
IFRS® Interpretations Committee meeting

| | |
|----------|---|
| Date | September 2023 |
| Project | Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9) |
| Topic | Comment letters |
| Contacts | Dennis Deysel (ddeysel@ifrs.org) Anne McGeachin (amcgeachin@ifrs.org) |

This paper has been prepared for discussion at a public meeting of the IFRS Interpretations Committee (Committee). This paper does not represent the views of the International Accounting Standards Board (IASB), the Committee or any individual member of the IASB or the Committee. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB® *Update*. The Committee's technical decisions are made in public and are reported in the IFRIC® *Update*.

Introduction

1. This paper reproduces comment letters on the IFRS Interpretations Committee's tentative agenda decision 'Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)' published in March 2023.

20 April 2023

IFRS Interpretations Committee (IFRIC)
Colombus Building
7 Westferry Circus
Canary Wharf
London
United Kingdom

Dear IFRIC,

Tentative agenda decision on Insurance contract premiums receivable from intermediaries

The UK insurance and long-term savings market and the ABI

The Association of British Insurers is the voice of the UK's world-leading insurance and long-term savings industry. A productive and inclusive sector, our industry supports towns and cities across Britain in building back a balanced and innovative economy, employing over 357,000 individuals in high-skilled, lifelong careers, two-thirds of which are outside of London.

Our members manage investments of £1.6 trillion, pay over £17.2bn in taxes to the Government and supports communities across the UK by enabling trade, risk-taking, investment and innovation. We are also a global success story, the largest in Europe and the fourth largest in the world.

The ABI represents over 200 member companies, including most household names and specialist providers, giving peace of mind to customers across the UK.

We welcome the IFRIC's 14 March tentative decision on the afore mentioned topic and note its conclusions not to add a standard setting project to the IASB work plan.

Overall, we support the IFRIC staff's conclusion that accounting for insurance contract premiums receivable from intermediaries under IFRS 17 or IFRS 9 is acceptable. The staff paper provides strong technical arguments for both accounting approaches. Crucially, we see this conclusion as enabling impacted insurers to present fairly their financial performance and position, supporting them in providing decision useful information to the users of financial statements.

We urge the Board to ensure deliberations are concluded swiftly and in a timely manner to give the 2023 preparers the certainty they need to prepare their financial statements. Some of our members have interim reporting requirements under IFRS Standards, which includes IFRS 17, for the first half of 2023.

We would welcome the opportunity to discuss the content of this letter in more detail and if you require added clarity or have any questions please do not hesitate to get in contact.

Yours Sincerely,
The ABI.

www.allianz.com

Allianz, 80790 Munich, Germany

IFRS Interpretations Committee
Mr Mackenzie
7 Westferry Circus
Canary Wharf
E14 4HD London

United Kingdom

Koeniginstraße 28
80802 Munich, Germany
Phone +49 089.38 00-0

Commerzbank AG
Bank code 700 800 00
Account No. 310 922 700
IBAN DE48 7008 0000 0310 9227 00
SWIFT-BIC DRESDEFF700

Your ref.:

Direct dial

Our ref., Date

Tel. 089 38 00-14429

24th April 2023

E-Mail roman.sauer@allianz.com

Tentative Agenda Decision: Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)

Dear Mr Mackenzie,

We welcome the opportunity to comment on the IFRS Interpretations Committee's (IFRS IC) tentative agenda decision regarding 'Premiums Receivable from an Intermediary (IFRS 17 and IFRS9)' issued in March 2023.

Allianz fully agrees with the technical analysis as well as with the resulting accounting policy choice outlined in the tentative agenda decision. As such, we highly appreciate the IFRS IC's conclusions in the tentative agenda decision regarding the application of either IFRS 17 or IFRS 9 for premiums receivables from intermediaries.

Furthermore we welcome that no standard setting-project is added to the workplan as we agree with the assessment by the IFRS IC that both views do provide useful information for the users of financial statements and that a potential standard setting project would not result in an improvement in financial reporting that would be sufficient to outweigh the costs.

We hope that our feedback is helpful for you. Please feel free to contact Ferdinand Hartmann (ferdinand.hartmann@allianz.com) or us to discuss any matters raised in this letter.

Yours sincerely,



Dr. Roman Sauer
Head of Group Accounting & Reporting



Andreas Thiele
Head of Group Accounting Policy Department



Australian Government

**Australian Accounting
Standards Board**

Postal Address
PO Box 204
Collins Street West VIC 8007
Telephone: (03) 9617 7600

Bruce Mackenzie
Chair
IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf, London E14 4HD
UNITED KINGDOM

09 May 2023

Dear Bruce,

IFRS Interpretations Committee (the Committee) Tentative Agenda Decision Insurance contract premiums receivable

The Australian Accounting Standards Board (the Board) endorses the attached 17 April 2023 response of its Transition Resource Group for AASB 17 *Insurance Contracts* (AASB 17 TRG) to the Committee's Tentative Agenda Decision on insurance contract premiums receivable.

The AASB 17 TRG has broad representation across the Australian insurance sector, bringing together preparers across the health, life and general insurance sectors, the Actuaries Institute Taskforce (set up by the Actuaries Institute, representing the actuarial profession in Australia, specifically to discuss the implementation of IFRS 17) as well as representatives of the public sector, corporate and capital regulators and the Australian Tax Office.

The Board understands that the issue considered in the Tentative Agenda Decision has the potential to affect several Australian-based insurers, particularly with respect to their commercial lines of general insurance business, which are often issued via intermediaries.

