

STAFF PAPER

November 2019

IASB® meeting

Project	Amendments to IFRS 17		
Paper topic	Cover note		
CONTACT(S)	Chalani Mohotti	cmohotti@ifrs.org	+44 (0)20 7246 6436

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

Introduction

1. The purpose of this meeting is to provide the International Accounting Standards Board (Board) with a summary of the feedback from the comment letters on the Exposure Draft *Amendments to IFRS 17*. This cover note provides:
 - (a) background on the Exposure Draft;
 - (b) an overview of the papers for this meeting; and
 - (c) an outline of next steps.
2. The Board is asked to decide on a redeliberation plan at this meeting.

Background

3. The Board recognises that IFRS 17 *Insurance Contracts* introduces fundamental changes and that implementing the new accounting requirements involves significant operational costs, including system development costs.
4. Consequently, since IFRS 17 was issued, the Board has been carrying out activities to support and monitor entities' progress in implementing the Standard. These activities included establishing the Transition Resource Group for IFRS 17 to discuss implementation questions, and meeting stakeholders affected by the changes introduced by IFRS 17, including preparers and users of financial statements, auditors and regulators.

5. These activities have enabled entities to better understand the new requirements and to prepare for the application of IFRS 17. They have also helped the Board to understand the concerns and challenges some entities have identified while implementing the Standard.
6. To respond to these concerns and challenges, the Board developed the Exposure Draft to propose a package of targeted amendments to IFRS 17. The amendments provide meaningful support to entities implementing the Standard, by reducing implementation costs and making it easier for entities to explain the results of applying IFRS 17 to users of financial statements.
7. IFRS 17 is urgently needed to address many inadequacies in the wide range of insurance accounting practice used in applying IFRS 4 *Insurance Contracts* and significant implementation activities are already underway. Accordingly, in developing the Exposure Draft the Board decided that any amendments to IFRS 17 must not:
 - (a) change the fundamental principles of the Standard because that would result in a significant loss of useful information for users of financial statements relative to that which would otherwise result from applying IFRS 17;
 - (b) unduly disrupt implementation already underway; or
 - (c) further delay the effective date of IFRS 17.
8. The Board issued the Exposure Draft on 26 June 2019 and the comment period ended on 25 September 2019.

Purpose and papers for this meeting

9. Agenda Paper 2A *Comment letter summary—overview and introduction* provides an overview of the comment letters and overall feedback on the Exposure Draft.
10. Agenda Paper 2B *Comment letter summary—feedback on the questions in the Exposure Draft* summarises the feedback from the comment letters on the ten questions in the Exposure Draft.

11. Agenda Paper 2C *Comment letter summary—other comments* summarises:
 - (a) comments on areas for which amendments to IFRS 17 were considered but not proposed; and
 - (b) other comments.
12. Agenda Paper 2D *Redeliberation plan* sets out the staff recommended plan for redeliberations and asks whether the Board agrees with that plan. The redeliberation plan is based on the staff thoughts included in Agenda Papers 2B and 2C.

Next steps

13. As noted in Agenda Paper 2D the staff plan to present papers to the Board at future meetings in the period from December 2019 to February 2020.
14. The staff expect that the timetable would allow sufficient time for the Board to further consider the feedback on those topics and to finalise any resulting amendments, in line with the Board's plan as stated in the Exposure Draft, in mid-2020.

STAFF PAPER

November 2019

IASB® meeting

Project	Amendments to IFRS 17		
Paper topic	Comment letter summary—overview and introduction		
CONTACT(S)	Roberta Ravelli	rravelli@ifrs.org	+44 (0)20 7246 6935
	Laura Kennedy	lkennedy@ifrs.org	+44 (0)20 7246 6437

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

Purpose of the paper

1. This paper provides:
 - (a) an overview of the comment letters and overall feedback on the Exposure Draft *Amendments to IFRS 17*, which was issued by the International Accounting Standards Board (Board) in June 2019; and
 - (b) an introduction to the comment letter summary in:
 - (i) Agenda Paper 2B *Comment letter summary—feedback on the questions in the Exposure Draft*; and
 - (ii) Agenda Paper 2C *Comment letter summary—other comments*.
2. Agenda Papers 2B and 2C should be read in the context of Agenda Paper 2D *Redeliberation plan*, which includes the staff recommended plan for redeliberations based on staff thoughts discussed in those papers.
3. At future meetings the staff will provide a more detailed analysis of each topic the Board decides to redeliberate.

Overview of comment letters and overall feedback

4. The 90-day comment period for the Exposure Draft ended on 25 September 2019. As of 7 November 2019, the Board has received 122 comment letters. Appendix A to this paper provides an overview of the comment letters by type of respondent and geographical region.
5. The majority of respondents are preparers of financial statements, preparer representative bodies of the insurance and banking industries, and actuaries (52%). Other respondents are mainly standard-setting bodies, accountancy bodies and accounting firms (35%). The remainder of respondents are users of financial statements (4%), regulators (3%), individuals, academics and consultants.
6. All regions are represented in the comment letters which came from 34 jurisdictions. Almost half of respondents are from Europe (40%). Other respondents are from Asia (22%), Canada (7%), Oceania (7%), Africa (6%), US and Latin America (3%). Global organisations represent 15% of respondents.
7. Overall, the feedback in the comment letters is consistent with the feedback from outreach discussed at the October 2019 Board meeting. Respondents expressed support for the Board considering concerns and implementation challenges raised since IFRS 17 was issued and proposing targeted amendments to IFRS 17. However, some respondents think the Board should:
 - (a) extend the scope of some of the proposed amendments (see Agenda Paper 2B);
 - (b) reconsider some of the amendments suggested by some stakeholders that the Board considered when developing the Exposure Draft and decided not to propose (see Agenda Paper 2C); and
 - (c) consider new concerns and implementation questions that some stakeholders have recently identified (see Agenda Paper 2C).

Introduction to the comment letter summary

8. The Board requested comments only on matters addressed in the Exposure Draft, particularly on the questions in the Exposure Draft:
 - (a) eight questions about 12 proposed targeted amendments in eight areas;
 - (b) one question about minor amendments; and
 - (c) one question about possible changes in terminology.

9. The Basis for Conclusions on the Exposure Draft explained the Board’s rationale for:
 - (a) the proposed amendments; and
 - (b) other amendments suggested by some stakeholders that the Board considered and decided not to propose.

10. Respondents mainly provided feedback on the proposed amendments by answering the questions in the Exposure Draft. Agenda Paper 2B provides a summary of that feedback.

11. Some respondents also provided comments on areas the Board considered but for which it did not propose amendments to IFRS 17, as well as on other areas of IFRS 17 that the Board did not consider when developing the Exposure Draft. Agenda Paper 2C provides a summary of those comments.

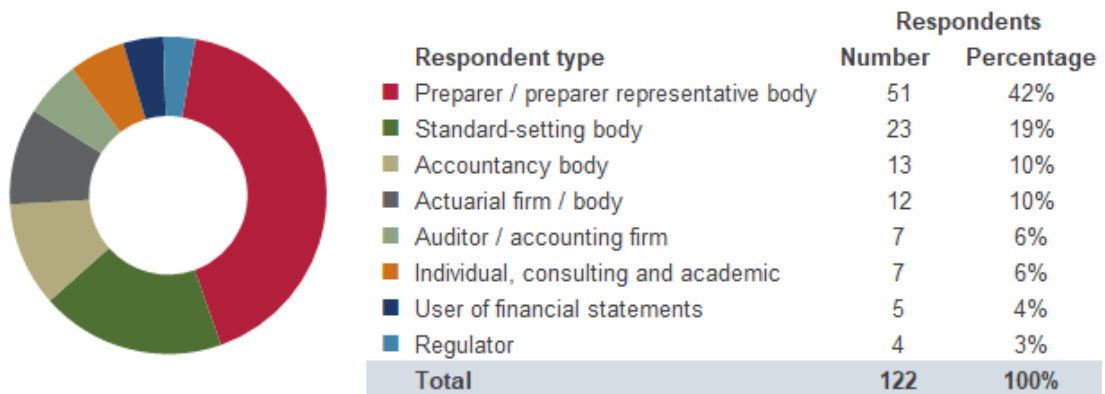
12. Agenda Papers 2B and 2C use the following terms to describe the extent to which particular feedback was shared by respondents:

Term	Extent of response among respondents
Most	A large majority
Many	A majority
Some	A minority
A small number	A small minority

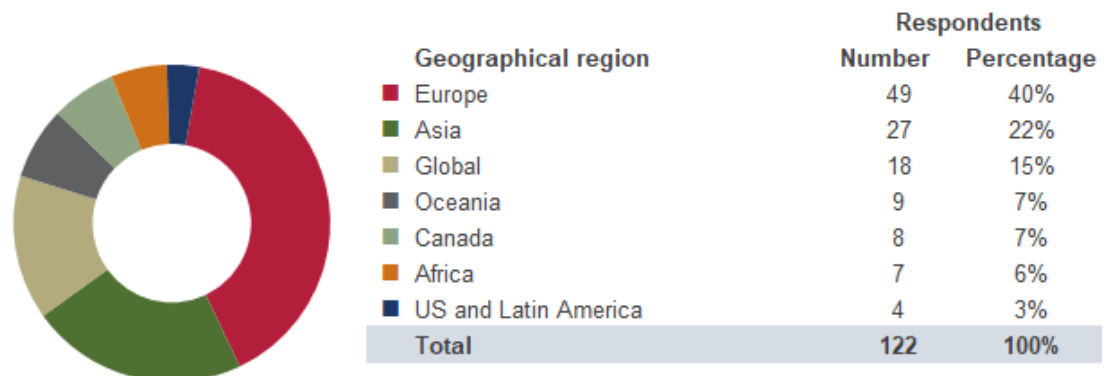
13. In determining which term to use in a particular case, the staff considered not just the number of responses to questions, but also more subjective factors, such as whether a response reports the views of a single individual or the views of a broader group.
14. Respondents did not always comment on each amendment proposed in the Exposure Draft. Agenda Papers 2B and 2C indicate when only a small number of respondents commented on a proposed amendment or an area of IFRS 17.
15. The staff have considered whether feedback differs by type of respondent or by geographical region. Agenda Papers 2B and 2C indicate when there is a notable pattern.
16. The staff have also considered the nature of the comments and whether they are qualitatively significant regardless of the number of respondents that expressed that view.

Appendix A—Overview of the comment letters by type of respondent and geographical region

A1. Overview of the comment letters by type of respondent



A2. Overview of the comment letters by geographical region



STAFF PAPER

November 2019

IASB[®] meeting

Project	Amendments to IFRS 17		
Paper topic	Comment letter summary—feedback on the questions in the Exposure Draft		
CONTACT(S)	Roberta Ravelli	rravelli@ifrs.org	+44 (0)20 7246 6935
	Laura Kennedy	lkennedy@ifrs.org	+44 (0)20 7246 6437

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS[®] Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB[®] *Update*.

Purpose of the paper

1. This paper summarises the feedback from comment letters on the ten questions in the Exposure Draft *Amendments to IFRS 17*.
2. For each question in the Exposure Draft, this paper summarises:
 - (a) the proposals in the Exposure Draft;
 - (b) the feedback; and
 - (c) staff thoughts.
3. Comments on areas the International Accounting Standards Board (Board) considered but for which it did not propose amendments to IFRS 17, as well as on other areas of IFRS 17 *Insurance Contracts* that the Board did not consider when developing the Exposure Draft, are summarised in Agenda Paper 2C *Comment letter summary—other comments*.
4. This paper should be read in the context of Agenda Paper 2D *Redeliberation plan*, which includes the staff recommended plan for redeliberations based on staff thoughts discussed in this paper and in Agenda Paper 2C.

Feedback on the ten specific questions in the Exposure Draft

5. The following table lists the topics covered by the questions in the Exposure Draft and provides references to the paragraphs in this paper that summarise the feedback on those topics.

Topic	Paragraphs of this paper
Question 1(a)—Scope exclusion for credit cards	6–9
Question 1(b)—Scope exclusion for loans	10–14
Question 2—Expected recovery of insurance acquisition cash flows	15–21
Question 3(a)—Contractual service margin attributable to investment services Coverage units for insurance contracts without direct participation features	22–24
Question 3(b)—Contractual service margin attributable to investment services Coverage units for insurance contracts with direct participation features	25–27
Question 3(c)—Contractual service margin attributable to investment services Disclosures	28–31
Question 4—Reinsurance contracts held—recovery of losses	32–36
Question 5—Presentation in the statement of financial position	37–41
Question 6—Applicability of the risk mitigation option	42–47
Question 7(a)—Effective date of IFRS 17	48–53
Question 7(b)—IFRS 9 temporary exemption in IFRS 4	54–59
Question 8(a)—Transition reliefs for business combinations	60–66
Question 8(b)–(c)—Transition reliefs for the risk mitigation option	67–72
Question 9—Minor amendments	73–77
Question 10—Terminology	78–82

Question 1(a)—Scope exclusion for credit cards

Proposals in the Exposure Draft

6. The Exposure Draft proposed that an entity would be required to exclude from the scope of IFRS 17 credit card contracts that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer. The entity would instead apply IFRS 9 *Financial Instruments* to such credit card contracts.

