International Actuarial Association
Association Actuarielle Internationale

Comments Template for Exposure Draft of IAN 100

Deadline: 26 April 2019

Please use this template to comment on the Exposure Draft of IAN 100 on the Application of IFRS 17 Insurance Contracts.

The IAA invites comments on this Exposure Draft, particularly on the questions set out below. **Comments are most helpful if they**:

(a) Comment on the questions as stated;
(b) Indicate the specific paragraph or group of paragraphs to which they relate;
(c) Contain a clear rationale; and
(d) Include any alternative that the IAA should consider, if applicable within the scope of the Statement of Intent for IAN 100.

	Identification and instructions	
Name of Individual:	Please indicate if your comments are personal, or represent your organization:	
Name of organization		
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	
Instructions for filling in and sending the template	Please follow the following instructions for filling in the template: ⇨ Do **not** write in the yellow shaded cells ⇨ Write in the white cells ⇨ When commenting on a specific paragraph: ○ Please use a separate row for each paragraph, sub paragraph, or bullet. ○ Please include the full reference in the first column such as "Introduction 3rd paragraph 2nd bullet" or "2.6.1.b.ii" ○ Please insert/append extra rows as needed. **Please send the completed template, renamed with the organization's or individual's name, attached in Word Format, to IAN100.comments@actuaries.org**	

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	Specific Questions asked by the IAC	Response
Q1.	Is the IAN clear and unambiguous? If not, how should it be changed?	There are possible improvements which are presented below in the comments.
Q2.	Is the IAN sufficient and appropriate in dealing with the Chapter headings? If not, how should it be changed?	
Q3.	Is the IAN at the right level of detail? If not, how should it be changed?	More concrete answers seem necessary in order to properly explain the standard from actuarial perspective. It includes for example questions 2.27, 3.41, 4.20, 5.17, 6.13, 6.21, 6.34, 9.8, 9.10.
Q4.	Where guidance is still ambivalent (awaiting further interpretation of IFRS 17) is there preferred guidance?	We propose that those guidelines which may be changed due to the tentative decisions of the IASB will be marked so that the reader can understand that the guidance is still uncertain.
Q5.	Are there any other matters that should be included in this IAN?	• There are practical guidances added below in the comments. • Investment component in Chapter 6

	General Comments on the IAN 100 Exposure Draft	
	Overall, we consider the document as helpful tool for actuaries when implementing IFRS 17. However, there are several sections that primarily reflect an aggregation of existing information staying on a rather general level, while more concrete answers seem necessary in order to properly explain the standard from actuarial perspective. We assume that this rather general and less operational approach has been chosen, in order to avoid potential for conflicting opinions. Nevertheless, we would welcome more practical guidance so that finally different experts either will come to similar interpretations or experts with different interpretations have a tool at hand that defines a process of how to align those different views. In fact we see a significant risk that an actuarial note like the draft IAN 100, leaving too much room for interpretation, will lead to • different interpretations of the same facts and different disclosure of similar portfolios or portfolio developments across markets or even in the same market • different and potentially contradicting accounting policies of insurance groups that operate in the same market but have their	

	home base in different countries • endless discussions between corporate actuaries and auditors • restatement requirements after market standards will be established over time that might contradict to individual implementations To avoid those issues, we would welcome significantly more concrete interpretations before corporate actuaries develop individual solutions that in certain aspects will probably contradict amongst each other.
	The language used should be originate from IFRS. If there is alternative terminology of the actuarial practices it should not be used but perhaps the equivalency between the terminologies could be expressed if useful. Especially this is concern in Chapter 9 – Reinsurance. There are used both terms general insurance and non-life which is understood to mean the same thing. The IASB uses non-life in BC so this should be preferred through IAN.
	Please consider that we did not comment on inconsistencies to the most recent decisions from the IASB, as we assume that the draft IAN will be updated in that respect after the IASB will issue the next ED.

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
Introduction		In our track-changes IAN there are corrections and comments which are explained there in details.
Introduction: 'What are International Financial Reporting Standards?'	Footnote: IFRSs refers to the ensemble composed by each individual International Financial Reporting Standard (IFRS), as issued by the IASB since 2001, and by each individual International Accounting Standard (IAS), as issued by IASB's predecessor IASC before 2001, by each International Financial Reporting Interpretation Committee Interpretation (IFRIC), as issued by IASB(!)…	IFRIC doesn't issue interpretations but IASB. See IASB's Due Process Handbook 7.27, 7.26 and 7.1.

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
Introduction: 'How do insurers present profit or loss statements when applying IFRS 17?'	… Changes in the effect of discounting and any other effect of financial risk are presented as insurance finance income	…instead of insurance finance revenue (see the standard paragraph 87)
Introduction: 'References to IFRS 17'	… Interpretations are issued from time to time by the IASB	IFRIC doesn't issue interpretations but IASB. See IASB's Due Process Handbook 7.27, 7.26 and 7.1.
Introduction Materiality	…which affects that scope and extent of actuarial analysis. (remove the text 'for the GMA')	It implies that this materiality aspect does not cover VFA or PAA, which is not correct.
Introduction: 'Materiality'	Materiality of IFRS 17 needs to be considered from the perspective of cash flow modelling and differs from the materiality of other, non-IFRS 17 balance sheet or p&l items where straight forward evaluation might be possible. Therefore, it should be pointed out that an individual materiality concept is required for IFRS 17, providing wider thresholds compared to existing IFRS.	It is obvious that cash flow models need to be based on model simplifications. An intuitive example are management rules, when modelling life cash flows from contracts with participating features that interact with underlying funds. In reality those management rules for asset reallocation can be applied on a daily basis, while the cash flow model under the VFA potentially is based on annual time-steps only. The exact quantification of such modelling aspects is not possible, as there is no reference model without any simplification. Therefore the materiality concept should take into account also materiality aspects of the Conceptual Framework and the common actuarial practice and actuarial judgement when determining cash flows.