At this stage of implementation of IFRS 17, the Board concurs with the Committee that the best approach to addressing the issue is to acknowledge that either IFRS 17 or IFRS 9 *Financial Instruments* can be applied in the fact pattern addressed in the Tentative Agenda Decision and not to add a project to the IASB agenda on the issue.

If you have any questions regarding this letter, don't hesitate to contact me or Helena Simkova, Deputy Technical Director (hsmikova@asb.gov.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kendall', written in a cursive style.

Dr Keith Kendall
Chair – AASB

AASB Transition Resource Group for AASB 17 *Insurance Contracts*

Submission to the IFRS Interpretations Committee

17 April 2023

Bruce Mackenzie
Chair, IFRS Interpretations Committee
7 Westferry Circus
Canary Wharf
London E14 4HD, UK

Dear Mr Mackenzie

IFRS Interpretations Committee (the Committee) Tentative Agenda Decision Insurance contract premiums receivable

The Australian Accounting Standards Board's Transition Resource Group for AASB 17 *Insurance Contracts* (AASB 17 TRG) is a discussion forum for considering issues related to the implementation of IFRS 17 *Insurance Contracts* in Australia. The AASB 17 TRG's membership includes stakeholders from the preparer, auditing, regulator and user communities across the general, life and health insurance industries.

Tentative Agenda Decision

The issue of insurance contract premiums receivable from an intermediary has been the subject of considerable debate in the AASB 17 TRG, with papers on this topic discussed at two separate meetings since June 2020 and more recent discussions as a result of the Committee's outreach in November 2022.

The AASB 17 TRG strongly supports the Committee's Tentative Agenda Decision relating to premiums receivable by an insurer.

In particular, the AASB 17 TRG supports the Committee's conclusions:

- not to add a standard-setting project on the interaction between IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* to the work plan; and
- to identify that the application of either IFRS 17 or IFRS 9 would provide users of financial statements with useful information.

Our support for not adding the project to the IASB's work plan and identifying either IFRS 17 or IFRS 9 as applicable recognises the advanced stage of implementation of IFRS 17 by preparers and acknowledges that both approaches are in the process of being implemented by different insurers.

For the information of the Committee, in general, Australian insurers are planning to apply View 1, while some are planning to apply View 2, as evidenced by the findings in AASB Research Report 18 *AASB 17 Insurance Contracts: Presentation, Disclosure, Transition and Other Accounting Policy Decisions: A Survey on Australian Insurance Entities*, issued in March 2023.

Should the Committee have any questions, or would like to discuss the AASB 17 TRG's submission further, please contact Eric Lee at elee@aab.gov.au.

Yours sincerely



Anne Driver
Chair, AASB 17 TRG

GDV • Wilhelmstraße 43/43G • 10117 Berlin

Mr
Bruce Mackenzie
Chair of the IFRS Interpretations Committee
Columbus Building
7 Westferry Circus / Canary Wharf
London E14 4HD
Großbritannien

Phone: +49 30 2020-5000
Fax: +49 30 2020-6000
E-Mail: rechnungslegung@gdv.de

Date: 17.05.2023

Cc: Hagit Keren, Dr Jianqiao Lu, members of the IASB Board

Tentative Agenda Decision: Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)

Dear Mr Mackenzie

On behalf of the German Insurance Association (GDV) we greatly appreciate the opportunity to comment on the Tentative Agenda Decision: *Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)*, as released by the IFRS Interpretations Committee for public consultation on 22 March 2023 (I.).

In addition, we would like to reinforce our general perspective on the ongoing interpretation activities of the IFRS Interpretations Committee and related to IFRS 17 *Insurance Contracts* at this challenging stage of the implementation processes for the German insurers when considering the just recent effective date of IFRS 17, the 1 January 2023 (II.).

I. Specific comments on the Tentative Agenda Decision regarding premiums receivable from an intermediary

As a matter of fact, we strongly support the Committee's conclusions in its Tentative Agenda Decision of 14 March 2023 regarding the accounting treatment of premiums receivable from an intermediary. We share the technical analysis provided by the staff in the Agenda Paper 4 for the Committee's March 2023 meeting and fully back the rationale provided. Consequently, we agree that either IFRS 17 or IFRS 9 can be applied to the fact pattern described in the requests, although IFRS 17 is the approach the German insurers predominantly adopted in their implementation projects. Hence, we strongly agree with the tentative conclusion

**Gesamtverband der Deutschen
Versicherungswirtschaft e. V.**

German Insurance Association

Wilhelmstraße 43 / 43 G
D-10117 Berlin
Post-office box 08 02 64,
D-10002 Berlin
Lobby register-No. R000774

Rue du Champ de Mars 23
B-1050 Brussels
Phone: +32 2 28247-30
Fax: +49 30 2020-6140
ID-Number 6437280268-55

www.gdv.de/en



of the Committee that the matter discussed should **not** be added as a standard-setting project to the work plan.

In particular, we agree with the assessment that the application of either IFRS 17 (View 1) or IFRS 9 (View 2), when accounting for premiums paid by a policyholder and receivable from an intermediary, would provide investors and other users of financial statements with useful information (incl. information about credit risk) based on the relevant requirements in both standards. This is why we agree that a standard-setting project would **not** result in an improvement in financial reporting that would be sufficient to outweigh the costs. Any changes or discussions in this regard would lead to significant project disruptions.