Feedback

7. Of the respondents who commented on the proposed scope exclusion for the credit card contracts discussed in paragraph 6 of this paper:
- (a) many respondents generally agreed with the Board’s proposal and rationale for proposing the amendment to IFRS 17.
 - (b) some respondents—including all banks and auditors / accounting firms—agreed with the Board’s proposal but suggested extending the scope exclusion to other contracts typically issued by banks that might meet the definition of an insurance contract. Examples provided by those respondents include debit card contracts, consumer financing contracts, current account contracts and deposit account contracts that meet the definition of an insurance contract through consumer protection provisions by contract, law or regulation.
 - (c) some respondents expressed concerns that the proposed requirement for an entity to apply IFRS 9, rather than IFRS 17, to such credit card contracts might result in an entity accounting for some credit card contracts at fair value through profit or loss. Those respondents noted that entities providing insurance coverage on a voluntary basis as part of the contractual terms of the credit cards (rather than as a result of law or regulation) would be required to include the insurance coverage related cash flows in the credit card contract cash flows. Those respondents noted, therefore, that such

contracts might fail the solely payments of principal and interest (SPPI) test applying IFRS 9. Some of those respondents expressed the view that accounting for some credit card contracts at fair value through profit or loss would not be appropriate and provided suggestions to avoid this outcome including:

- (i) amending the SPPI requirements in IFRS 9—for example, to specify that credit card cash flows relating to the insurance coverage should not be factored into the SPPI test. They said this would make comparable the accounting for credit card contracts that provide insurance coverage on a voluntary basis as part of the contractual terms of the credit cards and credit card contracts that provide insurance coverage as a result of law or regulation.¹
- (ii) accounting separately for the insurance component in the credit card contracts applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.
- (d) a small number of respondents suggested the Board clarify whether the proposed amendment would result in some credit card contracts that provide insurance services being brought into the scope of IFRS 9 in their entirety or whether other services provided by those credit card contracts, such as access to airport lounges, would continue to be in the scope of other IFRS Standards, such as IFRS 15 *Revenue from Contracts with Customers*.
- (e) a small number of respondents disagreed with the Board’s proposal because they think either:
 - (i) an entity should be required to apply IFRS 17 to all credit card contracts that meet the definition of an insurance contract to appropriately reflect the insurance feature of those contracts; or

¹ As explained in paragraph BC4.191 of the Basis for Conclusions on IFRS 9, IFRS 9 requires the holder of a financial asset to analyse the contractual terms to determine whether the asset gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. The holder would not consider the payments that arise only as a result of regulation as cash flows in its analysis because that regulation and the related payments are not contractual terms of the financial instrument (see paragraph B4.1.13 of IFRS 9, Instrument E).

- (ii) an entity should be permitted to apply IFRS 17 or IFRS 9 to the credit card contracts that would be captured by the proposed scope exclusion for various reasons (for example, to ensure consistency with choices available in IFRS 17 for fixed-fee service contracts and financial guarantee contracts).

Staff thoughts

8. The staff think that:
 - (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposed scope exclusion for the credit card contracts discussed in paragraph 6 of this paper; and
 - (b) the Board should consider the concerns and suggestions from respondents discussed in paragraphs 7(b)–7(d) of this paper as part of the redeliberations.

9. The staff think that the Board does not need to consider further the concerns and suggestions from respondents discussed in paragraph 7(e) of this paper. The Board considered these when developing the Exposure Draft and the staff have not identified points the Board has not considered previously. Specifically, as explained in paragraphs BC14–BC15 of the Basis for Conclusions on the Exposure Draft:
 - (a) the Board considered whether an entity should apply IFRS 17 to the credit card contracts discussed in paragraph 6 of this paper. IFRS 9 and IFRS 17 both have requirements that can address credit risk and insurance risk, which are prominent features of such credit card contracts. IFRS 9 is more focused on credit risk and IFRS 17 is more focused on insurance risk. The Board noted there is a balance between the usefulness of the information about such contracts that would be provided by applying IFRS 9 and the usefulness of the information about such contracts that would be provided by applying IFRS 17.
 - (b) when an entity does not reflect an assessment of the insurance risk associated with an individual customer when setting the price of the contract with that customer, the Board concluded that IFRS 9 would

provide more useful information about those contracts. When the entity does reflect an assessment of the insurance risk associated with an individual customer when setting the price of the contract with that customer, the Board concluded that IFRS 17 would provide more useful information about those contracts. Hence, the Board decided that the Standard to be applied should not be a matter of choice. Furthermore, the Board has not been made aware of entities applying insurance contract accounting practices today to credit card contracts for which the entity does not reflect an assessment of the insurance risk associated with an individual customer when setting the price of the contract with that customer.

Question 1(b)—Scope exclusion for loans

Proposals in the Exposure Draft

10. The Exposure Draft proposed that an entity would choose to apply IFRS 17 or IFRS 9 to contracts that meet the definition of an insurance contract but limit the compensation for insured events to the amount required to settle the policyholder’s obligation created by the contract (for example, loans with death waivers). The entity would be required to make that choice for each portfolio of insurance contracts, and the choice for each portfolio would be irrevocable.

Feedback

11. Of the respondents who commented on the proposed scope exclusion for the loan contracts discussed in paragraph 10 of this paper:
 - (a) most respondents generally agreed with the Board’s proposal and rationale for proposing the amendment to IFRS 17; and
 - (b) a small number of respondents:
 - (i) opposed the scope exclusion because they think that an entity should be required to apply IFRS 17 to all loan contracts that meet the

definition of an insurance contract to appropriately reflect the insurance feature of those contracts; or

- (ii) suggested the Board amend the proposal so that an entity would be required to apply IFRS 9 to the loans that would be captured by the proposed scope exclusion because they believe that mandating the use of the same accounting requirements for the same type of contracts would ensure consistency and comparability between entities, without imposing IFRS 17 implementation costs to entities issuing those contracts.

12. Of the respondents who agreed with the Board’s proposal, a small number of respondents commented on the implications of accounting for such loans applying IFRS 9. Those respondents suggested the Board clarify that the contractual cash flows of such loans are not solely payments of principal and interest (SPPI) and, therefore, applying IFRS 9, such loans should be accounted for at fair value through profit or loss.

Staff thoughts

13. The staff think that the feedback from outreach and comment letters provides support for the Board to confirm the proposed scope exclusion for the loan contracts discussed in paragraph 10 of this paper.
14. The staff think that the Board does not need to consider further the concerns and suggestions from respondents discussed in paragraphs 11(b)–12 of this paper. The Board considered these when developing the Exposure Draft and the staff have not identified points the Board has not considered previously. Specifically, at the February 2019 Board meeting, the Board considered whether to:
 - (a) propose an amendment to IFRS 17 so that entities would be required, rather than permitted, to apply IFRS 9 to the loan contracts discussed in paragraph 10 of this paper. The Board agreed with staff recommendations in Agenda Paper 2A *Loans that transfer significant insurance risk* of the February 2019 Board meeting not to require an entity to apply IFRS 9 to such loans for the following reasons:

- (i) amending IFRS 17 to require entities to apply IFRS 9 to such loan contracts might introduce a significant change for entities that currently account for those contracts applying IFRS 4 *Insurance Contracts* and are preparing to implement IFRS 17. Some entities might need to develop systems to account for contracts with insurance and non-insurance components in accordance with IFRS 9, while they are already developing systems to implement IFRS 17 to account for those contracts.
 - (ii) prohibiting entities from applying IFRS 17 to those loan contracts would not enable entities that issue those loan contracts and other types of insurance contracts to account for both types of contracts in the same way.
 - (iii) those loan contracts meet the definition of an insurance contract because they transfer significant insurance risk. IFRS 17 was developed with the objective that entities issuing contracts that transfer significant insurance risk faithfully represent those contracts. The accounting model in IFRS 17 appropriately reflects the features of these contracts.
- (b) specify that, if an entity chooses to apply IFRS 9 to such loan contracts, the entity would always measure them at fair value through profit or loss. The Board concluded that such specification was not necessary noting that IFRS 9 is a principle-based and sufficiently robust Standard to handle complex financial instruments.

Question 2—Expected recovery of insurance acquisition cash flows

Proposals in the Exposure Draft

15. The Exposure Draft proposed that an entity:
- (a) allocate, on a systematic and rational basis, insurance acquisition cash flows that are directly attributable to a group of insurance contracts to that group

and to any groups that include contracts that are expected to arise from renewals of the contracts in that group;

- (b) recognise as an asset insurance acquisition cash flows paid before the group of insurance contracts to which they are allocated is recognised;
- (c) assess the recoverability of an asset for insurance acquisition cash flows if facts and circumstances indicate the asset may be impaired; and
- (d) provide the following disclosures about such assets:
 - (i) a reconciliation from the opening to the closing balance of assets for insurance acquisition cash flows, showing separately any recognition of impairment losses and reversals of impairment losses; and
 - (ii) quantitative information, in appropriate time bands, about when an entity expects to derecognise an asset for insurance acquisition cash flows and include those cash flows in the measurement of the group of insurance contracts to which they are allocated.

Feedback

16. Most respondents who commented on Question 2 in the Exposure Draft agreed with the Board’s proposal and rationale for proposing the amendment to IFRS 17. Of the respondents who agreed with the Board’s proposal:

- (a) some respondents suggested the Board:
 - (i) provide guidance on allocating insurance acquisition cash flows to expected renewals and determining any impairment loss (for example, how expected net cash inflows should be discounted when assessing the recoverability of the asset);
 - (ii) clarify the unit of account used to recognise an asset for insurance acquisition cash flows and to assess the recoverability of the asset;
 - (iii) clarify the interaction between the wording of the proposed amendment and the requirements in IFRS 17 (for example, in

defining insurance acquisition cash flows, Appendix A of IFRS 17 refers to costs that are directly attributable to the portfolio of insurance contracts to which the group belongs, whereas the proposed amendment in the Exposure Draft refers to an allocation of insurance acquisition cash flows that are directly attributable to a group of insurance contracts); and

- (iv) provide transition reliefs to determine an asset for insurance acquisition cash flows when applying IFRS 17 for the first time.
 - (b) some respondents expressed the view that the proposed requirements to assess the recoverability of an asset for insurance acquisition cash flows if facts and circumstances indicate the asset may be impaired are unduly complex. In contrast, a small number of respondents suggested that an entity should be required to assess the recoverability of an asset for insurance acquisition cash flows annually, regardless of the existence of facts and circumstances indicating the asset may be impaired.
17. A small number of respondents, including one insurer, one user of financial statements, one national standard-setter and one regulator, disagreed with the proposal because, in their view, it would:
- (a) impair comparability between entities, in the light of the significant judgement they think would be involved in allocating insurance acquisition cash flows to expected renewals; and
 - (b) add complexity to IFRS 17 implementation.
18. A small number of respondents suggested that an entity should be permitted, rather than required, to allocate insurance acquisition cash flows to expected renewals to reduce IFRS 17 application costs and complexity.
19. A small number of respondents expressed concerns that the disclosures proposed in the Exposure Draft would require entities to disclose commercially sensitive information.
20. A small number of respondents expressed the view that, should the Board confirm the proposal in the Exposure Draft, any asset for insurance acquisition cash flows should

be presented separately in the statement of financial position (rather than as part of the carrying amount of the related portfolios of insurance contracts issued).

Staff thoughts

21. The staff think that:
- (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposal for insurance acquisition cash flows in the Exposure Draft; and
 - (b) the Board should consider the concerns and suggestions from respondents discussed in paragraphs 16–20 of this paper as part of the redeliberations.

Question 3(a)—Contractual service margin attributable to investment services / Coverage units for insurance contracts without direct participation features

Proposals in the Exposure Draft

22. The Exposure Draft:
- (a) proposed that an entity identify coverage units for insurance contracts without direct participation features considering the quantity of benefits and expected period of investment-return service, if any, in addition to insurance coverage; and
 - (b) specified criteria for when those contracts may provide an investment-return service (paragraph B119B of the Exposure Draft). Those contracts may provide an investment-return service if, and only if:
 - (i) an investment component exists, or the policyholder has a right to withdraw an amount;
 - (ii) the entity expects the investment component or amount the policyholder has a right to withdraw to include a positive investment return (a positive investment return could be below zero, for example, in a negative interest rate environment); and

- (iii) the entity expects to perform investment activity to generate that positive investment return.

Feedback

23. Almost all respondents who commented on Question 3(a) in the Exposure Draft agreed that an entity should identify coverage units considering the quantity of benefits and expected period of investment-return service, if any, in addition to insurance coverage. Of those respondents:
- (a) almost half of the respondents did not provide any comments about the specified criteria for when insurance contracts without direct participation features may provide an investment-return service.
 - (b) some respondents expressed concerns about:
 - (i) the specified criteria for when insurance contracts without direct participation features may provide an investment-return service, with or without providing an alternative suggestion. Some of those respondents expressed concerns that the proposed amendment to IFRS 17 would not capture economically similar contracts that, in their view, provide both insurance coverage and an investment-return service but do not meet the criteria discussed in paragraph 22(b) of this paper because the contracts cannot be surrendered nor transferred.
 - (ii) the additional complexity introduced by the proposed amendment to IFRS 17, particularly for contracts that provide multiple services. A small number of respondents suggested the Board simplify the requirements for determining coverage units (for example, allowing the use of the passage of time or granting an exemption when it is impracticable to separately identify any investment-return service).

- (c) some respondents suggested the Board:
 - (i) clarify the wording in paragraph B119B of the Exposure Draft discussed in paragraph 22(b) of this paper (for example, the meaning of positive investment return); and
 - (ii) provide application guidance, illustrative examples or educational materials on determining coverage units for contracts that provide multiple services and on distinguishing between investment-return services (for insurance contracts without direct participation features) and investment-related services (for insurance contracts with direct participation features).
- (d) a small number of respondents expressed the view that insurance contracts with direct participation features may provide investment-return services, in addition to investment-related services and insurance coverage.

Staff thoughts

24. The staff think that:
- (a) the feedback from outreach and comment letters provides support for the Board to proceed with the direction of the proposal for identifying coverage units for insurance contracts without direct participation features; and
 - (b) the Board should consider the concerns and suggestions from respondents discussed in paragraph 23(b)–23(d) of this paper as part of the redeliberations.