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
1.B		The paragraphs seem not to be correct. Please see our track-changes document
1.6	Reinsurance contracts held which doesn't fulfil the definition of the insurance contract but the underlying contracts are insurance contracts are held as the insurance contracts. This additional condition was not in IFRS 4.	Amendment for completeness to answer to question Where does the scope of IFRS 17 differ from IFRS 4?
1.16	• Some future cash flows inside the contract boundary of the underlying contracts may be outside the contract boundary of the reinsurance contract.	Amendment for completeness to answer to question What are the issues for contract boundaries under reinsurance?
1.21	Note that IFRS 17 discusses similar risks, which do ~~may~~ not have ~~necessarily have~~ the same interpretation as "similar insurance risks". Therefore, an entity may consider other risks such as lapse, ~~and~~ expense and financial risk in their determination of what similar risks means.	The other risks could be considered, too, like the financial risk which may be more important than lapse or expense risks. Further, "may" in this sentence as creating inconsistency. Either all entities should consider all risks or only insurance risks otherwise the portfolio definition does not meet comparability principle.
1.23	However, the meaning of the portfolio in 34(b)(i) in the definition of the contract boundary has a different aspect: The collection of the contracts whose pricing is assessed jointly.	Amendment for completeness to answer to question What are the potential impacts of an entity's choice of portfolio?
Section A d)	The ~~illiquidity risk may be included in the discount rate, or alternatively it can be allowed for as part of the risk margin (See Chapter 3 for background).~~ liquidity characteristics of insurance contracts are reflected in the discount rate.	This is in line with IFRS17.36 a). The concept of liquidity risk in RA is not present in the standard and not included in the IAN chapter w.r.t. RA creating some inconsistency across chapters

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
2.8	Other descriptions, such as best estimate or best estimate plus a margin, used in other ~~accounting structures~~ frameworks, may ~~not be the same~~ differ from the IFRS17 concept	Suggestion to rephrase in other to avoid the confusion that BE would differ from statistical mean
2.9	… ~~Under normal circumstances,~~ Investment expenses are not included in the estimate of future cash flows….	Term "under normal circumstances" is not defined term and makes the sentence vague and more confusing than without it.
2.9	… If those expenses are accounted according IFRS 9 Financial Instruments they shall not be double accounted according to IFRS 17 Insurance Contracts.	Added as the last sentence in order to pay the attention to the accounting of financial instruments.
2.27	The following **shall** ~~may~~ not be considered insurance acquisition cash flows:	Using „may" reduces any added value from particular examples.
3.2	Add new d) There are several possibilities to use the discount to los component.	See question Chapter 6 …
3.6	No, non-performance risk (defined in IFRS 13 Fair Value Measurement) related to the entity that has issued the insurance contract, as 'own credit risk', is not reflected (see paragraph 31) in the discount rates. The only exception is the transition calculation under IFRS 17 when fair value calculation is used (following IFRS 13 principles).	The exception in terms of transition calculation shall be highlighted.
3.7	They ~~are irrelevant~~ might not belong to the insurance contract but to the financial instruments according to IFRS 9. (See paragraph 2.9.).	The new formulation is in line with preciding text. There might be situations where the investments are part of the contract.

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
3.10	equivalent replaced by effective	Effective rate is the term IFRS 9 uses.
3.10	**3.1. Can an ~~equivalent~~ effective (constant) discount rate be used in IFRS 17, instead of a discount curve?** A common actuarial practice is to translate a discount curve into an ~~equivalent~~ effective discount rate by solving for a constant rate such that, for the pattern of cash flows Reasons to conduct this translation include for data storage simplification, calculation ease and, if needed, the comparability to the effective interest rate income of a liability covering bond. However, the effective rate of the liability is more laborious than of the bonds because the cash flows of the liability is updated regularly	Argues the possible use of effective rate
3.11 & 3.25		The current text structure is likely to lead to the confusion that both bottom-up and top-down approaches could only be used to discount CF that do not vary based on the returns on any financial underlying items. It would be good to state explicitly just before 3.25 which paragraphs w.r.t. discounting fixed CF also apply to the variable CF

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
3.12	IFRS 17 has no specific requirements for the reference portfolio. It could be based on actual assets held ~~by~~, target investments of the company or on a theoretical portfolio of assets When starting with the actual assets held by the company, an assessment on whether the portfolio still reflects the characteristics of the cash flows whenever the investment strategy changes materially may be done. The target investments of the company's investment strategy does not have this complication.	Added one more possible reference portfolio which might be useful.
3.14	~~BC193 specifically draws the parallel between insurance contracts and fixed income financial instruments and suggests that liquidity characteristics of insurance contracts be viewed from the perspective of the features embedded within the contract.~~ B79 of the standard states … That adjustment shall reflect the difference between the liquidity characteristics of the group of insurance contracts and the liquidity characteristics of the assets used to determine the yield curve. Yield curves reflect assets traded in active markets that the holder can typically sell readily at any time without incurring significant costs. In contrast, under some insurance contracts the entity cannot be forced to make payments earlier than the occurrence of insured events, or dates specified in the contracts.	Reference to Appndix B is more relevant than the reference to BC.

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3.14	The focus of IFRS 17 in general is on the insurance contract features and as such this answer explores liquidity from the perspective of the contract's features	Is there a danger that this senetence can be seen in contradiction with B79? Should be considered if this sentence can be left.
3.14	The costs to the holder of the contract and other contract features that may influence the liquidity of an insurance contract include:	Added the property to which the following amendment is based upon.
3.14	• **Inherent value / value build-up**: … ○ The cost is not necessarily observable but depending on the terms and condition of the contract. E.g. the holder of the contract cannot anymore get as beneficial contract as the on in-force, e.g. term policy.	An important feature which is missed in the list.
3.14	~~One contract feature that is unlikely to affect the liquidity of insurance contracts is the predictability (or lack thereof) of the contract's cash flows. The risk adjustment for non-financial risk reflects the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk.~~	Deleted because this is uncertain. And the RA should be guided elsewhere.