Overall, we highly appreciate the outcome of the Committee's intensive and focused discussions as it properly acknowledges that the two alternative accounting approaches - developed in the practice and presented in the submissions - are equivalently valid when considering the requirements and principles laid down in both standards IFRS 17 and IFRS 9. The tentative agenda decision aligns well to the current stage of the implementation projects of the German insurers, who succeeded to adopt IFRS 17 and IFRS 9 in accordance with their recent effective date, i.e. the 1 January 2023. Any significant changes to the systems and processes just implemented by the insurance entities would be very disruptive and hence must be avoided. This is indeed very important as in the case under consideration the accounting issues raised in the both submissions to the Committee refer to sensitive elements of the adoption work already conducted by the German insurers.

In the following paragraphs we provide the rationale for our full support for the tentative agenda decision as released for public consultation:

View 1: Applying IFRS 17 to premiums receivable from an intermediary

It is our firm understanding of the principle-based IFRS 17.33, and it is also aligned with the final outcome of the relevant preceding IASB's discussions on separate presentation and measurement of premiums receivable and claims payable in the insurance contracts project, that the premiums receivable [also] from the intermediary are treated as any future cash flows within the boundary of an insurance contract.

Hence, those premiums are to be recognised as received by an insurer only if it recovers the premiums in cash from the intermediary. We appreciate and support the envisaged clarification in the wording of the tentative agenda decision that this approach is considered to be absolutely a valid one, based on the application of existing principles

and requirements in IFRS 17. In particular, we fully agree with the Committee's observation 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".

Therefore, we agree that the **View 1** is a **valid approach** to follow, as described in the tentative agenda decision. And we support 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".

View 2: Applying IFRS 9 to premiums receivable from an intermediary

While considering the existing relevant explicit scope exclusion in IFRS 9, we acknowledge that, based on the fact patterns presented in both submissions, an insurer might also reasonably and equivalently conclude that the premiums receivable from the intermediary are not future cashflows within the boundary of an insurance contract any more but, instead, a separate financial asset, if the payment by the policyholder discharges its obligation under the insurance contract and a new legal right arises. Specifically, we acknowledge the Committee's observation in this regard 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".

Consequently, we don't disagree that in the fact pattern in which "payment by the policyholder discharges the policyholder's obligation under the insurance contract" an insurer has effectively an implicit accounting policy choice to apply either IFRS 17 or IFRS 9 to the premiums receivable from an intermediary.

Therefore, we agree that the **View 2** is also a **valid approach** to follow, as derived in the tentative agenda decision.

Summing up, being fully aligned with the tentative Committee's decision and its rationale we agree that **no standard-setting** is necessary. There is indeed no urgent need to address the submissions and the matter under discussion via standard-setting, neither currently nor in the foreseeable future. In particular, we fully agree that the application of either of both alternatives "would provide users of financial statements with useful information based on requirements in IFRS 17 or IFRS 9". In this regard we share the **explicit accentuation** of the Committee in the tentative agenda decision that, depending on which approach an insurer follows, it is "required to apply all the measurement and disclosure requirements in the applicable IFRS Accounting Standards."

Finally, we would like to highly **appreciate the outreach** (incl. the outreach to the former members of the TRG for IFRS 17) the staff conducted ahead of the Committee's March 2023 discussion and its balanced tentative agenda decision.

II. General comments on interpretation activities related to IFRS 17 *Insurance Contracts*

As a matter of principle, we like to reinforce our full support for the work of the Committee to support stakeholders in consistent application of IFRS Accounting Standards. And we fully acknowledge that the Board and the Committee seek to achieve in all cases a **proper balance** between maintaining the principle-based nature of the Standards and adding or changing requirements in response to emerging application questions raised by submitters.

Nevertheless, as expressed in the GDV comment letter of 16 May 2022, and as reinforced in the GDV comment letter of 22 July 2022, we would like to reinforce again that the implementation of IFRS 17 has been operationally a highly complex, challenging and costly process for all insurers applying IFRS. Hence, any activities which might be disruptive to the implementation work conducted just recently should be avoided.

It is our firm position that IFRS 17 is a principle-based standard and therefore reporting entities are required to exercise discretion and apply professional judgment when applying it. From our general perspective, the standard can be applied consistently and no further application guidance is necessary, neither via standard-setting of the IASB nor via the interpretation activity of the Committee. It should be recognised by all stakeholders that IFRS 17 allows for a range of acceptable approaches that entities are allowed to follow if the principles in the Standard are met and the objectives behind the principles are equally achieved.

Consequently, our primary preference would be to undertake all efforts necessary and jointly by all stakeholders to provide to the greatest possible extent an appropriate **period of stability** for insurers, particularly at this current sensitive stage of the process. Issues raised on the entity-specific application of principles in IFRS 17 and/or its interaction with other IFRS Accounting Standards might and will be followed-up within the future regular Post-implementation Review (PIR) on IFRS 17.

As a matter of fact, any additional detailed application guidance via the Committee's activity might finally result in rule-based requirements that would not be appropriate in all circumstance. Hence, it would then significantly undermine the implementation activities conducted just

recently by the insurance industry, without providing a significant added value for investors or other users of financial statements, specifically if different treatment does not lead to material differences in information provided to users. Such an unfortunate situation must be avoided as it would specifically 'punish' those entities with IFRS 17 implementation projects already completed and carefully fine-tuned in due time, in close cooperation with their auditors. Therefore, at this sensitive stage of the process, in the first years of regular application of IFRS 17 and IFRS 9, any disruptions in adopted processes should be avoided. The German insurers indeed need a proper period of calm, specifically in the years short after the IFRS 17's effective date.