Question 3(b)—Contractual service margin attributable to investment services / Coverage units for insurance contracts with direct participation features

Proposals in the Exposure Draft

25. The Exposure Draft proposed clarifying that an entity is required to identify coverage units for insurance contracts with direct participation features considering the quantity

of benefits and expected period of both insurance coverage and investment-related service.

Feedback

26. All respondents who commented on Question 3(b) in the Exposure Draft supported the clarification proposed by the Board.

Staff thoughts

27. The staff think that the feedback from outreach and comment letters provides support for the Board to confirm the proposed clarification for identifying coverage units for insurance contracts with direct participation features.

Question 3(c)—Contractual service margin attributable to investment services / Disclosures

Proposals in the Exposure Draft

28. The Exposure Draft proposed that an entity disclose:
- (a) quantitative information about when the entity expects to recognise in profit or loss the contractual service margin remaining at the end of a reporting period (paragraph 109 of the Exposure Draft); and
 - (b) the approach used to determine the relative weighting of the benefits provided by insurance coverage and investment-return service or investment-related service (paragraph 117(c)(v) of the Exposure Draft).

Feedback

29. Respondents generally supported the additional disclosures proposed in the Exposure Draft.
30. A small number of respondents expressed concerns about the proposed requirement to provide quantitative information about the expected recognition in profit or loss of the contractual service margin remaining at the end of a reporting period. Those

respondents suggested the Board continue to allow entities to provide only qualitative information. They think that qualitative information:

- (a) could be sufficient to achieve the Board’s objective;
- (b) would reduce the costs of applying IFRS 17; and
- (c) would avoid the risk of providing commercially sensitive information in some circumstances.

Staff thoughts

- 31. The staff think that the Board should consider the concerns and suggestions from respondents discussed in paragraph 30 of this paper as part of the redeliberations regarding the proposal for identifying coverage units for insurance contracts without direct participation features (Question 3(a) in the Exposure Draft discussed in paragraphs 22–24 of this paper).

Question 4—Reinsurance contracts held—recovery of losses

Proposals in the Exposure Draft

- 32. The Exposure Draft proposed an amendment to the measurement of a group of reinsurance contracts held. The proposed amendment would require an entity to adjust the contractual service margin of a group of reinsurance contracts held that provides proportionate coverage, and as a result recognise income, when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous contracts to that group. The amount of the adjustment and resulting income would be determined by multiplying:
 - (a) the loss recognised on the group of underlying insurance contracts; and
 - (b) the fixed percentage of claims on the group of underlying insurance contracts the entity has a right to recover from the group of reinsurance contracts held.
- 33. The Exposure Draft defined a reinsurance contract held that provides proportionate coverage as a reinsurance contract that provides the entity with the right to recover from the reinsurer a percentage of all claims incurred on groups of underlying

insurance contracts. The percentage the entity has a right to recover is fixed for all contracts in a single group of underlying insurance contracts but can vary between groups of underlying insurance contracts.

34. The proposed amendment would apply only when a reinsurance contract held is entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Feedback

35. Most respondents expressed support for the objective of the proposed amendment to IFRS 17. However, they expressed the view that the proposed amendment requires refinement to achieve the Board’s objective of making it easier for entities to explain their results to investors. Respondents expressed concerns about:
- (a) the proposed population of reinsurance contracts held to which the amendment would apply. Most respondents, particularly preparers, expressed concerns that the proposed amendment would apply only to a limited population of reinsurance contracts held. Those respondents either expressed the view that:
 - (i) the definition of a reinsurance contract held that provides proportionate coverage should be expanded; or
 - (ii) the proposed amendment should apply to all reinsurance contracts held.
 - (b) the proposed calculation of income (loss recovery). In particular, some respondents, including a regulator and a national standard-setter, expressed concerns that the proposal would result in an entity recognising income on a reinsurance contract held that is in a net cost position. Those respondents noted that for such reinsurance contracts the proposed calculation would result in the entity deferring losses and, in their view, could be open to abuse to achieve an accounting outcome.

Staff thoughts

36. The staff think that:
- (a) the feedback from outreach and comment letters provides support for the Board to proceed with the direction of the proposal for reinsurance contracts held; and
 - (b) the Board should consider the concerns and suggestions from respondents discussed in paragraph 35 of this paper as part of the redeliberations.

Question 5—Presentation in the statement of financial position

Proposals in the Exposure Draft

37. The Exposure Draft proposed that an entity present separately in the statement of financial position the carrying amount of portfolios (rather than groups) of insurance contracts issued that are assets and those that are liabilities. The proposed amendment would also apply to portfolios of reinsurance contracts held that are assets and those that are liabilities.

Feedback

38. Overall, respondents expressed support for the proposed amendment to the presentation of insurance contracts in the statement of financial position and agreed with the Board’s conclusion that the proposed amendment would decrease operational complexity and IFRS 17 implementation costs.
39. However, consistent with feedback during the development of the Exposure Draft:
- (a) a small number of respondents continued to express the view that they would prefer the Board to require an entity to present insurance contract assets and liabilities at an entity level, rather than at a portfolio level. Those respondents noted that different entities will identify portfolios in different ways and, therefore, those respondents think that a higher level of presentation in the statement of financial position would provide more useful information for users of financial statements to compare entities.

- (b) a small number of respondents continued to suggest that the Board amend IFRS 17 to require an entity to present separately in the statement of financial position premiums receivable and claims payable. Those respondents think that requiring an entity to present those amounts separately—similar to existing practice—would provide useful information to users of financial statements. In particular, one user of financial statements mentioned that existing practice provides useful information about credit risk. Those respondents who supported presenting amounts receivable and payable separately expressed the view that separate presentation of those amounts would also decrease operational complexity and reduce implementation costs. In contrast, a small number of respondents agreed with the Board’s decision not to amend the requirements of IFRS 17 relating to the presentation and measurement of premiums receivable and claims payable.

Staff thoughts

40. The staff think that the feedback from outreach and comment letters provides support for the Board to confirm the proposal for the presentation of insurance contracts in the statement of financial position.
41. The staff think that the Board does not need to consider further the concerns and suggestions from respondents discussed in paragraph 39 of this paper. The Board considered these when developing the Exposure Draft and the staff have not identified points the Board has not considered previously. Specifically, as explained in paragraphs BC97–BC100 of the Basis for Conclusions on the Exposure Draft:
- (a) when developing the Exposure Draft, the Board considered but rejected some stakeholders’ suggestions that presentation of insurance contracts in the statement of financial position should be at an entity level because that would risk a significant loss of useful information for users of financial statements.
- (b) applying IFRS 4, some entities present separately in the statement of financial position different amounts arising from an insurance contract, as if those different amounts were separate assets or liabilities. For example,

some entities present line items labelled as premiums receivable, claims payable and deferred acquisition costs separately from the insurance contract liability. Different entities present different line items and have different definitions of what those line items are (for example, some entities present as premiums receivable amounts that are not yet billed while other entities present only billed amounts). Some stakeholders expressed the view that they would like to continue that practice of further disaggregation because they view such disaggregated line items as providing meaningful information to users of financial statements. The Board disagreed with the suggestion to amend IFRS 17 to permit that practice to continue because it could result in the presentation of amounts that are not separable assets or liabilities. For example, premiums receivable for future coverage is not a gross asset separable from the related liability for the future coverage.

Question 6—Applicability of the risk mitigation option

Proposals in the Exposure Draft

42. The Exposure Draft proposed to extend the risk mitigation option available when an entity uses derivatives to mitigate financial risk arising from insurance contracts with direct participation features (ie contracts to which the variable fee approach applies). That option would apply in circumstances when an entity uses reinsurance contracts held to mitigate financial risk arising from insurance contracts with direct participation features. The entity would be permitted to include in profit or loss some or all of the changes in the effect of financial risk on insurance contracts with direct participation features that usually adjust the contractual service margin. Doing so reduces accounting mismatches because the change resulting from financial risk in a reinsurance contract held is included in profit or loss.

Feedback

43. All respondents who commented on Question 6 in the Exposure Draft supported the proposal to extend the risk mitigation option to circumstances when an entity uses

reinsurance contracts held to mitigate financial risk arising from insurance contracts with direct participation features. Respondents agreed with the Board’s view that the proposal would reduce accounting mismatches.

44. However, consistent with feedback during the development of the Exposure Draft, to further reduce accounting mismatches, some respondents suggested that the Board also amend IFRS 17 to:

(a) permit an entity to apply the risk mitigation option when the entity uses financial instruments measured at fair value through profit or loss other than derivatives (for example, bonds) to mitigate financial risk arising from insurance contracts with direct participation features. Respondents generally expressed the view that the Board has not adequately explained the reasons for precluding an entity from using the risk mitigation option when the entity uses non-derivative financial instruments measured at fair value through profit or loss to mitigate financial risk arising from insurance contracts with direct participation features.

(b) add a risk mitigation option for insurance contracts without direct participation features (ie contracts to which the general model applies). Some respondents acknowledged that entities could use general hedge accounting requirements in IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* to address some accounting mismatches for insurance contracts without direct participation features. However, those respondents:

(i) noted that, for various reasons, hedge accounting solutions in IFRS 9 and IAS 39 are not well suited for the more macro approach that is common within the insurance industry; and

(ii) expressed the view that the Board’s dynamic risk management project might not be able to address, in the medium term, the concerns about possible accounting mismatches for insurance contracts without direct participation features.

(c) permit an entity to account for reinsurance contracts held applying the variable fee approach. A small number of respondents continued to express

the view that some reinsurance contracts held might meet the definition of an insurance contract with direct participation features in paragraph B101 of IFRS 17 and, therefore, that those contracts should be eligible for the variable fee approach.

Staff thoughts

45. The staff think that:
- (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposal that would permit an entity to apply the risk mitigation option when the entity uses reinsurance contracts held to mitigate financial risk arising from insurance contracts with direct participation features; and
 - (b) the Board should reconsider in the redeliberations whether to extend the applicability of the risk mitigation option to circumstances when an entity uses non-derivative financial instruments measured at fair value through profit or loss to mitigate financial risk arising from insurance contracts with direct participation features, in the light of the feedback from respondents discussed in paragraph 44(a) of this paper.
46. The staff think that the Board does not need to consider further the concerns and suggestions from respondents discussed in paragraph 44(b)–44(c) of this paper. The Board considered these when developing the Exposure Draft and the staff have not identified points the Board has not considered previously. Specifically, the staff observe that some of the feedback on Question 6 in the Exposure Draft indicates two underlying differences in perspective between the Board and some respondents. The Board:
- (a) developed the variable fee approach for contracts that are substantially investment-related service contracts. The variable fee approach was not intended to provide entities with a method of matching financial income from assets with insurance finance expenses across a broad range of contracts.

- (b) developed the requirements for reinsurance contracts held following the principle that they are separate contracts from the underlying insurance contracts and should be accounted for separately, rather than in a way that mirrors the underlying insurance contracts.

47. Accordingly, paragraphs BC107–BC109 of the Basis for Conclusions on the Exposure Draft explain that:

- (a) the risk mitigation option was designed to address a specific accounting mismatch between insurance contracts with direct participation features and derivatives that arises because of the introduction of the variable fee approach. It was not intended to address broader risk mitigation activities. The Board also noted that IFRS 9 and IAS 39 include general hedge accounting requirements and IAS 39 includes specific ‘macro hedge accounting’ requirements (fair value hedge accounting for portfolio hedges of interest rate risk) that may enable entities to address some accounting mismatches.
- (b) some stakeholders suggested that a risk mitigation option should be added to address perceived accounting mismatches that might arise if an entity applies the option in paragraph 88 of IFRS 17 to recognise some insurance finance income or expenses in other comprehensive income. Those mismatches might arise for both insurance contracts without direct participation features and insurance contracts with direct participation features. The Board disagreed with this suggestion, because an entity can avoid such mismatches by not applying the option.
- (c) some stakeholders suggested the Board could resolve the accounting mismatch for reinsurance contracts held by permitting an entity to choose to account for reinsurance contracts held applying the variable fee approach if the underlying insurance contracts are insurance contracts with direct participation features. The Board disagreed with this suggestion because the variable fee approach was designed specifically so that profit earned by an entity issuing insurance contracts that are substantially investment-related service contracts would be accounted for similarly to the profit earned by an entity issuing asset management contracts. When an entity purchases a

reinsurance contract, it does not provide asset management services, rather, it receives insurance coverage.

Question 7(a)—Effective date of IFRS 17

Proposals in the Exposure Draft

48. The Exposure Draft proposed a one-year deferral of the effective date of IFRS 17 so that an entity would be required to apply IFRS 17 for annual reporting periods beginning on or after 1 January 2022.

Feedback

49. Almost all respondents supported the Board’s proposal to defer the effective date of IFRS 17. The remainder of respondents did not express a view on the proposal but commented on the importance of entities in jurisdictions around the world applying IFRS 17 for the first time at the same time. The importance of having the same effective date of IFRS 17 in different jurisdictions around the world was also noted by some respondents who agreed with the Board’s proposal.
50. Of the respondents who agreed with the Board’s proposal:
- (a) almost half of the respondents generally agreed with the Board’s proposal and rationale for a one-year deferral.
 - (b) some respondents expressed the view that the Board should defer the effective date of IFRS 17 by more than one year to allow more time for implementation, particularly for smaller entities. Most of those respondents suggested 1 January 2023 as a possible effective date for IFRS 17.
 - (c) a small number of respondents—including all regulators, some insurers from Germany, South Korea and South Africa and two user representative bodies—opposed any deferral of the effective date beyond 1 January 2022 because this would further increase implementation costs or further delay improvements in existing insurance accounting practices that are urgently needed.