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3.14	An environmental feature that is unlikely to influence the liquidity of a contract is the potential for viatical settlements. Viaticals provide policyholders, who may not place a high value on any remaining death benefits, with a payment from a third party for their contract where no or little exit value might exist as part of the contract feature. However, since the contract features remain unchanged and assuming that the insurer's required payment is only made upon occurrence of the insured event, the existence and depth of a viatical market would seem to affect the calculation of probability weighted cash flows and would not seem to affect the contract's liquidity	Is this true? Don't the parties (policyholder and third party) have different interests to keep the policy in force?
3.15		Ref to Para 3: we would welcome more information on practical approaches to estimate liquidity premiums: are some LP calibrations more appropriate for liquid liabilities versus illiquid liabilities (e.g. Point In Time versus Through The Cycle)?
3.15		„*Little is known about the term structure of illiquidity premium in current research and it is expected to be a function of the modelling approach selected*“: we would welcome some guidance whether a flat Liquidity Premium would be acceptable given the lack of data

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3.16	Insurance contracts exhibiting different features may have different terms and conditions for the forced early payments (see B79), exit costs, inherent value and/or exit value. As such, products are expected to have different illiquidity premiums. ...	Added relevant considerations
3.16	… Products within the same portfolio, however, may have similar illiquidity premiums / characteristics since they are similar risks. If it is impracticable to calculate illiquidity for each product, an entity may ~~elect to~~ use a single average illiquidity term structure across products within a given portfolio. However, keeping all the time up-to-date average may be more complicated than using different rates for different groups of contracts.	Single average illiquidity shall be used only where it is impracticable to calculate it in more detail.
3.19		The context of this paragraph should be clarified: is it only limited to a top-down approach or would it also apply in case of bottom-up? We observe in practice a mix between bottom-up and top-down: start from the RfR (bottom-up) and infer the LP from the ref portfolio by removing the credit risk (top-down)
3.19 i		„On the other side the CDS premium reflects the possibility that the CDS provider may default – and therefore the CDS premium is lower than it would be were this not the case“ We would recommend clarifying this sentence: would this mean that CR-adjustment without the risk of default of CDS provider would be higher than the real observed CRA with the possibility of default?

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3.19 iii	One could leverage on models developed for calculating the IFRS 9 lifetime impairment provision (e.g., panel logit models, dynamic transition matrix models) but also on approaches and data available in prudential frameworks	We aim here at extending the possible leverages: EU insurers could leverage on the Solvency volatility adjustment or matching adjustment (depending on the liability characteristics) by applying the EIOPA risk-correction spreads on their reference portfolio.
3.23	In any extrapolation model, the level and position of the end points are required. As such, the ~~year~~ time horizon at which the ultimate rate is achieved needs to be set, and would depend on considerations related to how the ultimate rate was derived	
3.27	Stochastic modelling techniques based on risk neutral scenarios for investment returns on underlying items[1]. In this technique, the projected average investment returns on the financial underlying items are calibrated to be equal to the deterministic risk-free discount rate (with adjustment for liquidity ~~as appropriate~~ if a liquidity premium is in place).	We aim at clarifying that if there is a LP, risk neutral scenarios should include this LP.
3.27	Here ~~are some approaches (but~~ is an non-exhaustive list of approaches that might be used in the valuation if the dependence of the cash flows on the financial underlying items is non-linear (paragraph B77), noting the requirement for the measurement to be consistent with observable market prices (paragraph B48):	

[1] IAA Monograph: Stochastic Modeling Theory and Reality from an Actuarial Perspective (2010)

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3.28		Another related question is how to allocate the TVOG between investment and insurance result. TVOG needs to be considered as part of a balance sheet position; therefore, there is no need to separate the value itself in the P&L; the allocation of the change in TVOG follows the CSM release pattern.
3.33	For the liability for remaining coverage of contracts with a significant financing component within a group of contracts where the ~~PAA~~ discounting is applied, as ~~per~~ stated in paragraph 56~~, the cash flows might be discounted. T~~the discount rate is always the locked-in rate at inception of the contract (paragraph B72(d)).	The question is under title PAA. Relevant is that discounting is applied and the prerequisite is anyway that PAA is applied.
3.34	If the group of insurance contracts becomes onerous (as per paragraph 57 (b)), the difference between the carrying amount of the liability using PAA (paragraph 55) and the fulfilment cash flows that relate to remaining coverage of the group ~~GMA~~ (applying paragraphs 33-37 and B36-B92 ~~and paragraphs 86e-92~~) should be calculated. The calculation of liability values under the fulfilment cash flows is conducted at ~~either~~ the current rate ~~for the P&L if the OCI option is used (questions 3.36 - 3.41).~~ or ~~the locked-in rate at inception of the contracts~~ does not include any discounting as decided by the entity provided the cash flows occur within the year (as per paragraph 59 (b)).	

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3.35	For incurred claims, the GMA is used without a CSM. ~~d~~Discount rates ~~are used~~ therefore adjust cash flows unless those cash flows are expected to be paid or received in one year or less from the date the claims are incurred ~~the GMA is used without a CSM, which is not applicable for the liability for incurred claims~~.	Positive expression is easier to understand than the negative
3.36	IFRS 17 is not specific regarding the method to roll forward the curve. One approach might be to derive each year's discount factors with the forward rate for that year, from the locked-in curve. This forward rate would be the rate to accrete on the CSM. Another possibility is to use the effective rate if derived at the inception although it it quite dependant on cash flow pattern as indicated in para 1 of 3.10.	Added a relevant consideration
3.39	**What is the locked-in rate for groups of insurance contracts when the OCI option is used for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to policyholders?**	Specify in the title that it is when the OCI option is used
3.39		We would welcome adding a paragraph after 3.39 to cover insurance contracts with Direct Participation Features: - VFA and holding underlying items, IFRS 17.89 applies - VFA and not holding underlying items, IFRS 17.B132 c) applies

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3.40	**How to use the discount rate at inception in the subsequent measurement?** The future discount curve may be derived from those forward rates at inception which are still in future at the measurement date	A practical amendment
3.41		Some link with the time window used (up to one year) and some considerations w.r.t. financial sensitivity of the insurance products plus interim reportings would be welcome. An illustration of the locked-in rate over the reporting periods used for CSM accretion and change in FCF would be welcome
3.41		*"Calculating the CSM at issue for the group as at the date of initial recognition using a weighted average discount curve (paragraph B73)."* There are several ways to define weighted average. It would be beneficial to have particular method guidance to reduce broad inconsistency
3.41		*"When calculating weighted average discount curves, one approach might be to average discount factors"* It would be useful to understand the pros and cons of averaging on discount factors versus averaging on rates immediately
References	IOPA. (2017~~7~~8). Technical documentation of the methodology to derive EIOPA's risk-free interest rate term structures. *EIOPA-BoS-15/035*.	Document has been updated

