

Amendments to IFRS 17 Insurance Contracts Cover Note

Introduction and Objective

- 1 The EFRAG Board, in its April 2019 meeting, agreed that the draft comment letter on the forthcoming ED relating to the amendments of IFRS 17 *Insurance Contracts* should address all the changes to IFRS 17 proposed by the IASB. Where the IASB does not propose to change IFRS 17, EFRAG should provide views in the draft comment letter on the topics raised by EFRAG in the letter of 3 September 2018 to the IASB.
- 2 Therefore, the objective of this session is to obtain EFRAG TEG view on the six EFRAG topics in order to prepare for the draft comment letter.
- 3 The EFRAG six topics were:
 - (a) Annual cohort (cost-benefit trade-off, including for VFA contracts);
 - (b) Transition (extent of relief offered by modified retrospective approach and challenges in applying fair value approach);
 - (c) Reinsurance (onerous underlying contracts that are profitable after reinsurance, contract boundary for reinsurance contracts where underlying contracts are not yet issued);
 - (d) CSM amortisation (impact on contracts that include investment services);
 - (e) Balance sheet presentation (cost-benefit trade-off of separate disclosure of groups in an asset position and groups in a liability position and non-separation of receivables and/or payables); and
 - (f) Acquisition costs (for costs incurred in expectation of contract renewals).
- 4 Paper 09-02 is a high-level summary of IFRS 17 EFRAG Secretariat papers, i.e. input/evidence from EFRAG TEG/EFRAG IAWG discussions to date relating to these EFRAG letter topics, EFRAG case studies and other inputs from the users and the industry. It is a “living document” that will be updated as and when additional information is received. It does not replace the relevant EFRAG Secretariat papers and has to be read in conjunction with those papers, where the details of the technical discussion can be found.

Detailed agenda for 22 and 23 May

Timing	Topic
22 May 15.00/16.00	<ul style="list-style-type: none"> • Level of Aggregation
22 May 16.15/18.00	<ul style="list-style-type: none"> • Issue 1A: Modified retrospective approach • Issue 1B: Fair value approach • Issue 1C: Retrospective application of risk mitigation approach.
23 May 9.00/10.30	<ul style="list-style-type: none"> • Issue 1D: Setting OCI to nil at transition

	<ul style="list-style-type: none"> • Issue 2A: Reinsurance contracts – Onerous underlying contracts that are profitable after reinsurance • Issue 2B: Reinsurance contracts - contract boundary
23 May 10.45/12.15	<ul style="list-style-type: none"> • Issue 3 – Contractual service margin amortisation under the general model • Issue 4A: Balance sheet presentation – asset/liability • Issue 4B: Balance sheet presentation – receivables/payables • Issue 5 – Acquisition costs • Feedback from EFRAG IAWG on other topics

Agenda Papers

- 5 In addition to this cover note, agenda papers for this session are listed below. In addition when discussing the single issues we will refer to Agenda Paper 03.01:
- Agenda paper 09-02 – IFRS 17 summarised technical discussion on EFRAG letter topics (for information);
 - Agenda paper 09-03 – Level of Aggregation – Issue paper;
 - Agenda paper 09-04: the IASB’s March 2019 Paper 2A *Level of aggregation – Stakeholder concerns, implementation challenges and staff analysis*;
 - Agenda paper 09-05: the IASB’s March 2019 Paper 2B *Level of aggregation – Requirements and Board’s rationale*;
 - Agenda paper 09-06: the IASB’s March 2019 Paper 2C *Level of aggregation – History of the Board’s decisions and stakeholder feedback*;
 - Agenda paper 09-07: the ANC’s letter to the IASB dated 6 May 2019 commenting the analysis and conclusions of the IASB March 2019 Board meeting;
 - Agenda paper 09-08: the CFO Forum presentation to EFRAG TEG, March 2019; and
 - Agenda paper 09-09: the ANC’s analysis within its letter to the IASB dated 6 May 2019 (Acquisition cash flows, Balance sheet presentation, CSM allocation, Level of aggregation, Reinsurance and Transition).
 - Agenda paper 09-10 – Topics in EFRAG letter - Issue Paper
 - Agenda paper 09-11 – Basis for EFRAG TEG discussion;
 - Agenda paper 09-12 – Fair value calculation at transition;
 - Agenda paper 09-13: IASB’s Agenda Paper 2C February 2019 Paper Transition – Risk mitigation option and amounts accumulated in other comprehensive income on transition;
 - Agenda paper 09-14: IASB’s December 2018 Paper Issue 2E: *Reinsurance contracts - contract boundary*; and
 - Agenda paper 09-15 - May IASB staff paper 2C – *Sweep issues*.