51. Some respondents suggested the Board consider permitting entities not to present adjusted comparative information on initial application of IFRS 17 as an alternative to deferring the effective date of IFRS 17 by more than one year. However, a small number of respondents expressed disagreement with the suggestion of not requiring entities to restate comparative information, which had been raised before by stakeholders.

Staff thoughts

52. The staff think that:
- (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposal to defer the effective date of IFRS 17; and
 - (b) the Board should consider the concerns and suggestions from respondents discussed in paragraph 50 of this paper as part of the redeliberations.
53. The staff think that the Board does not need to consider further the suggestion from respondents, discussed in paragraph 51 of this paper, not to present adjusted comparative information on initial application of IFRS 17. The Board considered this when developing the Exposure Draft and the staff have not identified points the Board has not considered previously. Specifically, as explained in paragraph BC117 of the Basis for Conclusions on the Exposure Draft, the Board views the restatement of comparative information about insurance contracts on initial application of IFRS 17 as:
- (a) necessary to allow users of financial statements to assess the effects of applying IFRS 17 for the first time; and
 - (b) particularly important given the diversity in existing insurance accounting practices and the extent of change introduced by IFRS 17.

Question 7(b)—IFRS 9 temporary exemption in IFRS 4

Proposals in the Exposure Draft

54. The Exposure Draft proposed extending the temporary exemption from applying IFRS 9 by one year so that an entity applying the exemption would be required to apply IFRS 9 for annual reporting periods beginning on or after 1 January 2022.

Feedback

55. Overall, respondents supported the Board’s proposal to further delay the implementation of IFRS 9 for some insurers to continue to enable them to first apply IFRS 17 and IFRS 9 at the same time.
56. Some respondents—mainly located in Europe—expressed the view that the alignment of insurers applying IFRS 17 and IFRS 9 for the first time at the same date is essential.
57. In contrast, a small number of respondents—located in Australia, Germany, New Zealand and South Africa—noted they have already implemented IFRS 9 and, therefore, the proposed amendment does not affect them.
58. Users of financial statements who commented on the proposal to further delay the implementation of IFRS 9 for some insurers by one year did not oppose the proposal. However:
- (a) a global user representative body specialised in the insurance industry noted that it had not agreed with the need for the temporary exemption from applying IFRS 9 when it was introduced in 2016.
 - (b) a European user representative body, which expressed the view that insurers should continue to be able to apply IFRS 17 and IFRS 9 for the first time at the same date, suggested introducing additional disclosure requirements on financial asset ratings to reduce information gaps between insurers and other financial entities until insurers apply IFRS 9. This respondent noted that investments in credit assets are an increasing risk in the insurance industry particularly in jurisdictions where insurers have

increased their investment in government bonds and the interest rates on those bonds have for years been, and remain, low.

Staff thoughts

59. The staff think that:
- (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposal to extend the temporary exemption from IFRS 9; and
 - (b) the Board should consider the feedback from respondents discussed in paragraphs 56–58 of this paper as part of the redeliberations at the same time it considers the concerns and suggestions from respondents about the effective date of IFRS 17.

Question 8(a)—Transition reliefs for business combinations

60. IFRS 17 requires an entity to classify a liability for settlement of claims as a liability for remaining coverage if the entity acquired the insurance contract during the claims settlement period and, at the acquisition date, the amount of claims is still uncertain.

Proposals in the Exposure Draft

61. The Exposure Draft proposed that, when applying IFRS 17 for the first time, an entity:
- (a) applying the modified retrospective approach, to the extent the entity cannot apply the requirement discussed in paragraph 60 of this paper retrospectively, classify as a liability for incurred claims a liability for settlement of claims incurred before an insurance contract was acquired; and
 - (b) applying the fair value approach be permitted to classify such a liability as a liability for incurred claims.

Feedback

62. Overall, respondents expressed support for the proposed amendment to IFRS 17 transition requirements. Some respondents agreed with the Board’s view that the proposed amendment would provide practical relief when an entity does not have information to apply the requirements of IFRS 17 retrospectively.
63. A small number of respondents suggested the Board clarify that the proposed amendment would apply to contracts acquired in a transfer of insurance contracts that do not form a business (for example, a portfolio transfer), in addition to contracts acquired in a business combination within the scope of IFRS 3 *Business Combinations*.
64. A small number of respondents suggested that, similar to the proposed relief applying the fair value approach, an entity should be permitted a choice to classify such a liability as a liability for incurred claims when applying the full retrospective approach or the modified retrospective approach.
65. As further discussed in Agenda Paper 2C, some respondents continued to suggest the Board amend IFRS 17 to permit in all circumstances (that is, before and after the transition date) an entity to classify as a liability for incurred claims a liability for settlement of claims incurred before an insurance contract was acquired. Those respondents expressed the view that such an amendment would:
- (a) improve the usefulness of information provided by IFRS 17 by increasing comparability between insurance contracts issued by an entity and insurance contracts acquired by an entity;
 - (b) reduce complexity and cost because such an amendment would be consistent with most existing insurance accounting practices; and
 - (c) particularly, reduce complexity and costs for entities that plan to apply only the premium allocation approach to the contracts they issue and that would be required to apply the general model, rather than the premium allocation approach, to contracts acquired.

Staff thoughts

66. The staff think that:
- (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposed additional transition relief for insurance contracts acquired;
 - (b) the Board should clarify in the final drafting that the proposed amendment would apply to contracts acquired in a transfer of insurance contracts that do not form a business, in the light of the feedback discussed in paragraph 63 of this paper;
 - (c) the Board does not need to consider further the suggestions discussed in paragraph 64 of this paper because permitting any reliefs within the full retrospective approach or general optionality and flexibility in the modified retrospective approach would contradict the objective of those approaches, as further discussed in Agenda Paper 2C; and
 - (d) the Board should consider the concerns and suggestions from respondents discussed in paragraph 65 of this paper as part of the redeliberations, as further discussed in Agenda Paper 2C.

Question 8(b)–(c)—Transition reliefs for the risk mitigation option

Proposals in the Exposure Draft

67. The Exposure Draft proposed that an entity:
- (a) apply the risk mitigation option for insurance contracts with direct participation features prospectively from the transition date, rather than the date of initial application. An entity would be required to designate risk mitigation relationships at or before the date it applies the option.
 - (b) that can apply IFRS 17 retrospectively to a group of insurance contracts with direct participation features be permitted to instead apply the fair value

approach to that group if it meets specified criteria relating to risk mitigation.

Feedback

68. Overall, respondents expressed support for the proposed amendments to the IFRS 17 transition requirements.
69. However, some respondents continued to suggest that the Board amend IFRS 17 to permit an entity to apply the risk mitigation option retrospectively, either in addition to, or instead of, the proposed amendments. In their view, the benefit of an entity reflecting risk mitigation activities before the transition date in a consistent way to risk mitigation activities after the transition date would outweigh the risk of the entity using hindsight to apply the option based on a known accounting outcome.
70. A small number of those respondents suggested that, should the Board agree that it would be appropriate for an entity to apply the risk mitigation option retrospectively, the Board could reduce the risk of an entity using hindsight to apply the option based on a known accounting outcome by reconsidering permitting an ‘all or nothing’ approach to applying the risk mitigation option retrospectively.
71. A small number of respondents agreed with the Board’s decision not to amend IFRS 17 to permit an entity to apply the risk mitigation option retrospectively.

Staff thoughts

72. The staff think that:
 - (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposals discussed in paragraph 67 of this paper; and
 - (b) the Board should consider the concerns and suggestions from respondents discussed in paragraphs 69–71 of this paper as part of the redeliberations.

Question 9—Minor amendments

Proposals in the Exposure Draft

73. The Exposure Draft:
- (a) proposed minor amendments to the requirements in IFRS 17 to address a number of cases in which the drafting of IFRS 17 does not achieve the Board’s intended outcome; and
 - (b) included a number of editorial corrections to IFRS 17 that the Board had identified after IFRS 17 was issued.

Feedback

74. Overall, respondents expressed support for the proposed minor amendments.
75. However, some respondents expressed concerns or asked for clarifications about some of the proposed minor amendments, including the following:
- (a) editorial correction to paragraph B107 of IFRS 17—for consistency with the wording of the requirements in paragraph B101 of IFRS 17, the Exposure Draft included an editorial correction to paragraph B107 of IFRS 17. Paragraph B101 of IFRS 17 requires an entity to assess contracts eligible for the variable fee approach at individual contract level. Paragraph B107 of IFRS 17, which is related to paragraph B101 of IFRS 17, incorrectly referred to a group of insurance contracts. Some respondents view the editorial correction to paragraph B107 of IFRS 17 as a major change to the requirements in IFRS 17 that would disrupt implementation.
 - (b) proposed amendment to paragraph B128 of IFRS 17—the Exposure Draft proposed amending paragraph B128 of IFRS 17 to clarify that changes in the measurement of a group of insurance contracts caused by changes in underlying items are changes arising from the effect of the time value of money and assumptions that relate to financial risk for the purposes of IFRS 17. Some respondents continued to express concerns that the proposed requirement to present all changes in underlying items as

insurance finance income or expenses would distort the presentation of the different sources of profits from insurance contracts. Although more complex, some respondents suggested that the effects of changes in cash flows from participating in underlying items that are not financial in nature² are instead presented within the insurance service result in line with how the changes in those underlying items are presented applying other requirements in IFRS 17.

- (c) proposed amendment to the definition of an investment component—the Exposure Draft proposed amending the definition of an investment component in Appendix A of IFRS 17 to clarify the Board’s intention that an investment component is the amount an insurance contract requires the entity to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Some respondents:
 - (i) suggested alternative definitions of an investment component;
 - (ii) asked the Board to clarify whether policy loans meet the definition of an investment component; and
 - (iii) asked the Board to define a premium refund in IFRS 17 to make it easier to distinguish repayments of investment components from premium refunds.

- (d) proposed amendment to paragraph 28 of IFRS 17—the Exposure Draft proposed amending paragraph 28 of IFRS 17 to require that in recognising a group of insurance contracts in a reporting period, an entity should include only contracts that meet the criteria for recognition in paragraph 25 of IFRS 17 (rather than contracts issued by the end of the reporting period) to clarify that insurance contracts are added to a group when they meet the recognition criteria (which may or may not be when those contracts are issued). Respondents generally supported the proposed amendment to paragraph 28 of IFRS 17. However, some respondents disagreed with the Board’s decision not to propose the same amendment to paragraph 22 of

² Paragraph B106 of IFRS 17 states that underlying items can comprise any items, for example a reference portfolio of assets, net assets of the entity, or a specified subset of the net assets of the entity, as long as they are clearly identified by the contract.

IFRS 17 (prohibition from including contracts issued more than one year apart in the same group). Those respondents said that tracking insurance contracts based on the issue date requires a data base which is not currently available in most systems. Paragraph BC150 of the Basis for Conclusions on the Exposure Draft explains that, in contrast to paragraph 28 of IFRS 17, the intention of paragraph 22 of IFRS 17 is to refer to the time at which insurance contracts are issued, rather than recognised. Therefore, the Board did not propose amending paragraph 22 of IFRS 17.

- (e) proposed amendment to paragraph 2 of IFRS 9—the Exposure Draft proposed amendments to IFRS 9, IFRS 7 *Financial Instruments: Disclosures* and IAS 32 *Financial Instruments: Presentation* to clarify that, consistent with the scope of these Standards before IFRS 17 was issued, insurance contracts held are not in the scope of IFRS 9, IFRS 7 and IAS 32. Some respondents noted a mistake in drafting the proposed consequential amendment to IFRS 9 that would result in the unintended consequence of requiring entities to account for financial guarantee contracts held applying IFRS 9.

76. A small number of respondents also expressed concerns or asked clarifications about other proposed minor amendments, including the following:

- (a) proposed amendment to paragraph B124 of IFRS 17—the Exposure Draft proposed that an entity should present experience adjustments for premium receipts as insurance revenue. A small number of respondents expressed concerns that this proposed amendment seems inconsistent with the requirement in paragraph B96(a) of IFRS 17, which states that experience adjustments arising from premium received in the period that relate to future service should adjust the contractual service margin, and suggested specifying that the proposed amendment refers to experience adjustments for premium receipts that relate to current or past service.
- (b) proposed amendment to paragraph B96(c) of IFRS 17—the Exposure Draft proposed clarifying that, for insurance contracts without direct participation features, changes in fulfilment cash flows relating to the time value of money and assumptions that relate to financial risk that arise from

differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period do not adjust the contractual service margin. A small number of respondents expressed concerns that the proposed amendment:

- (i) would add operational complexity because it would require segregation of any unexpected investment component payments into a part which is due to a change in financial variables and a part which is due to a change in non-financial variables; and
 - (ii) does not clearly state whether an entity should present such changes as part of the insurance service result or insurance finance income or expenses.
- (c) proposed amendment to paragraph 11 of IFRS 17—the Exposure Draft proposed clarifying that if an entity separates an investment component from a host insurance contract and the component meets the definition of an investment contract with discretionary participation features, the entity should account for that component applying IFRS 17. A small number of respondents asked the Board to clarify that an investment contract with discretionary participation features may contain a distinct investment component that could be separated and measured applying IFRS 9.
- (d) proposed amendment to paragraph B96(d) of IFRS 17—the Exposure Draft proposed clarifying that if an entity disaggregates the change in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses, the entity should adjust the contractual service margin only for the changes related to non-financial risk, measured at the discount rates determined on initial recognition (locked-in discount rates). A small number of respondents disagreed with this proposed amendment, particularly with the reference to locked-in discount rates.