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
4.9	[First paragraph] … The risk aversion of the entity usually includes also other risks which are not considered in the risk adjustment and risks from the contracts which are not accounted by IFRS 17 so there should be methods to separate those risks. In other cases, discussions with the entity's board and management may be appropriate. Topics for discussion that the actuary may find useful include: … • the entity's target return requirement from its insurance subsidiaries;	Added two issues which could also be taken into account when determining the risk adjustment.
4.10	In some cases, the gross risk measurement might be approximately proportional to the net risk measurement ... In the case the each reinsurance policies cover the risks of separate groups of insurance contracts in different ways the risk adjustment may need the apportion to those separate groups for which the gross risk adjustments are determined e.g. for reporting purposes.	An amendment to the case where the gross risk measurement might NOT be approximately proportional to the net risk measurement
4.14	… , a simple technique, such as adding a margin based on the estimated standard deviation may not fully allow for the risk of very low frequency but high severity outcomes.	Why not if very little is known? Do the artificial scenarios or probabilities more information? Should we delete this text in parenthesis? The next paragraph says what can be said.
4.16	• how risk diversification has been considered, within and across product lines, geographic divisions, across entities within a group, etc.; ~~and~~ • how risk has been allocated at the group of contracts level	Disclosing how the RA has been allocated at group level underlying the CSM calculation can also be considered as a key element to be communicated

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4.17	The risk adjustment must include also the portion of the group of the contracts which are accounted by PAA approach even though that portion is not reported. That portion is needed in the onerous test.	Added reminder in order that the actuary will not ignore that part of the liability whose risk adjustment is not reported.
4.17		*"Such methods reflect the key drivers of the risk adjustment calculation"* More guidance would be welcome. Also noting that other allocation methods than risk drivers could be used (e.g. proportional, marginal, Shapley, Euler, Aumann-Shapley,…)
4.20	~~The level of disclosure is likely to be determined by market practice.~~	To delete statement and, instead, provide IAA point of view to support some market practice based on Risk Adjustements Monograph to establish some market practice.
5.1	In doing so, the IASB intends to limit the obscuring of information that would occur by offsetting onerous contracts in one group with profitable contracts in another and to report the profits in appropriate reporting periods (paragraph BC119 and BC136).	Additional reasoning for the grouping
5.2	In determining the level of aggregation, an entity identifies portfolios of insurance contracts. Each portfolio is divided into groups, which distinguish onerousness and profitability, ..	Consistent with the previous amendment

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5.12	Yes, it is possible to change portfolios but it is not possible to change groups of contracts (unless contract modification applies – see chapter 14). ~~No.~~ A contract is required to be assigned to a group (which is a subset of portfolio) at initial recognition of the contract.	Answer may be misleading. It should be NO to change of GIC but YES to change of PIC. This question is in section of questions for portfolios so it would be expected the answer yes with clarification that it is not applicable to GIC.
5.13	… 'unit of account' ~~(though this term is not used in IFRS 17)~~. → This term is used in IFRS 17 only in BC139.	Correcting the false assertion
5.15	.. the renewal of a long-term contract may be treated as creating a new contract ..	What is this kind of contract?
5.17		*We would welcome more guidance on mutualisation as the second paragraph of 5.17 is not fullt clear:* *According to IFRS 17.68, sponsoring CF are to be included in the donor group and excluded in the receiver group.* *Paras B68-71 seem to apply to both direct and indirect participating contracts* *It would also be good to further explain B71: when all the coverage has been provided (surplus), there is no need to allocate FCF to specific groups but measure FCF from all groups*
5.32		*Language*

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6.1.		It would be useful to include some general guidance on the desirable properties of CSM release (e.g. CSM release pattern, P&L, P&L volatility, consistency with pricing, consistency with management view, operational ease,…)
6.3.	~~In this chapter,~~ Pre-coverage cash flows include contractual cash flows relating to the contract that were paid / received by the insurer before the recognition date of the contract.	Why only in this chapter?
6.7	If GMA is applied, I~~i~~nterest is accreted on the carrying amount of the…..	The text doesn't apply to VFA.
6.8 table 6.1	~~Contract holder info changes~~ Changes in the data information affecting to the risks of the policyholder	Is it meant this?

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Between 6.8 and 6.9	**What is investment component?** Appendix A specifies *the investment component as the amounts that an insurance contract requires the entity to repay to a policyholder even if an insured event does not occur*. This is somehow equivocal because it does not specify when to repay. However, noting that the definition is applied whether the component were a explicit separate financial instrument within the scope of IFRS 9 or implicit non-separable within the scope of IFRS 17 (BC108) would indicate that repayment possibility may occur during the whole coverage period. The possibility to terminate the contract and get the repayment or the surrender value doesn't not necessarily mean the repaid amount is the investment component. E.g. the pure endowment or old age pension policies may have high surrender values and which are investment-related and can earn continuously interests. However there is no gurantee that policyholder will receive anything from the policies in the case he or she dies before the insured event occurs. They have no investment component. There might be several different kind of products where it shall be considered what is the investment component. E.g. endowment or pension contracts which guarantee the death benefit as the whole deposit (paid premium + interest given – possible charges) to be paid at the death before the specified age and after that age 50% of the deposit during the rest of the coverage period. During the whole coverage period, also before the specified age, the investment component depends on that 50%. The word repayment needs the interpretation whether it means that the investment component is limited to the paid premiums or wheteher it can include also the interest earned to the premium. Taking into account that the definition of the investment component shall be applicable also to the separable component in the scope within IFRS 9 IAA is inclined to the interpretation that the earned interests could be included in the investment component.	It is not well explained what is investment component and there seems to be need for that because there seems to be different understandings. Now in Chapter 15 it is tried to explain but this is better place. We note that this answer seems to be compatible with TRG's April 2019 meeting paper AP1