Therefore, regarding the IFRS 17-related submissions, we would like to respectfully ask the Committee to continue to follow the **pragmatic, careful and balanced approach when analysing and deciding on requests submitted**. In this regard we would like to highlight the importance of a proper involvement of the former members of the TRG for IFRS 17 in the consultation and outreach process, to ensure that the high level of their specific insurance accounting expertise and operational experience is sufficiently considered when proceeding at the Committee's and IASB's level subsequently.

Our conclusions

We fully support the Committee's tentative agenda decision on the both submissions regarding the treatment of premiums receivable from an intermediary. We appreciate that it considers both submitted alternatives (View 1 and View 2) as equivalently valid accounting options. Hence, we fully support the finalisation of the agenda decision as drafted as it would not be disruptive for the challenging implementation projects of insurance undertakings that succeeded to meet the IFRS 17's effective date yet, but are still in the very sensitive stage after they have gone live only just recently. Therefore, any new (implicit or explicit) requirements beyond IFRS 17's principles must be avoided.

It is generally of great importance - as in case of any submission to the Committee - to follow a pragmatic, careful and balanced approach allowing insurers to proceed without changes to system and processes just implemented if principles and/or requirements in the relevant standards are not violated by the accounting approaches developed in the practice. Otherwise the risk might arise that costly significant system adjustments would be necessary, potentially without any incremental benefits for investors and other users of financial statements.

We would greatly appreciate if our comments and concerns would be considered when taking decisions on the way forward with the current and future requests submitted to the Committee in relation to IFRS 17.

If you would like to discuss our comments further, please do not hesitate to contact us.

Yours sincerely,

German Insurance Association (GDV)

Mr. Mackenzie
IFRS Interpretations Committee
7 Westferry Circus
Canary Wharf, London
United Kingdom
E14 4HD

16 May 2023

Dear Mr. Mackenzie

IFRS IC Tentative Agenda Decision: Premiums Receivable from an Intermediary

This letter has been drafted by the European Insurance CFO Forum (“CFO Forum”), a body representing the views of 23 of Europe’s largest insurance companies, and Insurance Europe, representing 95% of the premium income of the European insurance market. Accordingly, it represents the consensus view of European insurance industry.

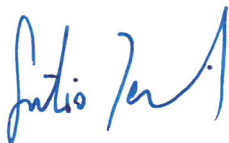
We welcome the opportunity to comment on the IFRS Interpretations Committee’s (IFRS IC) tentative agenda decision regarding ‘Premiums Receivable from an Intermediary’ issued in March 2023.

We appreciate the effort that has gone into this tentative agenda decision, including the outreach conducted by the IASB staff, and support this tentative agenda decision (including the technical analysis).

We agree that in accounting for premiums receivable from an intermediary when payment by the policyholder discharges their obligation under the insurance contract, an entity can apply either IFRS 17 (View 1) or IFRS 9 (View 2). We therefore fully concur with the IFRS IC’s conclusion that both views are equally valid. The tentative agenda decision remains appropriately principles-based while still balancing the operational practicalities of implementing IFRS. As such, this tentative agenda decision will not create any significant disruptions to IFRS 17 and IFRS 9 implementation programs at this late stage.

Furthermore, we support the IFRS IC’s conclusion that adding a standard-setting project for this matter is not required as it would involve assessing any unintended consequences of a possible amendment and the costs of such a standard-setting project would likely far outweigh any potential limited benefits.

Yours sincerely



Giulio Terzariol
Chair
European Insurance CFO Forum



Olav Jones
Deputy Director General
Director Economics & Finance, Insurance Europe

17 May 2023

Bruce Mackenzie
Chair
IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf
London, United Kingdom
E14 4HD

Dear Mr Mackenzie

Tentative agenda decision – Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the March 2023 IFRIC Update of the tentative agenda decision (TAD) not to take onto the Committee's agenda the request about how an entity that issues insurance contracts (insurer) applies the requirements in IFRS 17 and IFRS 9 to premiums receivable from an intermediary.

We agree with the analysis provided in the TAD and the IFRS Interpretations Committee's decision not to add this item onto its agenda. However we would suggest that the penultimate sentence of the TAD, which states why the request was not added to Committee's agenda, should be more closely aligned with the criteria established in paragraph 5.16 of the IFRS Foundation *Due Process Handbook*.

If you have any questions concerning our response, please contact Veronica Poole in London at +44 (0)20 7007 0884.

Yours sincerely



Veronica Poole
Global IFRS and Corporate Reporting Leader



International Actuarial Association
Association Actuarielle Internationale

18 May 2023

Mr. Bruce Mackenzie
Chairperson
The IFRS Interpretations Committee

Dear Mr. Mackenzie,

RE: Consultation on the IFRIC tentative agenda decision regarding Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)

The International Actuarial Association

The International Actuarial Association (IAA) represents the global actuarial profession. Our seventy-four Full Member actuarial associations represent more than 95% of all actuaries practicing in over 115 countries around the world. The IAA promotes high standards of actuarial professionalism across the globe and serves as the voice of the actuarial profession when dealing with international bodies on matters falling within or likely to have an impact upon the areas of expertise of actuaries.

Our Response

We welcome the opportunity to comment on the IFRS Interpretations Committee's (IFRIC) tentative agenda decision regarding Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9) issued in March 2023.

Having reviewed the technical arguments for both accounting approaches we support the IFRIC staff's conclusion that accounting for insurance contract premiums receivable from intermediaries under IFRS17 or IFRS9 is acceptable.