- (e) proposed amendment to IFRS 3—the Exposure Draft proposed amending IFRS 3 to clarify that an entity can continue to classify insurance contracts acquired through a business combination that occurred before the date of initial application of IFRS 17 based on the contractual terms and other factors at the inception of the contract, rather than at the acquisition date. A small number of respondents commented to support the clarification, but continued to suggest the Board amend IFRS 17 to extend this exception to the principle in IFRS 3 (ie an acquirer classifies assets acquired and liabilities assumed based on the terms and conditions as they exist at the acquisition date) to contracts acquired through a business combination that occurred after the date of initial application of IFRS 17 (refer to Agenda Paper 2C for further information about comments from respondents on the requirements for business combinations in IFRS 17).
- (f) proposed amendment to paragraph B123 of IFRS 17—the Exposure Draft proposed clarifying that changes caused by cash flows from loans to policyholders do not give rise to insurance revenue. A small number of respondents questioned whether this proposed amendment would apply to policy loans.
- (g) proposed amendments to the definitions of a liability for remaining coverage and a liability for incurred claims—the Exposure Draft proposed consequential amendments to the definitions of liability for remaining coverage and liability for incurred claims to reflect the proposed amendments relating to the insurance contract services provided by the group of insurance contracts in the period. A small number of respondents expressed the view that the proposed definitions are unclear and provided some drafting suggestions.

Staff thoughts

- 77. The staff think that the Board should consider the concerns and suggestions from respondents about proposed minor amendments discussed in paragraphs 75–76 of this paper as part of the redeliberations.

Question 10—Terminology

Proposals in the Exposure Draft

78. The Exposure Draft:
- (a) proposed to add to Appendix A of IFRS 17 the definition ‘insurance contract services’ to be consistent with other proposed amendments in the Exposure Draft; and
 - (b) asked stakeholders whether they would find helpful if the Board were to make consequential changes in terminology by amending the terms in IFRS 17 to replace ‘coverage’ with ‘service’ in the terms ‘coverage units’, ‘coverage period’ and ‘liability for remaining coverage’, in the light of the amendments proposed in the Exposure Draft.

Feedback

79. The majority of respondents who commented on Question 10 in the Exposure Draft expressed the view that it would be helpful to amend the terms in IFRS 17 to reflect the proposed addition to Appendix A of IFRS 17 of the defined term ‘insurance contract services’.
80. However, the remainder of respondents who commented on Question 10 in the Exposure Draft expressed concerns that widespread changes throughout the Standard might cause unintended consequences and might disrupt implementation under way, although they understood the rationale for the possible changes in terminology. In addition, those respondents noted that the terminology used in IFRS 17 as originally issued has been used widespread throughout educational materials published by the Board, national standard-setters, auditors and others.
81. When commenting on the proposed definition of ‘insurance contract services’, a small number of respondents noted that the proposed amendment in Question 3 of the Exposure Draft (see paragraphs 22–27 of this paper) would, for some insurance contracts providing investment services amend the coverage period compared to IFRS 17 as originally issued. Those respondents noted that such an amendment might have implications on the implementation of other requirements of IFRS 17, for

example, the requirements for the identification of cash flows within the boundary of an insurance contract in paragraph 34 of IFRS 17.

Staff thoughts

82. The staff think that the Board should consider the feedback on possible terminology changes as part of the redeliberations of the proposal for identifying coverage units and the related proposed definition of ‘insurance contract services’ (Question 3 in the Exposure Draft).

STAFF PAPER

November 2019

IASB® meeting

Project	Amendments to IFRS 17		
Paper topic	Comment letter summary—other comments		
CONTACT(S)	Roberta Ravelli	rravelli@ifrs.org	+44 (0)20 7246 6935
	Laura Kennedy	lkennedy@ifrs.org	+44 (0)20 7246 6437

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

Purpose of the paper

1. This paper summarises comments received on the Exposure Draft *Amendments to IFRS 17* other than those in response to the questions in the Exposure Draft.
2. The paper summarises:
 - (a) comments on areas for which amendments to IFRS 17 *Insurance Contracts* were considered but not proposed (paragraphs 5–79 of this paper); and
 - (b) other comments (paragraphs 80–85 of this paper).
3. Feedback from comment letters on the ten questions in the Exposure Draft is discussed in Agenda Paper 2B *Comment letter summary—feedback on the questions in the Exposure Draft*.
4. This paper should be read in the context of Agenda Paper 2D *Redeliberation plan*, which includes the staff recommended plan for redeliberations based on staff thoughts discussed in this paper and in Agenda Paper 2B.

Comments on areas for which amendments to IFRS 17 were considered but not proposed

5. The following table lists the areas the International Accounting Standards Board (Board) considered but for which it did not propose amendments to IFRS 17 and provides references to the paragraphs in this paper that summarise, for each area:
- (a) background;
 - (b) comments from respondents; and
 - (c) staff thoughts.
6. The Exposure Draft did not include any specific questions on these areas. Therefore, not all respondents have commented on these areas. Respondents who commented on these areas mainly expressed concerns and disagreement with the Board’s decisions not to propose amendments to IFRS 17 on these areas.

Area	Paragraphs of this paper
Level of aggregation	7–13
Cash flows in the boundary of a reinsurance contract held	14–19
Subjectivity in the determination of discount rates and the risk adjustment for non-financial risk	20–24
Risk adjustment for non-financial risk in a consolidated group of entities	25–29
Discount rate used to determine adjustments to the contractual service margin	30–36
Other comprehensive income option for insurance finance income or expenses	37–41
Business combinations Contracts acquired in their settlement period	42–48
Business combinations Classification of contracts acquired	49–55
Scope of the variable fee approach Reinsurance contracts issued	56–62
Interim financial statements	63–74
Mutual entities issuing insurance contracts	75–79

Level of aggregation

Background

7. IFRS 17 prohibits an entity from including in the same group contracts issued more than one year apart (the annual cohort requirement).
8. When the Board considered proposing amendments to IFRS 17, it considered stakeholders' concerns and challenges relating to the annual cohort requirement, particularly for insurance contracts with risk sharing between different generations of policyholders. Stakeholders expressed concerns that the requirement:
 - (a) will not provide users of financial statements with useful information;
 - (b) is a major challenge for implementation and the benefits of the requirement do not outweigh its costs; and
 - (c) is unnecessary because an entity can achieve the same outcome without applying that requirement.
9. The Board disagreed with some stakeholders' views that intergenerational sharing of returns between policyholders means that each generation of contracts is equally profitable for an entity and that identifying the contractual service margin for each annual cohort would be arbitrary.
10. The Board recognised that in identifying the contractual service margin at an annual cohort level an entity may incur costs. However, the Board concluded that information about higher or lower profits earned by the entity from different generations of contracts is sufficiently useful information to justify such costs. Therefore, the Board decided to retain the annual cohort requirement unchanged.

Comments from respondents

11. Some respondents commented on the Board's decision to retain the annual cohort requirement unchanged. Most of the respondents that commented on the annual cohort requirement were European stakeholders.

12. Of the respondents who commented on the annual cohort requirement:
- (a) a small number of respondents, including users of financial statements, expressed support for the Board’s decision not to amend the requirement and urged the Board to reaffirm that decision.
 - (b) some respondents would prefer that the Board amend or delete the annual cohort requirement for all insurance contracts, but suggested that, at a minimum, IFRS 17 is amended so that the requirement does not apply to insurance contracts with intergenerational sharing of risks between policyholders because, in the view of those respondents:
 - (i) implementing the requirement would be particularly costly and complex for those contracts and the cost would not outweigh the benefit; and/or
 - (ii) applying the requirement to those contracts would require arbitrary allocations and, therefore, the resulting information would not be useful.
 - (c) some respondents expressed support for the requirement generally, or did not comment on the requirement generally, but suggested the Board require an exception to the annual cohort requirement for insurance contracts with intergenerational sharing of risks between policyholders. A small number of those respondents suggested that the Board could require additional disclosures for the insurance contracts to which the exception would apply.
 - (d) one respondent urged the Board not to specify an exception to the annual cohort requirement for a specified sub-set of insurance contracts, because, in the view of this respondent, such an exception would suggest that an entity cannot use a practical approach to achieve the objective of the annual cohort requirement for insurance contracts outside the scope of any such exception.
 - (e) some respondents suggested the Board provide further transition relief compared to the existing annual cohort transition reliefs in the modified retrospective approach and fair value approach. Those respondents suggested that, similar to the existing relief in the fair value approach, an entity should be permitted not to apply the annual cohort requirement when applying the full retrospective approach or modified retrospective approach

to transition. Those respondents think this suggestion would provide a significant practical relief.

Staff thoughts

13. The staff have identified from the feedback from outreach and comment letters additional information about the balance between the cost and benefits of annual cohorts for the contracts discussed in paragraph 12(c) of this paper. Therefore, the staff think that the Board should consider, as part of the redeliberations, whether this additional information is relevant to the decision the Board took previously for those specific contracts.

Cash flows in the boundary of a reinsurance contract held

Background

14. IFRS 17 requires an entity to include in the measurement of a group of insurance contracts issued (or reinsurance contracts held) all future cash flows within the boundary of each contract in the group. An entity estimates future cash flows for insurance contracts based on the expected value of the full range of possible outcomes. For a reinsurance contract held, that estimate of future cash flows will include future cash flows that relate to all insurance contracts the entity expects to be covered by the reinsurance contract held, including future insurance contracts the entity expects to issue.
15. When the Board considered proposing amendments to IFRS 17, it considered stakeholders' concerns and challenges relating to the requirement to estimate future cash flows of reinsurance contracts held. Stakeholders suggested the Board amend the contract boundary requirements for reinsurance contracts held to exclude cash flows of a reinsurance contract held that relate to underlying insurance contracts that have not yet been issued from the measurement of the reinsurance contract held until those underlying insurance contracts are issued.

16. The Board disagreed with this suggestion by stakeholders for the reasons explained in paragraphs BC181–BC185 of the Basis for Conclusions on the Exposure Draft:

- (a) the Board noted that the suggestion by stakeholders, which is consistent with feedback the Board received during the development of IFRS 17, would achieve an outcome similar to the practice often used applying IFRS 4 *Insurance Contracts*, whereby an entity measures reinsurance contracts held based on the measurement of the underlying insurance contracts. The Board reaffirmed its view that the accounting for a reinsurance contract held should be consistent with the accounting for insurance contracts issued. Such accounting includes measuring the expected value of all the entity’s rights and obligations from a contract independently of the expected value of the entity’s rights and obligations from other contracts. An entity’s rights and obligations as the holder of a reinsurance contract differ from its rights and obligations as the issuer of underlying insurance contracts. When an entity holds a reinsurance contract that covers insurance contracts it expects to issue in the future, the entity has a substantive right to receive reinsurance coverage for those future insurance contracts. In contrast, the entity has no substantive rights or substantive obligations to policyholders under the future insurance contracts.

- (b) some stakeholders expressed the view that the requirements in IFRS 17 create an accounting mismatch because expected future cash flows related to insurance contracts expected to be issued may be reflected in determining the contractual service margin of a reinsurance contract held before those underlying insurance contracts are issued. The Board observed that the measurement of the carrying amount of the reinsurance contract held and the underlying insurance contracts does not create an accounting mismatch. If the reinsurance contract held is recognised before some of the underlying insurance contracts are recognised and no cash flows have been paid or received relating to the reinsurance of those underlying contracts, the carrying amount of the reinsurance contract held will include all the expected cash inflows and cash outflows relating to the reinsurance of those

future underlying contracts. The difference between the cash inflows and cash outflows (adjusted for non-financial risk) on initial recognition of the reinsurance contract held is recognised as a contractual service margin in the carrying amount of the reinsurance contract held asset. Before any cash flows occur and any service is received, the carrying amount of the reinsurance contract held is, therefore, zero.

- (c) differences between the carrying amount of the reinsurance contract held and the underlying insurance contracts will arise because of differences in the provision of coverage and differences in the timing of cash flows, if any. Often insurance coverage under the reinsurance contract held will be received at the same time as insurance coverage is provided by the underlying insurance contracts, so will not create a difference in carrying amount. Differences in carrying amounts caused by different timings of cash flows are not accounting mismatches. Interest may be accreted on the contractual service margin of the reinsurance contract held from an earlier period, and at a different discount rate to the underlying insurance contracts. Differences caused by these factors also are not accounting mismatches but reflect the different effect of the time value of money on the contractual service margin and fulfilment cash flows.
- (d) furthermore, in the Board's view, including all expected future cash flows in the measurement of the contractual service margin at initial recognition of the reinsurance contract held reflects the conditions under which the entity agreed, under specified terms, to receive services from the reinsurer for future insurance contracts it expects to issue. If a reinsurance contract held provides an entity with neither substantive rights nor substantive obligations relating to future insurance contracts it expects to issue, then those future insurance contracts will be outside the boundary of the reinsurance contract held. The requirements for expected future cash flows in paragraphs 33–35 of IFRS 17 are a core aspect of the Standard. The Board sees no reason why these requirements should not be applied consistently—both to insurance contracts issued and reinsurance contracts held.

- (e) the Board noted there would be costs for some entities because such consistency represents a change from existing practice. However, the Board concluded that the benefits of appropriately reflecting an entity's rights and obligations as the holder of a reinsurance contract outweigh those costs.

Comments from respondents

- 17. Some respondents commented on the Board's decision to retain the contract boundary requirements in IFRS 17 for reinsurance contracts held unchanged. Almost all of those respondents disagreed with the Board's decision. Consistent with feedback the Board considered when developing the Exposure Draft, those respondents continued to express concerns about:
 - (a) the complexity of the contract boundary requirements for reinsurance contracts held;
 - (b) the cost-benefit analysis for these requirements;
 - (c) the significance of the change that these requirements introduce to many existing insurance accounting practices;
 - (d) the usefulness of the information that the application of those requirements would provide for investors; and
 - (e) the perceived accounting mismatches that might arise between reinsurance contracts held and the underlying insurance contracts.