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Between 6.12. and 6.13	**Does the transfer of the service in the reporting period (revenue) include the estimate changes done at the end of the period or do the changes impact only to the future periods?** The transfer of the services in the reporting period includes also the estimate changes done at the end of the period. Paragraph 44 says the CSM at the start of the reporting period is adjusted for the changes in estimates of the present value of the future cash flows (44(c), B96(b)) and the amount recognised as insurance revenue because of the transfer of services in the period. The amount is determined by the allocating the contractual service margin at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future (44(e), B119(b)). BC221 and BC 224(e) confirm this: … adjustments to the contractual service margin are recognized prospectively using the latest estimates of the fulfilment cash flows. … any changes [of CSM] are recognised in profit or loss when the contractual service margin is recognised over the current period and the coverage period remaining after the adjustments are made …	There has been uncertainty in the discussions whether the changes of the estimates referred in this questions have impact only to the future reporting periods or also to the reporting period at whose end the changes are made.
6.13	Add investment services as relevant for interpreting coverage units.	6.13 contradicts to 6.14 that correctly reflects the current interpretation including investment services as quantity of benefits.

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
6.13	Remove 6.13.e)	The focus on insurance risk / insurance service only provides outdated implications. Investment services have no connection to any stand-ready quantity of benefit nor to a probability of an insured event.
6.16		Could possible proxies also include mathematical reserves and P&L under the local GAAP perhaps depending on the coverage type?
6.19	Note that notification or settlement of the claim may occur after the end date and the claim amount payable ultimately may continue to develop after the end of the coverage period. ~~However, t~~These ~~are~~ may be part of the incurred claim liability and do not represent the provision of further coverage or they can be the continuation of the coverage period as in the life-contingent annuities (See B5 and TRG September 2018 meeting AP1).	The guidance is one-sided. Other possibility is also possible as stated in the important TRG's AP. This amendment is referred in 7.8.
6.20	IFRS 17 is silent on whether time value of money needs to be allowed for in determining the release pattern for the CSM and paragraph BC282 makes it clear that this has been deliberately left to the ~~discretion~~ judgement of the reporting entity. Discounting is a standard process in an actuarial measurement. Reporting entity shall assess whether time value of money is material for particular case and by using this judgement apply or not apply discounting to coverage units. If the reporting entity applies discounting to cash flows and to risk adjustment, it is anticipated that coverage units are discounted as well.	Even though IFRS 17 leaves the judgement around the discounting of coverage units to reporting entity. It should not be an election but the judgement which should follow common actuarial practices.

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
6.21	Comparison between VFA and GMA Daphné writes	We would welcome an overview of the changes in FCF that qualify for adjusting the CSM under the VFA measurement by reproducing table 6.1 from section 6.8 and adding a column for the VFA making an explicit comparison between VFA and GMA.
6.21		Some guidance would be welcome on subsequent measurement of Contracts with Direct Participation features w.r.t. changes in FCF that do not vary based on returns on underlying items (IFRS 17.B113)
6.34		We would welcome if IAA could assess which view is preferred from an actuarial point of view. Currently both approaches are valid. IAA should discuss advantages and disadvantages of both approaches and support the one that is more appropriate (appropriate in more situations). Second approach should be used only when the preferred one is not appropriate for particular case. This would not prercibe just one approach but it would create better market consistency when an actuary is looking for some guidance.
New question	Add the guidance of the allocation of the loss component according to paragraph 50	There's no guidance yet
Section B preface	As discussed in Chapter 7 the PAA may be used <u>for the liability for remaining coverage</u> whenever it provides a good approximation to the GMA.	In order to be clear that it cannot be applied for the liability for incurred claims.

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
Section B preface	As discussed in Chapter 8, the circumstances as to when the VFA may be used are not always straightforward especially for contracts with direct participation features which may well vary by jurisdictions. ~~Although not insurance contracts, Investment Contracts with Discretionary Participation Features are in scope of IFRS 17 "provided they are issued by an entity that also issues insurance contracts". If so these contracts are measured in the same was as Contracts with Direct Participation Features.~~	The deleted text is not true. This same assertaion is expressed also in 8.20. The deleted text is not needed here and there's no use to reformulate it.
7.2 new 2nd paragraph	The PAA may also represent simplified reporting of the groups of the contracts to which it is applied compared to the GMA. Again, the entity may weigh up this fact from the perspective which information it will give to the users of the reports and in the context of the information to give from all the groups of the contracts.	An additional point of view
7.2	The PAA is similar to the unearned premium approach (UEP) used by many entities for reporting unexpired coverage under IFRS 4, local GAAP and / or regulatory reporting for short duration contracts. However, the PAA is not ~~exactly~~ the same as some unearned premium approaches and adjustments may be required. Perhaps the most important differences are that PAA is net based and UEP gross based to the rights and obligations of the contracts and that the PAA uses received premiums and UEP premiums due. The net based property may mean that the liability for remaining coverage of IFRS 17 is much lower than of IFRS 4. Therefore, entities may need to consider the benefits and disadvantages of implementing the PAA or the GMA for contracts that are eligible to use the PAA.	The paragraph underestimates the difference between UEP and PAA. An additional point of view
7.4		Lot of deletions of the texts which are unnecessary or stated elsewhere. See the track-changes document. One additionasl guidance.

Comments on specific paragraphs of the IAN 100 Exposure Draft			
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**		**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
7.5	The PAA may have a greater risk of not producing a reasonable approximation to the GMA for the groups of contracts whose coverage period is longer than one year in the following example scenarios,		The following table seems to assume the added text but nowhere mentioned.
7.5 table	~~In a high interest rate environment where~~ there is significant financing component.	In this situation an entity is required under the PAA to reflect the time value of money in the liability for remaining coverage using a discount rate locked in at initial recognition. ~~A high interest environment tends to be volatile and an entity that used t~~The GMA with~~out a locked in~~ the current discount rate may produce a significantly different answer for the liability for remaining coverage than the PAA.	The condition of the high interest rate environment is irrelevant because after the initial recognition it is quite possible that the interest rate changes materially.
7.5 table	There is a significant non-separable investment service or other non-separable non-insurance component to the contract, or there is a significant profit sharing component.		
7.5 table	Situations where there can be significant changes in the initial "written" premium which could include: …		There are several change proposals. Please, see the track-changes document.
7.6	… he justification required depends on the circumstances, although paragraph 54 suggests that the criterion is evaluated only at inception looking at "significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred".		More complete and emphasizes the variability during the whole coverage period even though the expectation only at the inception.