The IAA's review and comments have been prepared by the IAA Insurance Accounting Committee.

If you wish to discuss any of our feedback, please do not hesitate to contact Derek Wright Chair of the IAA's Insurance Accounting Committee, via the [IAA Secretariat](#).

Yours sincerely,

A handwritten signature in blue ink that reads "Micheline Dionne".

Micheline Dionne
President

18 May 2023

IFRS Interpretations Committee
7 Westferry Circus,
Canary Wharf
London E14 4HD
United Kingdom

RE: IFRS IC Tentative Agenda Decision – Premiums Receivable from an Intermediary (IFRS 17 & 9)

The Saudi Organization for Chartered and Professional Accountants (SOCPA) appreciates the efforts of the IFRS Interpretations Committee (Committee) and welcomes the opportunity to comment on the Tentative Agenda Decision – *Premiums Receivable from an Intermediary (IFRS 17 & 9)*.

The insurance companies in Saudi Arabia performed several “dry runs” in order to ensure the smooth transition to IFRS 17 under the supervision of a working group that was set up to provide support for those companies in resolving issues that may arise during the transition journey. Based on this experience, several matters were identified by the working group and accounting for “premiums receivable from an intermediary” was a matter that has been discussed in detail. Subsequently, it was concluded that currently there is no consensus between insurance companies in Saudi Arabia, if premiums receivable from an intermediary are future cash flows within the boundary of an insurance contract and should be included in the measurement of the group of insurance contracts applying IFRS 17 or are a separate financial asset applying IFRS 9.

SOCPA therefore agrees with the IFRS Interpretations Committee’s conclusion 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, an insurer could account for premiums paid by a policyholder and receivable from an intermediary applying either IFRS 17 or IFRS 9.

However, SOCPA along with the involvement of all stakeholders in Saudi Arabia will 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.

Please feel free to contact Dr. Abdulrahman Alrazeen at (razeena@socpa.org.sa) for any clarification or further information.

Sincerely,

Dr. Ahmad Almeghames
Chief Executive Officer



22 May 2023

Mr. Bruce Mackenzie
Chair
IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Dear Mr. Mackenzie,

IFRS Interpretations Committee Tentative Agenda Decisions

The Malaysian Accounting Standards Board (MASB) welcomes the opportunity to provide comments on the following Tentative Agenda Decisions:

- (a) Guarantee over a Derivative Contract (IFRS 9 *Financial Instruments*)
- (b) Homes and Home Loans Provided to Employees
- (c) Premiums Receivable from an Intermediary (IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*)

We agree with the IFRS Interpretations Committee's conclusion for not adding a standard-setting project to its work plan based on the specific fact patterns described in the Tentative Agenda Decisions.

If you need further clarification or have any queries regarding this letter, please contact the undersigned by email at beeleng@masb.org.my or at +603 2273 3100.

Thank you.

Yours sincerely,


TAN BEE LENG
Executive Director



22 May 2023

Bruce Mackenzie
Chair, IFRS Interpretations Committee
7 Westferry Circus
Canary Wharf
London E14 4HD, UK

Dear Mr Mackenzie

**IFRS Interpretations Committee Tentative Agenda Decision
Insurance contract premiums receivable**

Thank you for the opportunity to comment on the Committee's March 2023 Tentative Agenda Decision relating to premiums receivable by an insurer from an intermediary when the policyholder has paid premiums to the intermediary.

QBE supports the Committee's conclusions, in particular

- not to add a standard-setting project on the interaction between IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* to the work plan; and
- the application of either IFRS 17 or IFRS 9 in the submitted fact pattern would provide users of financial statements with useful information.

QBE supports not adding the project to work program and identifying either IFRS 17 or IFRS 9 as applicable because we appreciate both approaches are in the process of being implemented by different insurers. We also agree that changes to the standards that arise from the project would take time to review to ensure that there are no unintended consequences.

Should the Committee have any questions or would like to meet to discuss QBE's response, please contact Rachel Poo at rachel.poo@qbe.com.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Inder Singh', written in a cursive style.

Inder Singh
Group Chief Financial Officer



IKATAN AKUNTAN INDONESIA
(INSTITUTE OF INDONESIA CHARTERED ACCOUNTANTS)

Nomor : 1452/DSAK/IAI/V/2023

Jakarta, 22 May 2023

IFRS Interpretations Committee (IFRIC)
Columbus Building,
7 Westferry Circus
Canary Wharf
London
United Kingdom

Comment on Tentative Agenda Decision (TAD) *Premiums Receivable from an Intermediary*

Dear IFRIC,

Dewan Standar Akuntansi Keuangan (DSAK) - The Indonesian Financial Accounting Standards Board, as part of Ikatan Akuntan Indonesia (IAI) - the Institute of Indonesia Chartered Accountants, is the national accounting standard-setter in Indonesia. On behalf of DSAK IAI, I am writing regarding the TAD *Premiums Receivable from an Intermediary*.

We understand the rationale behind IFRIC conclusion to permit using two approaches in accounting premium receivable from an intermediary. However, we think that allowing insurance entities to choose either one would degrade comparability of the industry financial statements, even though disclosures are provided.

Rather than finalizing the TAD, we are of the view that IFRIC need to deliberate and further discuss this topic, and to consider whether IASB should proceed with further standard-setting activities.

The fact pattern presented in the TAD is relevant and common to our jurisdiction. Allowing different approach on the application of the new standard, which affect how the transaction is accounted for and presented in the financial statements, would cause confusion, both to preparers and users of financial statements.