- 18. A small number of respondents continued to disagree with the Board's view explained in paragraph BC183 of the Basis for Conclusions on the Exposure Draft (see paragraph 16(c) of this paper) that differences arising between a reinsurance contract held and underlying insurance contracts are not accounting mismatches but predominantly relate to different timings of cash flows which are affected by the different discount rates that would apply. One of those respondents:
 - (a) expressed the view that the differences arise from inconsistent measurement requirements regarding discount rates, do not reflect the underlying economics of the contracts and could be misleading to users of the financial statements.

- (b) suggested, for the purpose of accounting for reinsurance contracts held and to mitigate the perceived accounting mismatches, that the Board amend IFRS 17 to:
- (i) require the application of current interest rates in the determination of the contractual service margin at each reporting period (see paragraphs 30–36 of this paper) or, at least, permit, or require, discount rates to be determined on initial recognition of underlying groups of insurance contracts (rather than on initial recognition of the group of reinsurance contracts held); and
 - (ii) reconsider the contract boundary requirements for reinsurance contracts held when underlying insurance contracts have not yet been issued.

Staff thoughts

19. The staff think that the Board does not need to re-discuss this topic as part of the redeliberations. When developing the Exposure Draft, the Board considered the concerns and suggestions from respondents as discussed in paragraph 16 of this paper and the staff have not identified points the Board has not considered previously.

Subjectivity in the determination of discount rates and the risk adjustment for non-financial risk

Background

20. The requirements in IFRS 17 provide objectives that an entity is required to achieve when determining discount rates and the risk adjustment for non-financial risk. Those requirements do not prescribe how an entity achieves that outcome.
21. When the Board considered proposing amendments to IFRS 17, it considered concerns expressed by some stakeholders, in particular users of financial statements, that the principle-based nature of those requirements could limit comparability between entities and they would rather IFRS 17 constrained variability in practice.

22. The Board did not propose any change in the Exposure Draft to make the requirements for determining discount rates and the risk-adjustment for non-financial risk more prescriptive for the reasons explained in paragraphs BC187–BC188 of the Basis for Conclusions on the Exposure Draft:

- (a) insurance contracts have a variety of forms, terms and conditions. In the Board’s view, requiring an entity to measure discount rates and the risk adjustment for non-financial risk for insurance contracts using a rule-based approach would result in outcomes that are appropriate only in some circumstances. The approach in IFRS 17 for determining discount rates and the risk adjustment for non-financial risk requires entities to apply judgement when determining the inputs most relevant to the circumstances and requires entities to disclose information in the notes to the financial statements about the methods used and judgements applied. Entities applying IFRS 17 are all required to meet the same measurement objectives. The requirements in IFRS 17 aim to achieve comparability without imposing arbitrary uniformity.
- (b) discount rates and the risk adjustment for non-financial risk are core components of the measurement model. Any change to make the requirements more prescriptive with implementation already under way would likely significantly disrupt implementation and could diminish the usefulness of information provided by IFRS 17.

Comments from respondents

23. A small number of respondents commented on the Board’s decision to retain the requirements for determining discount rates and the risk adjustment for non-financial risk unchanged. Many of those respondents expressed support for the Board’s decision. Consistent with the feedback the Board considered when developing IFRS 17, the remainder of those respondents suggested the Board provide more guidance about determining the risk adjustment for non-financial risk and recognising the risk adjustment for non-financial risk in profit or loss as the entity is released from risk.

Staff thoughts

24. The staff think that the Board does not need to re-discuss this topic as part of the redeliberations. When developing the Exposure Draft, the Board considered the suggestions from respondents as discussed in paragraph 22 of this paper and the staff have not identified points the Board has not considered previously.

Risk adjustment for non-financial risk in a consolidated group of entities

Background

25. Applying IFRS 17, the risk adjustment for non-financial risk reflects the degree of diversification benefit the entity includes when determining the compensation it requires for bearing that risk.
26. When the Board considered proposing amendments to IFRS 17, it considered concerns expressed by some stakeholders that the differing views about determining the risk adjustment for non-financial risk in an entity reporting as a consolidated group of entities discussed by the Transition Resource Group for IFRS 17 will result in diversity in practice. Those stakeholders suggested that the Board amend IFRS 17 to clarify its intention for determining the risk adjustment for non-financial risk in the consolidated financial statements of a group of entities.
27. As explained in paragraph BC192 of the Basis for Conclusions on the Exposure Draft, the Board concluded that clarifying this aspect of determining the risk adjustment for non-financial risk would not address all possible differences that could arise, given the judgement required in determining the risk adjustment for non-financial risk. In the Board's view, practice needs to develop in this area and, if necessary, the Board will seek to understand how the requirements are being applied as part of the Post-implementation Review of IFRS 17.

Comments from respondents

28. A small number of respondents commented on the Board's decision to retain the requirements for determining the risk adjustment for non-financial risk in the

consolidated financial statements of a group of entities unchanged. Those respondents expressed support for the Board's decision.

Staff thoughts

29. The staff think that the Board does not need to re-discuss this topic as part of the redeliberations because all respondents who commented on this topic agreed with the Board's decision.

Discount rate used to determine adjustments to the contractual service margin

Background

30. IFRS 17 requires an entity to adjust the contractual service margin for changes in fulfilment cash flows relating to future service.
31. When the Board considered proposing amendments to IFRS 17, it considered concerns expressed by some stakeholders about the difference that arises for groups of insurance contracts without direct participation features because fulfilment cash flows are measured at a current discount rate, whereas the resulting adjustment to the contractual service margin is measured at the discount rate determined at the date of initial recognition of the group of contracts (the 'locked-in rate'). The Board had also considered those concerns during the development of IFRS 17.
32. As explained in paragraph BC194–BC199 of the Basis for Conclusions on the Exposure Draft, the Board considered two alternative amendments to IFRS 17 suggested by stakeholders relating to the discount rate used to determine adjustments to the contractual service margin for insurance contracts without direct participation features. Some stakeholders suggested those amendments would reduce the operational burden of applying the Standard, while others said it would be conceptually appropriate to measure the contractual service margin using the same current discount rate used for the measurement of fulfilment cash flows. The two suggested amendments were that an entity be required to:

- (a) determine adjustments to the contractual service margin for changes in fulfilment cash flows relating to future service using a current discount rate; or
 - (b) remeasure the contractual service margin as a whole using a current discount rate.
33. The Board disagreed with both suggestions and did not propose in the Exposure Draft any changes to the requirements for the discount rate used to determine adjustments to the contractual service margin. The Board concluded that:
- (a) measuring the effect of future cash flows on the contractual service margin at different discount rates depending on when they become part of the expected cash flows would create an inconsistency in the measurement of profit; and
 - (b) if the contractual service margin were to be fully remeasured to reflect current discount rates for insurance contracts without direct participation features, the revenue recognised would reflect the effect of current interest rates on the price the entity would charge for the service if it were determining that price at the reporting date, rather than the revenue earned as the entity provides services, reflecting the price set at the contract issue date for that service.

Comments from respondents

34. Some respondents commented on the Board's decision to retain the requirements for the discount rate used to determine adjustments to the contractual service margin unchanged. They disagreed with the Board's decision and continued to suggest that the Board amend IFRS 17 for insurance contracts without direct participation features to require an entity to determine adjustments to the contractual service margin for changes in fulfilment cash flows relating to future service using a current discount rate, rather than the locked-in rate. Many respondents were preparers (and preparer representative bodies)—from Australia, Spain and the UK—that typically issue insurance contracts without direct participating features.

35. Of those respondents:
- (a) some respondents continued to say that it would be conceptually appropriate to apply current discount rates to all aspects of IFRS 17, including the determination of the adjustments to the contractual service margin and the accretion of interest on the contractual service margin. Respondents from Australia expressed the view that using current discount rates for all aspects of IFRS 17 would reduce accounting mismatches between reinsurance contracts held and underlying insurance contracts (see paragraph 18 of this paper).
 - (b) respondents from Spain continued to express concerns about possible accounting mismatches in other comprehensive income when the effect of changes in fair value of financial assets accounted for at fair value through other comprehensive income applying IFRS 9 *Financial Instruments* do not equal the amount of insurance finance income or expenses that an entity, applying the option in paragraph 88 of IFRS 17, recognises in other comprehensive income (see paragraph 37 of this paper). Those respondents continued to suggest that the Board amend IFRS 17 to permit an entity to fully remeasure the contractual service margin to reflect current discount rates for insurance contracts without direct participation features to reduce the difference discussed in paragraph 31 of this paper.
 - (c) some respondents from the UK continued to express the view that the requirement in IFRS 17 to use locked-in discount rates for the adjustments to the contractual service margin distorts the insurance service result of insurance contracts without direct participating features and is expected to lead to the use of alternative performance measures, particularly for entities that choose not to present some insurance finance income or expenses in other comprehensive income.

Staff thoughts

36. The staff think that the Board does not need to re-discuss this topic as part of the redeliberations. When developing the Exposure Draft, the Board considered the

concerns and suggestions from respondents as discussed in paragraphs 32–33 of this paper and the staff have not identified points the Board has not considered previously.

Other comprehensive income option for insurance finance income or expenses

Background

37. Paragraphs 88–89 of IFRS 17 provide an entity with an accounting policy choice between including insurance finance income or expenses for the period in profit or loss or disaggregating insurance finance income or expenses between profit or loss and other comprehensive income (referred to as the ‘other comprehensive income option’).
38. When the Board considered proposing amendments to IFRS 17, it considered concerns expressed by some stakeholders, in particular users of financial statements, that providing an option, rather than setting a requirement or a prohibition to present the effect of some changes in financial assumptions in other comprehensive income, could reduce comparability among entities and increase complexity. Those stakeholders would rather IFRS 17 required one consistent presentation.
39. As explained in paragraphs BC201–BC202 of the Basis for Conclusions on the Exposure Draft, the Board:
 - (a) acknowledged that requiring entities to report insurance finance income or expenses entirely in profit or loss rather than permitting the choice in paragraphs 88–89 of IFRS 17 would improve comparability among entities. However, the Board concluded that the presentation of insurance finance income or expenses as a systematic allocation in profit or loss may provide more useful information than total insurance finance income or expenses in profit or loss for some contracts and less useful information for other contracts.
 - (b) concluded that entities within the same jurisdiction are likely to make similar accounting policy choices because they are likely to issue similar contracts and adopt similar asset strategies for those contracts. Hence, they are likely to remain comparable.

Comments from respondents

40. A small number of respondents commented on the Board’s decision to retain the requirements for the presentation of insurance finance income or expenses in profit or loss unchanged. Those respondents expressed support for the Board’s decision.

Staff thoughts

41. The staff think that the Board does not need to re-discuss this topic as part of redeliberations because all respondents who commented on this topic agreed with the Board’s decision.

Business combinations | Contracts acquired in their settlement period

42. The Board did not ask a question on the requirements for business combinations in the Exposure Draft (other than relating to transition reliefs and a clarification to IFRS 3 *Business Combinations* as discussed in Agenda Paper 2B). Therefore, many respondents did not comment on those requirements. However, some respondents commented on the Board’s decision to retain, unchanged, the requirement that an entity classify a liability for settlement of claims as a liability for remaining coverage if the entity acquired the insurance contract during the settlement period of the claims.

Background

43. Some insurance contracts cover events that have already occurred but the financial effect of which is still uncertain. In such contracts, IFRS 17 specifies that the insured event is the determination of the ultimate cost of those claims. Therefore, IFRS 17 requires that, for those contracts, the liability for the settlement of claims is classified as a liability for remaining coverage. One example of such an insurance contract is an insurance contract acquired during the settlement period of the claim, if the amount of the settlement of the claim is still uncertain at the acquisition date.
44. When the Board considered proposing amendments to IFRS 17, it considered stakeholders concerns that applying that requirement of IFRS 17 to contracts acquired in their settlement period would be a significant change from many existing insurance

accounting practices. The Board had also considered those concerns during the development of IFRS 17.

45. As explained in paragraph BC207 of the Basis for Conclusions on the Exposure Draft, the Board:
- (a) considered an amendment to IFRS 17 suggested by stakeholders that would exempt insurance contracts acquired in a business combination from the general requirements for the determination of the insured event; and
 - (b) disagreed with the stakeholders' suggestion because, in the Board's view, exempting insurance contracts acquired in a business combination from the general requirements for the determination of the insured event, would create complexity for users of financial statements and reduce comparability with other transactions.

Comments from respondents

46. Many respondents who commented on the Board's decision to retain, unchanged, the requirement that an entity classify a liability for settlement of claims as a liability for remaining coverage if the entity acquired the insurance contract during the settlement period of the claims:
- (a) suggested the Board amend IFRS 17 to permit in all circumstances an entity to classify as a liability for incurred claims a liability for settlement of claims incurred before an insurance contract was acquired; and
 - (b) expressed the view that such an amendment would:
 - (i) improve the usefulness of information provided by IFRS 17 by increasing comparability between insurance contracts issued by an entity and insurance contracts acquired by an entity;
 - (ii) reduce complexity and costs because such an amendment would be consistent with many existing insurance accounting practices; and
 - (iii) particularly, reduce complexity and costs for entities that would be required to apply the general model, rather than the premium

allocation approach, only as a result of the requirements for contracts acquired.

47. Some of those respondents suggested the Board introduce a business model approach, whereby an entity would classify such a liability as a liability for remaining coverage or a liability for incurred claims depending on whether it acquired those contracts for the purpose of making a profit from adverse development cover or for a different purpose, for example, as part of a wider growth strategy.