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
7.7	The first criterion is consistent with how entities in some jurisdictions that write short duration contracts recognised contracts under local GAAPs and IFRS 4 prior to the effective date of IFRS 17. ~~The second criterion would be triggered if any premium deposit, instalment or the full amount is due prior to the start of the coverage period.~~	removed as unnecessary
7.8	… For many non-life contracts, neither insurer nor insured is obliged to renew, so the contract boundary is clear. It must be noted that the coverage period can be longer than the contract boundary at the inception so if the contract boundary at the inception is less than one year may not be a sufficient criteria to apply 53(b). See question 6.19.	useful amendment. the point is added to 6.19.
7.12	…~~Other types of policies may have more subtle seasonal effects that would, due to the large number of policies sold, have a significant impact on revenue. For example, auto policies in the northern states of the US incur 72-74% of incurred losses over the first 9 months of a calendar year with the remaining 26-28% being incurred over the last quarter with the inclement winter months. This difference is subtle in terms of ultimate loss but might have a significant impact on the revenue recognition and bottom line profit of the company if the premium was recognised in line with the expected timing of incurred claims.~~	This example is too specific and to some extent extreme and provides benchmarking using particular numbers which may lead to inappropriate market practice.
7.13	accident → insured event	all the insured events cannot be said to be accidents
7.14	Replace GMA with fulfilment cash flows	Because the onerous test doesn't include the CSM.
7.17	See the track-changes document	Terminology
7.19	See the track-changes document	The standard uses the term separate, not bifurcation. Reference to relevant questions.

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
8.1.	The contracts are defined in Appendix A and B101 and ~~are~~ must be measured using a variation of the approach used for insurance contracts without direct participation features	Once the conditions of DPC contracts are met, you must use the VFA. The obligation to use the VFA in those conditions should be clear.
8.2	Add comment on preliminary status of this section.	The treatment of reinsurance in this context might be changed in the IASB's reconsideration process.
8.3		It would be useful to add that underlying items valued at amortised cost would not fail the definition of DPC in line with log S26 covered in AP07 TRG Feb 2018: *Contracts that provide a return that is based on an amortised cost measurement of the underlying items would not automatically fail the definition of insurance contract with direct participation features. Applying paragraph B107 of IFRS 17, entities expectations would be assessed over the duration of the contracts, and therefore returns based on amortised cost measurement might equal returns based on fair value of the underlying items over that duration.*
8.6	Replace text with 'Yes, such profits can qualify as underlying items'	Some traditional life insurance portfolios in the EU contain exactly such participating features.
8.7	This latter example ~~would~~ excludes many traditional participating contracts from qualifying as DPCs.	Replacing "would" to present clear statement

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
8.9	All these different adjustments to the CSM do not have to be identified separately (B114)	The changes to FCF that do not vary based on the returns on underlying items others than changes in effect of time value of money and financial risks not arising from the underlying items are accounted similarly to the GMA (e.g. P&L or OCI) (see IFRS17.B113). It would be worthwhile adding this distinction by referring to 8.14 and correcting the last sentence of 8.9.
8.10	Add examples on practical implementation that explains how newly added contracts to a portfolio can be measured and how the interaction wih this this portfolio is reflected; e.g. via assessment of the 'marginal values' from two evaluation of the portfolio cash flows and the CSM (with and without the newly added contracts).	The existing reference might be considered as an implication of a 'stend-alone' evaluation of the newly added contracts. Depending on the individual portfolio characteristics, such an individual evaluation can lead to unrealistic cash flows or CSM.
8.13	Add final sentence: 'Finally, the considerations for initial recognition, described under question 8.11 are also applicable here.	Additional clarification.
8.15	If risk mitigation is used then, for DPCs, the entity ~~can~~ may choose ~~to put~~ not to recognise some or all of the changes in the effect of financial risk in the entity's share of the underlying items component of the variable fee (B113(b)) through the CSM. This is to remove accounting mismatches	Correction suggestion and more alignment with IFRS17.B115
8.16	If the terms of a contract are changed **(and it is not based on contractual option included at initial recognition)** so…..	Additional clarification / important precondition

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
8.20	**8.20 How are Investment Contracts with DPF measured?** Investment Contracts with DPF are subject to the same measurement considerations as ~~direct participating~~ insurance contracts~~ – refer to questions 8.3 to 8.17~~ except those items mentioned in paragraph 71, the recognition, contract boundary and the allocation of the contractual service margin.	It is not correct to refer to DPC. See Section B preface
8.21	…For example, where discretion on profit sharing in timing or on top of enforceable dividends (bonuses) exists or no enforceable sharing mechanism **is** specified for the participating contracts in question, so the dividend (bonus) can be adjusted to support performance on other contracts, or where the dividend (bonus) does not only depend on changes in the underlying items but also is materially based on sharing of expense or mortality profits as well.	More general example needed
8.23		*"The sharing will normally go both ways, so if a group of policyholders shares profits with another group but the second group does not share profits in reverse, this is not the mutualisation case being considered"* Is this an absolute prerequisite that sharing goes in both ways? What is the underlying reference?

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
8.23		*"Payments and sharing of returns between existing groups of policyholders can be to current or future policyholders (B68(a))"* Further defining the concept of sharing with future policyholders would be welcome.
8.25	Mutual insurers and the specific considerations for a mutual insurance company are considered further in the Basis for Conclusions (BC264 – BC269). Applying the IFRS 17 requirements to contracts with policyholders with a residual interest in the mutual entity will result in no contractual service margin for those contracts.	Copied from Insurance contracts issued by mutual entities sheet 10 https://www.ifrs.org/-/media/feature/supporting-implementation/ifrs-17/ifrs-17-and-mutual-entities.pdf. Can we give this guideline not based on the official material?
8.27	… Discussions in the industry have disagreed that there is no equity on a variety of grounds depending on, among other items, the exact terms of the contract and regulatory requirements to hold capital. If the consideration concludes there is equity there might also result in contractual service margin for at least some of the contracts of those entities.	Complementing the above 8.25 change proposal
8.28	For DPC **where the entity hold the underlying items** the disaggregation is different.	Important precondition
8.29	If an entity chooses to disaggregate insurance finance income or expenses for DPCs**, where the entity holds the underlying items,** in the P&L	Important precondition
8.30	If the financial assumptions remain the same through the years (i.e., no changes related to future cash flows), the calculated **effective yield will remain the same**. …	**Question**. In this case is this same as the effective interest rate method in IFRS 9? If yes, can it be mentioned?

