project to its work plan and, instead, finalising the agenda decision.

Matters unrelated to the tentative agenda decision

Respondents' comments

39. GDV and IFoA—who agree with the Committee's analysis and conclusions in the tentative agenda decision—encourage the Committee to continue to consider the potential disruptive effects of agenda decisions on entities' IFRS 17 implementation projects. These respondents (as well as the European Insurance CFO Forum) support the Committee's outreach with members of the Transition Resource Group for IFRS 17. GDV also suggests if significant matters or divergent practices arise in future, the IASB consider them as part of the post-implementation review of IFRS 17.

Staff analysis and conclusion

40. We acknowledge the respondents' comments about the potential disruptive effects of future agenda decisions. We note that paragraphs 5.13–5.19 of the *Due Process Handbook* set out the process the Committee is required to follow to support

consistent application of IFRS Accounting Standards. Particularly, paragraph 5.15 encourages stakeholders to submit application questions to the Committee when they view it as important that the IASB or the Committee address the matter and paragraph 5.16 includes the criteria the Committee considers when determining the appropriate course of action. The *Due Process Handbook* does not make provision for the Committee to not respond to questions that meet the submission criteria and defer them to the post-implementation review of an IFRS Accounting Standard.

Staff recommendation

41. Based on our analysis in paragraphs 18–40, we recommend finalising the agenda decision with changes to the tentative agenda decision as suggested in the appendix to this paper. If the Committee agrees with our recommendation, we will ask the IASB whether it objects to the agenda decision at the first IASB meeting at which it is practicable to present the agenda decision.

Questions for the Committee

Questions for the Committee
1. Does the Committee agree with our recommendation to finalise the agenda decision as explained in paragraph 41 of this paper? 2. Do Committee members have any comments on the wording of the agenda decision in the appendix?

Appendix—proposed wording of the agenda decision

A1. We propose the following wording for the final agenda decision (new text is underlined and deleted text is struck through).

Premiums Receivable from an Intermediary (IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*)

The Committee received requests about how an entity that issues insurance contracts (insurer) applies the requirements in IFRS 17 and IFRS 9 to premiums receivable from an intermediary.

In the fact pattern described in the requests, an intermediary acts as a link between an insurer and a policyholder to arrange an insurance contract between them. The policyholder has paid in cash the premiums to the intermediary, but the insurer has not yet received in cash the premiums from the intermediary. The agreement between the insurer and the intermediary allows the intermediary to pay~~collect~~ the premiums to the insurer at a later date.

When the policyholder paid the premiums to the intermediary, the policyholder discharged its obligation under the insurance contract and the insurer is obliged to provide insurance contract services to the policyholder. If the intermediary fails to pay the premiums to the insurer, the insurer does not have the right to recover the premiums from the policyholder, or to cancel the insurance contract.

The requests asked whether, in the submitted fact pattern, the premiums receivable from the intermediary are future cash flows within the boundary of an insurance contract and included in the measurement of the group of insurance contracts applying IFRS 17 or are a separate financial asset applying IFRS 9. The requests set out two views.

Under the first view (View 1), the insurer determines that the premiums receivable from the intermediary are future cash flows within the boundary of an insurance contract. Applying View 1, when the policyholder pays the premiums to the intermediary:

a. for a group of contracts to which the premium allocation approach does not apply, the insurer continues to treat the premiums receivable from the intermediary as future cash flows within the boundary of an insurance contract and, applying IFRS 17, includes them in the measurement of the group of insurance contracts until recovered in cash; and

b. for a group of contracts to which the premium allocation approach applies~~does apply~~, the insurer does not increase the liability for remaining coverage—it does so only when it recovers the premiums in cash from the intermediary.

Under the second view (View 2), because the payment by the policyholder discharges its obligation under the insurance contract, the insurer considers the right to receive premiums from the policyholder to be settled by the right to receive premiums from the intermediary. The insurer therefore determines that the premiums receivable from the intermediary are not future cash flows within the boundary of an insurance contract but, instead, a separate financial asset. Applying View 2, when the policyholder pays the premiums to the intermediary:

a. for a group of contracts to which the premium allocation approach does not apply, the insurer removes the premiums from the measurement of the group of insurance contracts and, applying IFRS 9, recognises a separate financial asset; and

b. for a group of contracts to which the premium allocation approach applies~~does apply~~, the insurer increases the liability for remaining coverage and, applying IFRS 9, recognises a separate financial asset.