Staff thoughts

48. The staff have identified that some feedback from respondents challenges the determination of the insured event applying IFRS 17. Therefore, the staff think that the Board should consider, as part of the redeliberations, whether that feedback is relevant to the decision the Board took previously for contracts acquired in their settlement period.

Business combinations / Classification of contracts acquired

49. Some respondents also commented on the requirements in IFRS 17 that an entity should:
- (a) assess whether a contract acquired is an insurance contract as at the acquisition date (rather than at the original inception date); and
 - (b) assess whether a contract acquired is within the scope of the variable fee approach considering the information available as at the acquisition date (rather than the information that was available at the acquiree’s original inception date).

Background

50. Paragraph 15 of IFRS 3 requires an acquirer to classify assets acquired and liabilities assumed based on the terms and conditions as they exist at the acquisition date. As a relief, paragraph 17(b) of IFRS 3 provided an exception to that requirement for insurance contracts in the scope of IFRS 4. That exception required an acquirer to

classify insurance contracts based on the contractual terms and other factors at the inception of the contract, rather than at the acquisition date. That exception will no longer apply when an entity applies IFRS 17; an acquirer of an insurance contract will apply the requirements in paragraph 15 of IFRS 3 as would the acquirer of any other contract. As discussed in Agenda Paper 2B, the Exposure Draft proposed to clarify that an entity can continue to use the exception in paragraph 17(b) of IFRS 3 for business combinations that occurred before the date of initial application of IFRS 17.

51. When the Board considered proposing amendments to IFRS 17, it considered stakeholders' concerns that the requirement in paragraph 15 of IFRS 3 will:
- (a) be operationally burdensome to apply; and
 - (b) result in differences in accounting between the acquirer's consolidated financial statements and the acquiree's financial statements.
52. As explained in paragraph BC206 of the Basis for Conclusions on the Exposure Draft, the Board:
- (a) considered the suggestion by stakeholders to reinstate the exception in IFRS 3 for acquired insurance contracts.
 - (b) disagreed with that suggestions because it would result in a significant loss of useful information relative to that which would result from applying IFRS 3 as amended by IFRS 17—it would increase complexity for users of financial statements and reduce comparability with the requirements for other transactions and other industries. The Board noted that one of the objectives of IFRS 17 was to bring insurance accounting in line with accounting for other types of contracts.

Comments from respondents

53. A small number of respondents continued to disagree with the requirement to assess whether a contract acquired is an insurance contract as at the acquisition date. Those respondents continue to suggest that an entity should be permitted to adopt the classification as an insurance contract as determined by the acquiree at the original inception date. Those respondents expressed the view that such a requirement would

increase comparability between insurance contracts issued and insurance contracts acquired.

54. Similarly, a small number of respondents suggested the Board should permit an entity to determine whether an acquired insurance contract is within the scope of the variable fee approach considering the information that was available at the acquiree's original inception date, rather than the information that was available as at the acquisition date. Those respondents expressed the view that such a requirement would increase comparability between insurance contracts issued and insurance contracts acquired.

Staff thoughts

55. The staff think that the Board does not need to re-discuss this topic as part of the redeliberations. When developing the Exposure Draft, the Board considered the concerns and suggestions from respondents as discussed in paragraphs 51–52 of this paper and the staff have not identified points the Board has not considered previously.

Scope of the variable fee approach / Reinsurance contracts issued

Background

56. Insurance contracts with direct participation features (contracts in the scope of the variable fee approach) are substantially investment-related service contracts under which an entity promises an investment return based on underlying items and accepts significant insurance risk. Hence, paragraph B101 of IFRS 17 defines insurance contracts with direct participation features as insurance contracts for which:
- (a) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
 - (b) the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
 - (c) the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

57. When the Board considered proposing amendments to IFRS 17, it considered a suggestion from stakeholders to expand the scope of the variable fee approach to include reinsurance contracts issued, which are explicitly excluded from the variable fee approach applying paragraph B109 of IFRS 17.¹
58. As explained in paragraph BC213 of the Basis for Conclusions on IFRS 17, the Board disagreed with this suggestion because, although it had already acknowledged that in some specific circumstances a reinsurance contract issued might meet the criteria in paragraph B101 of IFRS 17, the Board did not intend the variable fee approach to apply to reinsurance contracts. The Board designed the variable fee approach for contracts that are substantially investment-related service contracts. In contrast, reinsurance contracts provide insurance coverage and do not provide substantially investment-related services. The Board also observed that adding an option for entities to apply the variable fee approach to reinsurance contracts issued would be inconsistent with the approach in IFRS 17 that using the variable fee approach is mandatory for contracts within its scope. Consequently, the Board did not propose in the Exposure Draft to expand the scope of the variable fee approach to include reinsurance contracts issued.

Comments from respondents

59. Some respondents commented on the Board’s decision to retain the prohibition to apply the variable fee approach to reinsurance contracts issued. Most of those respondents were preparers and preparer representative bodies from Europe.
60. Those respondents disagreed with the Board’s decision and continued to suggest that the Board amend IFRS 17 to permit an entity that issues reinsurance contracts to apply the variable fee approach to such contracts if they meet the criteria in paragraph B101 of IFRS 17. Those respondents think that accounting for reinsurance contracts issued that meet the criteria in paragraph B101 of IFRS 17 applying the variable fee approach would:
- (a) better reflect the economics of those reinsurance contracts;

¹ The Board also considered suggestions from stakeholders to expand the scope of the variable fee approach to include reinsurance contracts held. Feedback on the prohibition to apply the variable fee approach to reinsurance contracts held are discussed in Agenda Paper 2B, as part of the feedback on Question 6 in the Exposure Draft.

- (b) reduce IFRS 17 implementation costs; and
 - (c) reduce mismatches—particularly at the entity level within a consolidated group—that they think might arise when an entity issues a reinsurance contract to reinsure contracts accounted for applying the variable fee approach, the reinsurance contract includes the link to underlying items and the entity holds those underlying items.
61. Some of those respondents:
- (a) disagreed with the Board’s view, explained in paragraph BC213 of the Basis for Conclusions on the Exposure Draft, that reinsurance contracts do not provide substantially investment-related services;
 - (b) noted that the Board acknowledged that in some specific circumstances a reinsurance contract issued might meet the criteria in paragraph B101 of IFRS 17 and provided examples of a limited number of reinsurance contracts that, in their view, would meet those criteria; and
 - (c) expressed the view that the Board has not adequately explained the conceptual arguments against the inclusion of reinsurance contracts in the scope of the variable fee approach.

Staff thoughts

62. The staff think that the Board does not need to re-discuss this topic as part of the redeliberations. When developing the Exposure Draft, the Board considered the concerns and suggestions from respondents as discussed in paragraph 58 of this paper and the staff have not identified points the Board has not considered previously. However, the staff think that the Board could consider better articulating in the Basis for Conclusions on IFRS 17 the reasons for which reinsurance contracts issued are not eligible for the variable fee approach.

Interim financial statements

Background

63. Paragraph B137 of IFRS 17 requires that an entity does not change the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 subsequently.
64. When the Board considered proposing amendments to IFRS 17, it considered stakeholders' concerns and challenges relating to the requirement for interim financial statements in paragraph B137 of IFRS 17. That requirement was developed in response to stakeholder feedback that recalculating the carrying amount of the contractual service margin for the year when the entity has prepared interim financial statements applying IAS 34 *Interim Financial Reporting* would be a significant practical burden because of the different treatments of changes in estimates and experience adjustments.
65. The Board considered the suggestions from stakeholders to address the concerns and challenges raised and decided to retain the requirement for interim financial statements in IFRS 17 unchanged. As explained in paragraphs BC215–BC216 of the Basis for Conclusions on the Exposure Draft:
- (a) some stakeholders suggested the Board amend IFRS 17 to expand paragraph B137 of IFRS 17 so that it applies to accounting estimates made in all interim reports whether or not IAS 34 is applied, to avoid the need to keep two sets of accounting estimates. For example, a parent entity may require a subsidiary to provide internal interim reports because the parent entity produces interim financial statements applying IAS 34. The internal interim reports are not interim financial statements applying IAS 34 from the perspective of the subsidiary, so the subsidiary would need to maintain accounting estimates for these reports separately from the accounting estimates needed for its financial statements prepared using IFRS Standards.
 - (b) other stakeholders suggested the Board not expand paragraph B137 of IFRS 17 but permit, rather than require, its application.

66. The Board disagreed with the stakeholders' suggestions because those suggestions would add complexity for both preparers and users of financial statements and would reduce comparability among entities. This is because:
- (a) entities might develop different definitions of an interim report if they were permitted to use interim reports other than those addressed by IAS 34. The Board noted that entities may prepare interim reports other than those addressed by IAS 34, for example, an internal management report, for a variety of purposes.
 - (b) entities might treat accounting estimates made in previous interim financial statements in different ways to each other if they were permitted rather than required to apply paragraph B137 of IFRS 17.

Comments from respondents

67. Some respondents from each region, including about half of the preparers and preparer representative bodies, commented on the requirement for interim financial statements in IFRS 17.
68. Most of those respondents expressed concerns about the application of the requirement as follows:
- (a) some respondents think that the requirement in paragraph B137 of IFRS 17 results in a more significant practical burden than the burden it is supposed to alleviate, particularly for entities in a consolidated group as discussed in paragraph 65(a) of this paper. However, a small number of respondents agreed with the Board's decision not to expand paragraph B137 of IFRS 17 so that it applies to accounting estimates made in all interim reports whether or not IAS 34 is applied.
 - (b) some respondents noted that the requirement in paragraph B137 of IFRS 17 results in a fundamental change to existing insurance accounting practices for entities that currently use a year-to-date basis in interim financial statements—ie for entities that currently reverse in a subsequent interim period or annual reporting period estimates made in a prior interim period. Those respondents regard the retention of paragraph B137 in IFRS 17 as a

major challenge in implementation processes causing unnecessary complexity and costs.

- (c) other respondents said that the requirement in paragraph B137 of IFRS 17 does not result in useful information given that, applying existing insurance accounting practices, many entities do not fully update actuarial assumptions at interim periods for the purpose of applying IAS 34. Those stakeholders expressed the view that an entity should be permitted to change the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 in the annual reporting period to more accurately reflect changes in estimates and experience adjustments referring to the annual reporting period.
69. To address the concerns discussed in paragraph 68 of this paper, some respondents suggested the Board amend IFRS 17 as follows:
- (a) some respondents continued to suggest amending IFRS 17 to permit, rather than require, the application of the requirement in paragraph B137 of IFRS 17, consistent with the suggestion made during the development of the Exposure Draft that the Board considered and rejected.
- (b) some respondents suggested to delete paragraph B137 of IFRS 17. However, one respondent expressing concerns would not support the deletion of paragraph B137 of IFRS 17.
70. Some respondents would support either deleting paragraph B137 of IFRS 17 or permitting its application to be optional. Other respondents did not express a preference on how to address concerns but expressed a view that, if the Board were to amend paragraph B137 of IFRS 17, the Board's objective should be to avoid the need for entities in a consolidated group to keep two sets of accounting estimates. A small number of respondents expressed concerns without suggesting a solution.
71. Two national-standard setters, who would support deleting paragraph B137 of IFRS 17, noted that an exception to the principles in IAS 34 similar to the exception in IFRS 17 is included in IFRIC 10 *Interim Financial Reporting and Impairment*. IFRIC 10 addresses an apparent conflict between the following requirements in IAS 34:

- (a) an entity should apply the same accounting policies in its interim financial statements as it applies in its annual financial statements.
 - (b) the frequency of an entity’s reporting (annual, half-yearly or quarterly) should not affect the measurement of its annual results. To achieve that objective, measurements for interim reporting purposes should be made on a year-to-date basis. This might suggest that an entity should reverse in a subsequent interim period an impairment loss it recognised in a prior interim period, whereas IAS 36 *Impairment of Assets* states that an impairment loss recognised for goodwill should not be reversed in a subsequent period. IFRIC 10 states that an entity should not reverse an impairment loss recognised in a previous interim period in respect of goodwill.
72. One of those national-standard setters suggested that if the Board retains, unchanged, the requirement in paragraph B137 of IFRS 17, the Board should:
- (a) provide a more comprehensive rationale for its decision in the Basis for Conclusions on IFRS 17; and
 - (b) initiate a Post-implementation Review of IAS 34 so that the Board could use feedback to make an informed decision about the future course of interim reporting.
73. A small number of respondents questioned the interaction between the requirement in paragraph B137 of IFRS 17 and the annual cohort requirement (see paragraphs 13 of this paper). Those respondents questioned whether an entity that reports half-yearly would be prohibited from including in the same group contracts issued more than six months apart (rather than a year), considering that paragraph B137 of IFRS 17 requires that an entity does not change the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 subsequently.

Staff thoughts

74. The staff have identified from the feedback from outreach and comment letters additional information about the balance between the cost and benefits of the requirement in paragraph B137 of IFRS 17. Therefore, the staff think that the Board

should consider, as part of the redeliberations, whether this additional information is relevant to the decision the Board took previously for the requirement for interim financial statements in IFRS 17.