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
8.30	Using the crediting rate approach requires at least the following steps: 1-4	Difficult to follow whether this is correct
8.30 1.	1. Calculate the fair value of liabilities on current assumptions (in our example they increase when interest rates fall).	Does fair value of liabilities mean applying IFRS 13 and the risk adjustment calculated from the market perspective?
8.30 2.	2. Solve for rates which "amortise" the difference between the new value and the original estimate, in proportion to how interest is credited.	Are the rates annual rates. If the difference is amortised only one constant rate is found. And then – see the following comment – how the scaling is calculated?
8.30 3.	3. This scaling factor …	Between which items?
9.1	See the track-changes document	The text has not taken into account the change of the reinsurance contract to be insurance.
9.2	Delete	Not correct. See 9.1
9.8.		It would be useful to provide some guidance in a separate paragraph how discounting reinsurance held versus underlying insurance contracts would differ. IFRS 17.63 mentions the use of consistent assumptions to measure the estimates of the present value of future CF

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
9.10		More guidance on how to value the risk of dispute in the FCF (and eventually in the RA) would be welcome.
9.11	See the track-changes document	Language
9.12	See the track-changes document	Language
9.20	Under IFRS 17, two different situations may happen where a reinsurance contract with a contract boundary is extended beyond the original boundary through the exercise of contractual terms – for example, continuation of a fully cancellable reinsurance contract with agreed premiums past the cancellation exercise date which created the boundary. Under one situation the continuation would extend the contract boundary of the original contract and the impact reflected as changes in the fulfilment cash flows of the contract (this could happen only in case that contract boundary assessment at the reporting date would change from the initial recognition due to changes described in BC164) . Under the second situation (probably the most frequent one), the continuation would be treated as a new contract with a new contract boundary.	*We do not see the provided* example to be in line with the TRG discussions (meetings in May and September). Considering the fact that contracts without agreed premiums were discussed in September TRG meeting (which was scoped out in current IAN version) we believe that the presented interpretation was possible. Further we believe it is useful to mention also the second situation when the premium is agreed at inception. This situation was discussed in TRG meeting held in May 2018 and the conclusion was that such contracts should not have short contract boundary. However we believe it is important to present also the situation when the premium is not agreed at inception. After the consideration of September TRG meeting (in next IAN version) we suggest to present this example as suggested in “Text to be added in the next version o IAN”.

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
9.23	See the track-changes document	Language
9.24	Delete	There's no IFRS-requirement to the actuary's report at least not in all the jurisdictions.
10.C.	Chapter 11 *Business Combinations and Portfolio Transfers* and Chapter 12 *Transition*	
Chapter 10	demand deposit floor → demand feature	To use IFRS 9 terminology
10.10	10.10. Should the fair value disclosures of investment contracts with DPF be prepared according to IFRS 7? No. The exception of IFRS 7 of paragraph 29 which states that Disclosures of fair value are not required: … (b) for a contract containing a discretionary participation feature (as described in IFRS 4) if the fair value of that feature cannot be measured reliably. is deleted (appendix D of IFRS 17) but the scope exclusion to paragraph 3(d) of IFRS 7 is amended to scope out all the contracts within the scope of IFRS 17 Insurance Contracts. However, the disclosure is required for the investment components that are separated from contracts within the scope of IFRS 17 (IFRS 7.3(d)(ii)).	Add an explanatory new question
11.2	See the track-changes document	Text improvements and deletion of repetation.

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
11.3		The recommendation to move 11.3 before 11.2 because the difference in the answer is used in 11.2.
Appendix to Chapter 11	The questions of the Appendix are numbered with 11.A.1 – 11.A.5	To allow for later references
12.2	12.2. What ~~is~~ are the effective date of IFRS 17, the date of initial application and the transition date? The effective date is the beginning date of the annual reporting period the entity first time applies IFRS 17 to annual reporting periods beginning on or after 1 January 2021, with early application permitted. The start of the annual reporting period in which an entity first applies IFRS 17 is called the date of initial application. Some jurisdictions may adopt other effective dates. The date of initial application is the effective date. The transition date is the beginning of the annual reporting period immediately preceding the date of initial application.	Because the transition date is an important specified date as the date of initial application they should be added.
12.3	Wrong calender years and other minor amendments	See the commented IAN 100
12.4	Yes, an entity is permitted to present more than one year of IFRS 17 comparative information (paragraphs C25-C28). The beginning of the earliest adjusted comparative period ~~presented (which would be the beginning of the period immediately preceding the date of initial application when only one year of comparative information is presented) is called the~~ "transition date". …	Deleted because specified in 12.2

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
12.19	12.19. After ~~transition~~ date of initial application, can new contracts be added to the groups established at transition date?	The question is incorrect. After the transition new contracts can be added but not after the date of initial application
12.19	The full retrospective approach follows paragraphs 14-24 and doesn't allow new contracts to be added after the date of initial application. The modified retrospective approach and the fair value approaches replace the full retrospective approach applied to the groups of contracts recognised before the transition date and the subsequent groups of contracts should follow paragraphs 14-24. Also the disclosure requirements of paragraphs 114-116 would prohibit new contracts being added to groups measured at transition using.	The answer is reformulated to fix the reformulated question. When applying the full retrospective approach • during the year between the transition date and the date of initial application contracts can be added to the cohorts • after the date of intial application no addition is possible to the annual cohorts.
12.31		The last paragraph moved upper to more logical place.

