



ACTUARIAL ASSOCIATION OF EUROPE

IFRS 17 update

Virtual meeting, 3 April 2020

Kristoffer Bork, Chairperson IFRS17 Working Group

Latest news

1. IASB decisions on the proposed amendments to IFRS 17
2. EFRAG expected process

IASB Decisions

- December meeting
- The Board tentatively decided to finalise the proposed amendments on
 - Scope exclusions—credit card contracts and loan contracts that meet the definition of an insurance contract (paragraphs 7(h), 8A, Appendix D and BC9–BC30);
 - **Contractual service margin attributable to investment-return service and investment-related service (paragraphs 44-45, 109 and 117(c)(v), Appendix A, paragraphs B119–B119B and BC50–BC66);**
 - Presentation in the statement of financial position by portfolio instead of group level (paragraphs 78–79, 99, 132 and BC91–BC100);
 - Applicability of the risk mitigation option (paragraphs B116 and BC101–BC109);
 - Transition modifications and reliefs (paragraphs C3(b), C5A, C9A, C22A and BC119–BC146);
 - Finalise the proposed amendment to IFRS that would require an entity to allocate insurance acquisition cash flows to the group and to expected renewals of contracts in that group
 - Extend the scope of the proposed amendment for proportionate reinsurance contracts to avoid accounting mismatches

IASB Decisions

- January meeting
- The Board tentatively decided to
 - Retain the prohibition in IFRS 17 from applying the risk mitigation option retrospectively;
 - Amend the standard regarding interim reporting (paragraph B137);
 - Amendments regarding insurance acquisition cash flows – transitions and business combinations
- February meeting
- The Board tentatively decided to
 - Finalise the proposed changes in relation to CSM attributable to investment services (coverage units include investment services, investment related costs to be included
 - **Retain unchanged the annual cohort requirement**

IASB Decisions

- March meeting
- The Board tentatively decided to
 - **Postpone the effective date of IFRS 17 until 1 January 2023 (including the date for applying IFRS 9)**
- Next steps
 - **The Board expects to issue the amendments to IFRS 17 in the 2nd quarter of 2020**

EFRAG expected process

- EFRAG expects the formal endorsement process in the EU to take 18 months
 - The process will start mid-year 2020 based on the revised IFRS 17 standard.
- Letter from EFRAG to IASB, 24 March 2020
 - EFRAG raised once again the issue regarding annual cohorts

AAE position

- The postponement of the effective date will give time for a better implementation and transition process
- We propose to establish a statutory role for actuaries in relation to IFRS 17 – separate subject

Questions?