We hope our response will contribute to IFRIC's future deliberations. Should you have any questions regarding our responses, please do not hesitate to contact us at dsak@iaiglobal.or.id.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Indra Wijaya', written over a circular stamp.

Indra Wijaya

Chairman
Indonesian Financial Accounting Standards Board
Institute of Indonesia Chartered Accountants



May 22, 2023

Mr. Bruce Mackenzie,

Chair, IFRS Interpretations Committee,
IFRS Foundation
Columbus Building,
7 Westferry Circus, Canary Wharf,
London E14 4HD,
United Kingdom

Dear Bruce,

Subject: Comments of the Institute of Chartered Accountants of India on Tentative Agenda Decision (TAD) issued by IFRS Interpretations Committee on Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)

We welcome the opportunity to comment on above referred Tentative Agenda Decision of IFRS Interpretations Committee (IFRS IC).

We have noted the fact pattern and issue prescribed in the TAD along with the findings and conclusion by IFRS IC that since 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, an insurer could account for premiums paid by a policyholder and receivable from an intermediary applying either IFRS 17 or IFRS 9. In this regard, IFRS IC analysed two views on the issue and observed that the application of either of the views would provide users of financial statements with useful information based on the requirements in IFRS 17 or IFRS 9. Consequently, IFRS IC decided not to add a standard-setting project to the work plan since the project would not result in an improvement in financial reporting that would be sufficient to outweigh the costs.

With respect to the instant issue, we may mention that the arrangement where premium is received by the intermediary on behalf of insurer is prevalent in India also and, therefore, this TAD is relevant in Indian context. We are of the view that view 2 is more appropriate due to following reasons:

- When the policyholder pays the premium to the intermediary, it has discharged its obligation under the insurance contract and the insurer is legally obliged to provide insurance contract services to the policyholder. The insurer cannot refuse to provide insurance services. 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. The premiums receivable, therefore, represent separate financial asset within the scope of IFRS 9. Therefore, it should be moved out of IFRS 17 and recognised as a financial asset under IFRS 9.
- In Indian context, it may be mentioned that insurance companies are governed by 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 Insurance company within stipulated time. In this case also, the policyholder has discharged its obligation under the insurance contract and the insurer is legally obliged to provide insurance



भारतीय सनदी लेखाकार संस्थान
(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)



contract services to the policyholder as soon as the premium is paid by the policyholder to the intermediary.

While we are in favour of view 2, in case IFRS IC decides to go ahead with 2 views, we recommend that application of view 1 or view 2 should not be left to the judgement of the insurer or as an open choice. IFRS IC should consider laying down a clear guidance in the Agenda Decision on situations in what circumstances view 1 and view 2 should be applied.

Please feel free to contact us for any clarification on the above comments.

Yours sincerely,

CA. Pramod Jain
Chairman,
Accounting Standards Board

Bruce Mackenzie
Chair
IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf
London

Ref: Tentative Agenda Decision: Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)

Dear Mr Mackenzie,

The European Securities and Markets Authority (ESMA) would like to thank you for the opportunity to respond to the IFRS Interpretations Committee's (IFRS IC) publication of a tentative agenda decision relating to *Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)*. We are pleased to provide you with the following comments with the aim of improving the consistent application and enforceability of IFRSs.

ESMA has considered the IFRS IC's tentative decision not to add to its standard-setting agenda the request to clarify 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.

ESMA notes that the IFRS IC concluded that a standard-setting project would not result in an improvement in financial reporting that would be sufficient to outweigh the costs. This is because, in the Committee's tentative views, any such project would involve assessing whether changes to the Standards would have unintended consequences, which may take considerable time and effort. On the other hand, the Committee noted that the application of any of the two views proposed in its analysis would provide users of financial statements with useful information based on the requirements in IFRS 17 or IFRS 9.

While on practical grounds ESMA agrees with the Committee's conclusion, it would still like to suggest some adjustments to the text of the tentative agenda decision to improve consistent application of IFRS. In this respect, ESMA believes that, prior to undertaking standard-setting activity in this area, it would be useful to build on the experience from a few reporting cycles on the implementation IFRS 17 before drawing conclusions on the practical consequences of the divergence that will result from the application by insurers of any of the two views identified by the Committee.

Therefore, in ESMA's view, the agenda decision would benefit from clarifying that the Committee is not able to conclude on the extent to which such divergence and the resulting loss in comparability may ultimately impair the usefulness of the information provided by applying either IFRS 9 or IFRS 17 and that, in order to support comparability of financial information, insurers should provide disclosures on the adoption of one or the other view when the related information is material.

With regards to the type of disclosures to be provided, ESMA highlights that the Committee's tentative conclusion *de facto* indicates that an implicit scope option exists for the treatment of premiums receivable by an intermediary. ESMA, therefore, considers that it would be important that the final agenda decision highlights the need for disclosures on the exercise of this option and that it provides educational material on which disclosure requirements should apply to best support investors' analysis of information reported by different insurers and different portfolios of the same insurer.

ESMA also notes that the Committee was unable to identify any specific conditions based on which an entity would exercise judgement necessary to qualify the premiums receivable from an intermediary as within the scope of either IFRS 9 or IFRS 17. Therefore, ESMA notes that issuers will be confronted with a policy choice which, where material, will need to be adequately explained, as required by paragraph 117B of IAS 1 *Presentation of Financial Statements*. ESMA also notes that both the disclosure objective in paragraph 93 of IFRS 17 and the credit risk requirements in par. 131 of IFRS 17 are relevant for the fact pattern at hand.