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
12.42	Depending how to interpret C23 it could be read also: Therefore, when applying the fair value approach at transition, the entity may identify portfolios of contracts based on how it manages the business at transition and determine there are three groups per portfolio (onerous, no significant risk of becoming onerous, other)~~, with no division of those groups by year of issue~~ if it has not reasonable and supportable information to make more granular division.	Current text is based on the understanding not to require reasonable and supportable information and make the change proposal void. This interpretation has been presented by EFRAG paper on Transition of March 2018. Alternatively, to give the understanding that the choice is not fully free. The deletion is repetition and not suitable after the amendment proposal. In line with IFRS 17.C23, the entities may apply the annual cohort requirement but are not required to (they may do it if they have reasonable and supportable information). I think we could leave the original text.
13.3	It is unclear yet whether the mentioned changes might have a different result.	Why IAA is not analyzing this further? IG3 and 4 and also IFRS 9 is available so it is possible to further analyze those changes if they are relevant.
13.C	~~None~~ IAN 10	IAN 10 exists
14.3	Examples of what is and is not a contract modification for IFRS 17 purposes are given below. The below answers do not discuss any requirement to notify the other party in order to exercise the option. …	The sentence added in order it should not be repeated below.
14.3	o where the insurer has ~~the right or~~ practical ability to change the premium	This seems to be not fully align with standard. First part is necessary condition but not sufficient if there is no practical ability.

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
14.4	Moved down	Below the accounting is discussed and this question belongs there.
14.5	An example of such a feature is the reduction of payment limits (with risk assessment for the reduction) that occurs in German Health insurance.	What is the payment limit? Is this well-known outside Germany?
14.5	• if the addition, upon exercise of the option, was able to be repriced at time of exercise, then the insurer ~~would need to decide whether there was~~**assess** any **material** contractual obligation ~~that needed to be measured~~ prior to exercise.	It seems there is a room for inconsistency, if the company can decide whether or not include this option in initial recognition
Title and below the title	Specified Modifications → Significant and non-significant modifications	BC uses the word significant and non-significant
14.8 and 14.10 added	New questions added and 14.4 reformulated.	To emphisize there are significant and non-significant modification as also changes which are not modifications.
14.9	the premium charged by the third party (paragraph 77 (a)(ii).	This point was missing in the list
14.11	Deleted	It has been combined in new 14.10.
15.2	15.2. How is insurance revenue~~, gross of reinsurance,~~ measured?	All these three changes indicate in this question that reinsurance held don't contribute to revenue. It is stated later but it is better to express already here.
15.2	"An entity shall present in profit or loss insurance revenue arising from the groups of insurance contracts issued. ~~[…]~~Insurance revenue shall depict …	All these three changes indicate in this question that reinsurance held don't contribute to revenue.

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
15.2	… It is still the premium but, for long term business, recognised in a very different way and timing compared to most accounting bases applying prior to IFRS 17. The reinsurance contracts held don't contribute to the revenue because it is determined based on the contracts issued. Insurance revenue related to insurance acquisition cash flows is measured …	All these three changes indicate in this question that reinsurance held don't contribute to revenue. See 15.9.
15.5	… For example, guaranteed amounts or repayments of funds payable by the entity when a contract lapses or is surrendered, may or may not meet the IFRS 17 definition of investment components …	It would useful to discuss the investment component in Chapter 6 CSM. See comment between 6.8 and 6.9. E.g. the surrender value may be understood too easily as the investment component.
15.6	At the time of drafting, it seems likely that reporting entities will need to define a basis for measuring investment components of insurance contracts being reported under IFRS 17.	Does IAA see any potential to come up with further opinion to define some principles to be held when this basis is defined?
15.13	… If the impact of the changes in assumptions in relation to future policy terminations cannot be offset by adjusting the CSM (i.e., because it relates to the current period and not future coverage), …	Difficult to understand: If changes in assumptions to future terminations cannot be offset because it relates to current period and not future coverage.
15.17	… ~~insurance~~ entities issuing insurance contracts …	They are not necessarily insurance entities but e.g. banking entities having insurance companies in the group.

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
15.17	Add: … According to paragraph 33(a) of IFRS 8 an entity may be required to report the geographical information on revenues, unless the necessary information is not available and the cost to develop it would be excessive. An actuary considering how to apply IFRS 17 may also wish to consider the entity's existing approach to reporting segments or geographical areas under IFRS 8 …	Also geographical areas should be considered.
15.21	After second paragraph to the third one: If the coverage period has terminated and still premiums are to be received they are presented in the receivables and accounted with IFRS 9.	Added and asked whether the added text is true?
15.31	IFRS 10: Consolidated Financial Statements, …. Also the cash flows can differ when the insurance company pays the service costs to the parent and the parent costs caused by the given service e.g. acting as the agent to the insurance company.	The actuary should take this amendment also into account.
15.31	If the insurance business is a minority business area in the consolidated entity the complete figures of financial position and profits and losses may be impolitic to present in the respective statements of the consolidated entity. It may be considered whether those could be presented in the disclosures.	E.g. the reporting entity might be large bank which includes small insurers whose contribution to the whole entity is immaterial and therefore it impolitic to include the large amount of immaterial figures to the "front page".
15.31	Paragraph B88 permits the allowance of diversification and of risk aversion reflection in the calculation of the risk adjustment at the reporting entity level. This is discussed further in Chapter 4 on risk adjustment.	Para B88 refers to the compensation asked by the entity for non-financial risk, which is related to both diversification and risk appetite (outcomes considered)
15.35	Deleted	It's a topic of Chapter 2.
15.36	Deleted	It's a topic of Chapter 2.

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Full Chapter/paragraph reference	**Change proposed to the paragraph (markup preferred)**	**Reason the change is needed (can be kept very brief or left blank if obvious from the change)**
Added 15.41	**15.41. Are there other IFRS disclosure requirements outside IFRS 17?** No. IFRS 4 requires some disclosures specified in IFRS 7 (IFRS 4.38-39A). But the applied IFRS 7 scope when applied IFRS 17 excludes contracts within the scope of IFRS 17 (IFRS 17 Appendix D). IFRS 7 shall be applied to the separated investment components and to the customer contracts accounted with IFRS 9.	Might be useful information