Applying the requirements in IFRS Accounting Standards

The Committee observed that IFRS 17 is the starting point for an insurer to consider how to account for its right to receive premiums under an insurance contract. ~~The Committee considered:~~

~~a. which cash flows are within the boundary of an insurance contract applying IFRS 17;~~

~~b. when cash flows are removed from the measurement of a group of insurance contracts; and~~

~~c. what information is being provided about credit risk.~~

~~Cash flows within the boundary of an insurance contract applying IFRS 17~~

Paragraph 33 of IFRS 17 requires an insurer to include in the measurement of a group of insurance contracts an estimate of all the future cash flows within the boundary of each contract in the group. Paragraph B65 explains that cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract, including premiums from a policyholder.

The Committee observed that paragraph B65 of IFRS 17 does not distinguish between premiums to be collected directly from a policyholder and premiums to be collected through an intermediary. In applying IFRS 17, premiums from a policyholder collected through an intermediary are~~is~~ therefore included in the measurement of a group of insurance contracts.

~~The Committee next considered when the premiums that are already included in the measurement of a group of insurance contracts are removed from that measurement.~~

~~Removing cash flows from the measurement of a group of insurance contracts~~

Paragraph 34 of IFRS 17 specifies that cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with insurance contract services.

In the fact pattern described in the requests, the insurer has not recovered the premiums in cash, but the policyholder has discharged its obligation under the insurance contract. The Committee observed that IFRS 17 is silent on whether future cash flows within the boundary of an insurance contract are removed from the measurement of a group of insurance contracts only when these cash flows are recovered or settled in cash.

Therefore, the Committee observed that, in accounting for premiums receivable from an intermediary when payment by the policyholder discharges the policyholder's obligation under the insurance contract, an insurer develops and applies an accounting policy that determines when cash flows are removed from the measurement of a group of insurance contracts. The insurer could determine that cash flows are removed when the cash flows are recovered or settled in cash (View 1) or when the obligation under the insurance contract is discharged (View 2)~~can apply either View 1 or View 2~~. ~~Given this, the Committee next considered the implications of both views for information about credit risk.~~

The insurer develops an accounting policy that results in information that is relevant and reliable and is applied consistently for similar transactions, other events and conditions (as described in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*).

~~**Information about credit risk**~~

IFRS 17 and IFRS 9 deal differently with the measurement, presentation and disclosure of expected credit losses from an intermediary. The Committee considered that, depending on which view (View 1 or View 2) an insurer applies, it is required to apply all the measurement and disclosure requirements in the applicable IFRS Accounting Standards. Therefore, an insurer applies either IFRS 17 (including paragraph 131 that requires disclosure of information about the credit risk that arises from contracts within the scope of IFRS 17) or IFRS 9 (and the requirements in IFRS 7 *Financial Instruments: Disclosures*) to the premiums receivable from an intermediary.

Conclusion

~~The Committee concluded that, because IFRS 17 is silent on when future cash flows within the boundary of an insurance contract are removed from the measurement of a group of insurance contracts, in the fact pattern described in the requests, an insurer could account for premiums paid by a policyholder and receivable from an intermediary applying either IFRS 17 or IFRS 9.~~

In light of its analysis, the Committee considered whether to recommend that the IASB considers adding~~add~~ a standard-setting project on when cash flows are removed from the measurement of a group of insurance contracts~~the interaction between IFRS 17 and IFRS 9~~ to the work plan. The Committee noted that any such project would involve assessing whether changes to the Standards would have unintended consequences. This assessment may take considerable time and effort to complete because it would involve, among other steps, analysing a broad range of contracts (not only those set out in the fact pattern described in the requests). The Committee observed that the application of either View 1 or View 2 when accounting for premiums paid by a policyholder and receivable from an intermediary would provide users of financial statements with useful information based on the requirements in IFRS 17 or IFRS 9.

Consequently, the Committee concluded that a project would not be sufficiently narrow in scope that the IASB or the Committee can address it in an efficient manner~~result in an improvement in financial reporting that would be sufficient to outweigh the costs~~. The Committee therefore ~~[~~decided~~]~~ not to recommend that the IASB considers adding~~add~~ a standard-setting project to the work plan.