Against this background, ESMA recommends that the Committee clarifies in the final agenda decision that, when the relevant amounts are subject to IFRS 17, entities place particular attention to the requirements on paragraph 122-132 of IFRS 17 and more specifically on the credit risks disclosure requirements in paragraph 131 of IFRS 17.

When premium receivables are accounted for under IFRS 9, it is important that the Committee clarifies that insurers should provide the relevant information required by IFRS 7 *Financial Instruments: Disclosures*. Particularly, we highlight the disclosures on the impact of credit risk that amounts related to premium receivables from an intermediary may have on an insurer's financial statements. In this respect, ESMA notes that, at present, IFRS 7 exclude from its scope insurance contracts and investment contracts with discretionary participation features within the scope of IFRS 17 (with some exceptions with regards to specific components or contracts). Therefore, it would be beneficial to clarify that when premiums receivable from an intermediary are treated in accordance with IFRS 9, the relevant disclosures in IFRS 7 also apply to these receivables.

Finally, ESMA notes that in its final re-deliberations the Committee may conclude that its intention is not to indicate that there is an accounting policy choice, nor that a scope option exists for premiums receivable from an intermediary. Nevertheless, ESMA recommends that the Committee clarify what disclosure requirements should apply to provide transparency on the adoption of either accounting treatment in the financial statements of insurers with the objective of promoting comparability of financial statements.

In case you have any questions or comments regarding this letter, please do not hesitate to contact me or Isabelle Grauer-Gaynor, Head of the Corporate Finance and Reporting Unit.

Yours sincerely,

[signed]

Verena Ross



IFRS Interpretation Committee – Comment on tentative agenda decision: ‘Premiums Receivable from an Intermediary IFRS 17 and IFRS 9’

IFoA Response

The Institute and Faculty of Actuaries (IFoA) is a royal chartered, not-for-profit, professional body. We represent and regulate over 32,000 actuaries worldwide, and oversee their education at all stages of qualification and development throughout their careers.

1. The Institute and Faculty of Actuaries (IFoA) welcomes the opportunity to comment on the tentative agenda decision made by the International Accounting Standards Board (IASB) IFRS Interpretation Committee (the ‘Committee’) on the Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9).
2. The tentative agenda decision of Committee is set out here:

<https://www.ifrs.org/projects/work-plan/premiums-receivable-from-an-intermediary-ifrs-17-and-ifrs-9/tentative-agenda-decision-and-comment-letters/#consultation>.
3. We have been actively engaged in the development of IFRS 17 for a number of years including responding to each Exposure Draft published by the IASB and through supporting the global IFRS 17 work of the International Actuarial Association (IAA).
4. It is important to note that, as for any IFoA response, we have considered the tentative agenda decision made by the Committee from an independent, public interest perspective.
5. We welcome the Committee considering the question as to how an insurer applies the requirements in IFRS 17 Insurance Contracts and/ or IFRS 9 Financial Instruments to premiums receivable from an intermediary. In our experience these arrangements can take various forms and we have observed insurers proposing to adopt either View 1 (premiums within IFRS 17 cash flows) or View 2 (premiums treated as a separate financial asset applying IFRS 9) as considered by the Committee.
6. We observe merits and challenges with both View 1 and View 2. We agree with the tentative decision that an insurer could account for premiums paid by a policyholder and receivable from an intermediary applying either IFRS 17 or IFRS 9. As the tentative decision sets out, 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, and so alternative views are possible.

Beijing

Edinburgh

Hong Kong

London (registered office)

Oxford

Singapore

14F China World Office 1 · 1 Jianwai Avenue · Beijing · China 100004 · **Tel:** +86 (10) 6535 0248

Level 2 · Exchange Crescent · 7 Conference Square · Edinburgh · EH3 8RA · **Tel:** +44 (0) 131 240 1300

1803 Tower One · Lippo Centre · 89 Queensway · Hong Kong · **Tel:** +852 2147 9418

7th Floor · Holborn Gate · 326-330 High Holborn · London · WC1V 7PP · **Tel:** +44 (0) 20 7632 2100

1st Floor · Park Central · 40/41 Park End Street · Oxford · OX1 1JD · **Tel:** +44 (0) 1865 268 200

163 Tras Street · #07-05 Lian Huat Building · Singapore 079024 · **Tel:** +65 6906 0889

7. We believe that permitting a choice is also appropriate, given the advanced stages of implementing IFRS 17 that many preparers find themselves, as we enter the first formal reporting on IFRS 17 in 2023 (including 2022 comparatives).
8. We request that the Committee considers carefully any new IFRS 17 topics taken onto its agenda over the remainder of 2023 and H1 2024. This is in view of the need for a stable accounting basis as insurers formally report audited financial statements for the first time at 31 December 2023 (or equivalent date).

Should you want to discuss any of the points raised please contact me, Technical Policy Manager (steven.graham@actuaries.org.uk) in the first instance.

.

Yours Sincerely,

Steven Graham
On behalf of Institute and Faculty of Actuaries

Mr Bruce Mackenzie
IFRS Interpretations Committee Chair
Columbus Building,
7 Westferry Circus
Canary Wharf, London E14 4HD
United Kingdom

Paris, 22 May 2023

March 2023 IFRIC Tentative Agenda Decision – Premiums Receivable from an Intermediary (IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments)

Dear Bruce,

Mazars welcomes the opportunity to comment on the IFRS Interpretations Committee's (thereafter "the Committee") tentative agenda decision (TAD), issued in March 2023, on Premiums Receivable from an Intermediary (IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments).

