

Amendments to IFRS 17: Monitoring IASB tentative decisions

Objective

- 1 The objective of this session is to update EFRAG TEG about the January IASB staff papers and obtain EFRAG TEG's views. The IASB session on this will be on 30 January.

Background

- 2 The IASB is now re-deliberating the feedback on its ED to amend IFRS 17 *Insurance Contracts*. At its October 2019 meeting, the IASB staff presented the IASB with a summary of feedback received as well as a plan for re-deliberations on the standard.
- 3 At its November 2019 meeting, the IASB agreed the scope of its re-deliberations and in December 2019, the IASB discussed amendments to the accounting for acquisition cash flows and reinsurance contracts held. In December 2019, the IASB also confirmed to finalise the following amendments to IFRS 17 as proposed in the Exposure Draft:
 - (a) a scope exclusion for loans;
 - (b) the contractual service margin attributable to investment services—coverage units for insurance contracts with direct participation features;
 - (c) presentation in the statement of financial position - by portfolio instead of group level;
 - (d) the applicability of the risk mitigation option - for reinsurance contracts held;
 - (e) transition reliefs for business combinations; and
 - (f) transition reliefs for the risk mitigation option - the application from the transition date and the option to apply the fair value approach.
- 4 At its January 2020 meeting, the IASB will discuss the following topics:
 - (a) Agenda paper 10-05A: IASB staff paper 2A - Scope exclusion from IFRS 17 for some credit card contracts;
 - (b) Agenda paper 10-05B: IASB staff paper 2B - Transition - the prohibition from applying the risk mitigation option;
 - (c) Agenda paper 10-05C: IASB staff paper 2C - Business combinations - contracts acquired in their settlement;
 - (d) Agenda paper 10-05D: IASB staff paper 2D - Interim financial statements; and
 - (e) Agenda paper 10-05E: IASB staff paper 2E - Asset for insurance acquisition cash flows—transition and business combinations.
- 5 Agenda paper 10-05F is the IASB staff paper 2 – Cover note.

IASB staff recommendation compared to EFRAG comment letter

- 6 Below is a high-level comparison between the IASB staff recommendation compared to EFRAG's comment letter on the IASB Exposure Draft relating to the Amendments to IFRS 17.

IASB staff recommendation	EFRAG comment letter (FCL)
Scope exclusion from IFRS 17 for some credit card contracts	<ul style="list-style-type: none"> • Aligned - Scope of credit cards and debit cards to be excluded from IFRS 17 • Separation of components not included in EFRAG FCL
Transition - the prohibition from applying the risk mitigation option	Not aligned – EFRAG proposed retrospective application
Business combinations - contracts acquired in their settlement	Not included in EFRAG FCL
Interim financial statements	Aligned
Asset for insurance acquisition cash flows—transition and business combinations	Not included in EFRAG FCL

Question for EFRAG TEG

- 7 Does EFRAG TEG have comments on the IASB staff recommendations relevant to the drafting of the draft endorsement advice?