We support the Committee's tentative conclusion that, "*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*" and its conclusion not to add the matter to its standard-setting agenda.

However, we believe that further clarification could be provided by the Committee on the application of this decision.

According to the TAD, "*an insurer could account for premiums paid by a policyholder and receivable from an intermediary applying either IFRS 17 or IFRS 9*". It would be helpful that the Committee draws the consequences on comparability among entities and consistency from period to period of having two acceptable outcomes.

In addition, the Committee could clarify (i) whether one standard or the other applies equally to insurance contracts measured under the premium allocation approach (PAA) and (ii) that it applies consistently on both premiums receivable and claims payable.

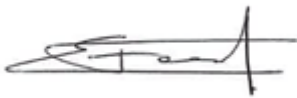
On the latter, we draw the Committee's attention to an equivalent accounting issue in relation to claims payable where the intermediary has paid in cash a claim to the policyholder before having received the corresponding payment from the insurer. If an entity applies IFRS 9 to premiums receivable from an intermediary, then the obligation to reimburse the intermediary for claims paid should also be presented as an IFRS 9 liability rather than as part of the liability

mazars

for incurred claims (LIC). However, if an entity applies IFRS 17 to the premiums receivable from an intermediary, then it would continue to include any obligation to reimburse the intermediary for claims payable as part of the LIC.

Please do not hesitate to contact us should you want to discuss any aspect of our comment letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Edouard Fossat', written over a horizontal line.

Edouard Fossat

Financial Reporting Technical Support

Brasília, May 19, 2023

**IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom**

REF: IFRS IC Tentative Agenda Decisions reached in the March 14 and 15, 2023 meetings

Dear Board Members,

The “Group of Latin American Standards Setters”¹ (GLASS) appreciates the opportunity to comment on the following Tentative Agenda Decision (TAD) reached by the IFRS IC during its meetings on March 14 and 15, 2023, which included the following topic:

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

This response summarizes the points of view of the members of the different countries that comprise GLASS, pursuant to the following due process.

Due process

The discussions regarding the Tentative Agenda Decision (TAD) of IFRS IC were held within a specified Permanent Technical Commission (PTC) created in December 2020. All GLASS country-members had the opportunity to appoint at least one member to participate in this PTC. Each standard setter represented in GLASS has undertaken different tasks in their respective countries (e.g., surveys, internal working groups). All results were summarized, and this summary was the platform for GLASS discussion process.

GLASS discussed the different points of view included in the summary through emails exchanged among its members. In those emails GLASS developed a final document on the basis of the consensual responses and the technical points of view of its members. Finally, the GLASS document was submitted to and approved by the GLASS Board.

Comments

In relation to the request received by the Committee on the standards (IFRS 9 or IFRS 17) that should be applied in the case at hand, that is, a balance receivable by an insurance company from an intermediary, which does not entitle the entity to claim it from the policyholder or to cancel the insurance coverage, GLENIF shares the conclusions reached by the Committee in relation to its proposal to answer through an Agenda Decision and not to include the issue in its own workplan.

The fact pattern

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

¹ The overall objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions with respect to all Exposure Drafts, Requests for Information and Discussion Papers issued by the IASB, ISSB and Tentative Agenda Decisions issued by the IFRS IC. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Board), Bolivia, Brazil (Chairman), Chile (Board), Colombia (Deputy Chairman), Costa Rica (Board), Dominican Republic, Ecuador, Guatemala, Honduras, Mexico (Board), Panama, Paraguay, Peru (Board), Uruguay (Board) and Venezuela (Board).

When the policyholder paid the premiums to the intermediary, the policyholder fulfilled his obligation under the insurance contract and the insurer is obligated to provide the insurance contract services to the policyholder. If the intermediary does not pay the premiums to the insurer, the insurer has no right to recover the premiums from the policyholder, nor to cancel the insurance contract.

GLASS opinion

GLASS agrees with the analysis carried out by the Committee in relation to the fact that there is no definition in IFRS that requires treatment by either of the two alternative applicable standards but expresses its marked preference for its treatment as a financial asset, independent of the cash flows attributed to insurance contracts, thereby applying IFRS 9.

The risk inherent in the recovery of the receivable balance is more clearly associated with the respective intermediary than with the joint cash flows attributable to the insurance contracts pending collection.

This opinion does not imply that the alternative treatment proposed by vision 1 in the description of the topic is incorrect, but rather that GLASS believes that the alternative proposed by vision 2 of the working paper provides a better solution between the two acceptable alternatives.

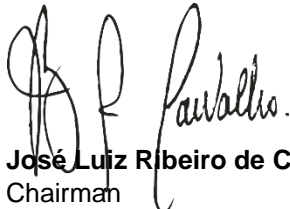
GLASS shares the Committee's reasoning that the inclusion of a project in its work plan would not result in an improvement in financial reporting sufficient to offset the costs of the process. Therefore, GLASS agrees with the Committee's decision not to add a standard-setting project to its work plan.

GLENIF also agrees that it is appropriate for a response to be made through the Agenda Decision procedure on the reasoning to be used and, therefore, the description of the proper application of the accounting treatment that must be given to this issue.

Contact

If you have any questions about our comments, please contact glenif@glenif.org.

Sincerely yours,



José Luiz Ribeiro de Carvalho
Chairman

Group of Latin American Accounting Standard Setters (GLASS)