Mutual entities issuing insurance contracts

Background

75. The requirements in IFRS 17 apply to all insurance contracts as defined in IFRS 17, regardless of the type of entity issuing the contract, with some specific scope exclusions. Paragraph BC265 of the Basis for Conclusions on IFRS 17 explains that a defining feature of a mutual entity that issues insurance contracts is that the most residual interest of the entity is due to a policyholder and not a shareholder. Paragraphs BC264–BC269 of the Basis for Conclusions on IFRS 17 explain the consequences of IFRS 17 for such mutual entities, and why the Board did not include any specific requirements or exceptions to requirements in IFRS 17 for such entities.
76. When the Board considered proposing amendments to IFRS 17, it considered concerns from stakeholders about:
- (a) the usefulness of the information provided by IFRS 17 about entities with the feature that the most residual interest of the entity is due to a policyholder and not a shareholder; and
 - (b) the description of mutual entities as entities that issue insurance contracts under which the most residual interest of the entity is due to a policyholder and not a shareholder.
77. As explained in paragraphs BC129–BC220 of the Basis for Conclusions on the Exposure Draft, the Board:
- (a) reaffirmed its decision that IFRS 17 should not include any specific requirements or exceptions to requirements in IFRS 17 for entities that issue insurance contracts under which the most residual interest of the entity is due to a policyholder and not a shareholder because:
 - (i) the requirements in IFRS 17 to include in the fulfilment cash flows all the expected future cash flows that arise within the

boundary of insurance contracts in a group of contracts, including discretionary cash flows and those due to future policyholders, are a core principle of the Standard applicable to all entities;

- (ii) if different entities account for the same insurance contract in different ways, comparability across entities would be reduced; and
 - (iii) a robust definition of entities to which different requirements would apply would be difficult to create.
- (b) decided to add a footnote to paragraph BC265 of the Basis for Conclusions on IFRS 17 to explain that not all entities that may be described as mutual entities have the feature that the most residual interest of the entity is due to a policyholder in response to the concerns discussed in paragraph 76(b) of this paper.

Comments from respondents

78. A small number of respondents commented on the Board’s decision to propose to add a footnote to paragraph BC265 of the Basis for Conclusions on IFRS 17. Comments were mixed. About half of the respondents expressed support for the Board’s decision. The remainder disagreed with the Board’s decision and, consistent with feedback during the development of the Exposure Draft, continued to express concerns that the explanations included in BC264–BC269 of the Basis for Conclusions on IFRS 17 and the educational materials developed by the staff do not adequately reflect the nature of some mutual entities. Those respondents suggested that the Board should:
- (a) amend IFRS 17 to consider the specific characteristics of some mutual entities; and/or
 - (b) substantially revise, or withdraw, the educational materials for mutual entities developed by the staff and published on the IFRS Foundation website.

Staff thoughts

79. The staff think that the Board:
- (a) does not need to re-discuss this topic as part of redeliberations. When developing the Exposure Draft, the Board considered the concerns and suggestions from respondents as discussed in paragraphs 76–77 of this paper and the staff have not identified points the Board has not considered previously.
 - (b) should confirm the proposed footnote to paragraph BC265 of the Basis for Conclusions on IFRS 17 discussed in paragraph 77(b) of this paper.

Other comments

Additional transition modifications and reliefs

80. A small number of respondents commented on the transition requirements in IFRS 17, in addition to the feedback on Question 8 in the Exposure Draft that is summarised in Agenda Paper 2B. Those respondents:
- (a) expressed appreciation for the Board’s explanation in the Basis for Conclusions on the Exposure Draft that the Board expects entities to use estimates when applying IFRS 17 retrospectively. Some of those respondents suggested the Board include this explanation in the requirements of the Standard, in addition to an explanation in the Basis for Conclusions on IFRS 17.
 - (b) continued to express concerns that the modified retrospective approach is too restrictive and continued to suggest the Board permit an entity more optionality and flexibility generally when applying the modified retrospective approach, rather than providing specified modifications.
 - (c) suggested the Board provide additional specific transition modifications and reliefs for entities applying the modified retrospective approach (for example, reliefs from the retrospective application of the annual cohort requirement and the requirement for interim financial statements), as well

as transition reliefs within the full retrospective approach. A small number of respondents continued to suggest that on transition there should be an amount accumulated in other comprehensive income for financial assets to correspond to the amount accumulated in other comprehensive income for insurance contracts. When the Board considered proposing amendments to IFRS 17, the Board considered and disagreed with suggestions to change accumulated other comprehensive income on transition for the reasons explained in paragraphs BC137–BC138 of the Basis for Conclusions on the Exposure Draft.

81. The staff think that the Board:
- (a) does not need to consider further general suggestions to permit an entity more optionality and flexibility in the modified retrospective approach. As explained in paragraphs BC139–BC143 of the Basis for Conclusions on the Exposure Draft, when developing the Exposure Draft, the Board considered and rejected suggestions to amend the modified retrospective approach by removing the requirements to use reasonable and supportable information or permitting an entity to develop its own additional modifications. The Board noted that more optionality and flexibility would contradict the objective of the modified retrospective approach and would reduce the usefulness of information for users of financial statements.
 - (b) does not need to consider permitting any reliefs within the full retrospective approach, as doing so would contradict the objective of the full retrospective approach and would reduce the usefulness of information for users of financial statements.
 - (c) should consider, in the redeliberations, additional specific transition modifications and reliefs suggested by respondents. The staff think that such additional transition modifications and reliefs may ease implementation without reducing the usefulness of information for users of financial statements.

New concerns and implementation questions

82. Some respondents also commented on areas of IFRS 17 that the Board did not consider when developing the Exposure Draft.
83. Some of those respondents mentioned that additional concerns and implementation questions have come to light as entities at a more advanced stage of IFRS 17 implementation have started testing the output of their IFRS 17 systems. The staff note that these additional concerns and implementation questions are more detailed and relate to specific transactions and contracts in a small number of jurisdictions and, therefore, they might not be relevant for a wide group of stakeholders.
84. Recurrent topics mentioned by respondents include:
- (a) the accounting treatment of policyholder taxes applying IFRS 17—requests for clarifications were raised by some respondents from Australia, South Africa and the UK;
 - (b) application of the requirements in paragraph B113(b) of IFRS 17 to insurance contracts with cash flows that do not vary based on the returns on underlying items to which the variable fee approach applies—concerns were expressed by some respondents from Asia, Canada and Europe, as well from one accounting firm and a global preparer representative body; and
 - (c) contracts that change in nature over time (for example, an insurance contract with direct participation features may become an annuity after the policyholder exercises an option)—concerns were expressed by some respondents from Europe.
85. The staff will analyse the new concerns and implementation questions and report to the Board at a future meeting so that the Board can decide what, if any, action is needed to address them. The staff think that, at this stage, further changes to IFRS 17 are more likely to disrupt rather than help the implementation process. However, other action such as educational material might be appropriate to continue to support implementation of IFRS 17.

STAFF PAPER

November 2019

IASB[®] meeting

Project	Amendments to IFRS 17		
Paper topic	Redeliberation plan		
CONTACT(S)	Laura Kennedy	lkennedy@ifrs.org	+44 (0)20 7246 6437
	Roberta Ravelli	rravelli@ifrs.org	+44 (0)20 7246 6935

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS[®] Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB[®] *Update*.

Purpose of the paper

1. This paper sets out staff recommendations for the redeliberations of the Exposure Draft *Amendments to IFRS 17* and asks whether the International Accounting Standards Board (Board) agrees with those recommendations.
2. The recommendations have been developed considering:
 - (a) the feedback from outreach as summarised in Agenda Paper 2A *Outreach summary* of the October 2019 Board meeting; and
 - (b) the feedback from comment letters as summarised in Agenda Paper 2B *Comment letter summary—feedback on the questions in the Exposure Draft* and Agenda Paper 2C *Comment letter summary—other comments* of this meeting.
3. Appendix A to this paper reproduces the staff thoughts from Agenda Papers 2B and 2C and summarises the staff recommendations for the redeliberations.

Topics for the redeliberations

4. The staff think that a timely decision about the topics that the Board should consider further would reduce uncertainty about any possible additional amendments to IFRS 17 *Insurance Contracts* and, therefore, would limit disruption to implementation processes under way.
5. Consequently, in this paper the staff have set out:
 - (a) the proposed amendments the staff recommend the Board confirm at a future meeting (paragraph 7 of this paper);
 - (b) the topics for which the staff recommend the Board consider further the feedback from respondents (paragraph 9 of this paper); and
 - (c) the topics the staff recommend the Board does not consider further (paragraph 10 of this paper).
6. Appendix A to this paper reproduces the staff thoughts from Agenda Papers 2B and 2C and summarises the staff recommendations for the redeliberation of topics. Paragraphs 7–10 of this paper discuss those recommendations.
7. The staff recommend the Board confirm at a future meeting the proposed amendments on the following topics:
 - (a) scope exclusion for loans;
 - (b) contractual service margin attributable to investment services—coverage units for insurance contracts with direct participation features;
 - (c) presentation in the statement of financial position—portfolio instead of group level;
 - (d) applicability of the risk mitigation option—reinsurance contracts held;
 - (e) transition relief for business combinations; and
 - (f) transition reliefs for the risk mitigation option—application from the transition date and the option to apply the fair value approach.
8. For these proposed amendments, the staff plan to present to the Board a paper that summarises the proposals in the Exposure Draft and asks the Board to confirm the

proposals. The staff do not expect that any substantive redeliberation would be needed to confirm these proposed amendments.

9. The staff recommend the Board consider further the feedback from respondents on the following topics:
 - (a) proposed scope exclusion for credit cards;
 - (b) proposed amendment for expected recovery of insurance acquisition cash flows;
 - (c) proposed amendment for contractual service margin attributable to investment services—coverage units for insurance contracts without direct participation features, disclosures and terminology;
 - (d) proposed amendment for reinsurance contracts held—recovery of losses;
 - (e) applicability of the risk mitigation option—non-derivative financial instruments at fair value through profit or loss;
 - (f) proposed effective date of IFRS 17;
 - (g) proposed extension of the IFRS 9 *Financial Instruments* temporary exemption in IFRS 4 *Insurance Contracts*;
 - (h) transition—the prohibition from applying the risk mitigation option retrospectively;
 - (i) proposed minor amendments;
 - (j) level of aggregation—annual cohorts for insurance contracts with intergenerational sharing of risks between policyholders;
 - (k) business combinations—contracts acquired in their settlement period;
 - (l) interim financial statements; and
 - (m) additional specific transition modifications and reliefs.

10. The staff recommend the Board does not consider further the feedback from respondents on the following topics:
 - (a) presentation in the statement of financial position—premiums receivable and claims payable;

- (b) risk mitigation option for insurance contracts without direct participation features;
 - (c) effective date—comparative information on initial application of IFRS 17;
 - (d) level of aggregation—annual cohorts for all insurance contracts other than those in paragraph 9(j) of this paper;
 - (e) cash flows in the boundary of a reinsurance contract held;
 - (f) subjectivity in determining discount rates and the risk adjustment for non-financial risk;
 - (g) risk adjustment for non-financial risk in a consolidated group of entities;
 - (h) discount rate used to determine adjustments to the contractual service margin;
 - (i) other comprehensive income option for insurance finance income or expenses;
 - (j) business combinations—classification of contracts acquired;
 - (k) scope of the variable fee approach—reinsurance contracts held and reinsurance contracts issued;
 - (l) mutual entities issuing insurance contracts;
 - (m) transition—general optionality and flexibility in the modified retrospective approach; and
 - (n) transition—reliefs in the full retrospective approach.
11. In addition to those topics listed above, Agenda Paper 2C summarises new concerns and implementation questions respondents included in comment letters. The staff will analyse the new concerns and implementation questions and report to the Board at a future meeting so that the Board can decide what, if any, action is needed to address them. The staff think that, at this stage, further changes to IFRS 17 are more likely to disrupt rather than help the implementation process. However, other action such as educational material might be appropriate to continue to support implementation of IFRS 17.

Criteria to be applied when the Board considers further the feedback from outreach and comment letters

12. IFRS 17 is urgently needed to address many inadequacies in the wide range of insurance accounting practice used in applying IFRS 4 and significant implementation activities are underway. Accordingly, in developing the Exposure Draft the Board decided that any amendments to IFRS 17 must not:
 - (a) change the fundamental principles of the Standard because that would result in a significant loss of useful information for users of financial statements relative to that which would otherwise result from applying IFRS 17;
 - (b) unduly disrupt implementation already underway; or
 - (c) further delay the effective date of IFRS 17.
13. The staff think the Board should continue to apply the criteria in paragraph 12 of this paper when the Board considers feedback from outreach and comment letters.
14. In addition, the staff note that IFRS 17 includes some exceptions from its general principles to provide practical relief or to reduce an accounting mismatch when the Board concluded that the benefit of such an exception would outweigh the cost. For some topics, some respondents suggested the Board expand existing exceptions, or add further exceptions, noting that, in their view, doing so would increase consistency within the Standard.
15. Generally, increasing consistency within a Standard would be a benefit of any possible amendment the Board might consider. However, the staff note that, by definition, principles and exceptions to those principles are not consistent with one another. Therefore, in the staff view, increasing consistency with an existing exception is not necessarily a valid reason to expand that exception or add further exceptions. In contrast, the staff think that, generally, it is necessary that the number of exceptions in a Standard and the scope of those exceptions is limited. Otherwise, exceptions would be at risk of changing the fundamental principles of a Standard.

Timetable for the redeliberations

16. In the light of the feedback from outreach and comment letters and considering the staff recommendations about the topics the Board should consider further, the staff plan to present papers to the Board at future meetings in the period from December 2019 to February 2020.
17. The staff expect that the timetable would allow sufficient time for the Board to consider further the feedback on those topics and to finalise any resulting amendments, in line with the Board's plan as stated in the Exposure Draft, in mid-2020.

Questions for Board members

1. Do you agree with the proposed amendments the staff have identified that the Board can confirm at a future meeting (see paragraph 7 of this paper)?
2. Do you agree with the topics the staff have identified for which the Board should consider further the feedback from respondents (see paragraph 9 of this paper)?
3. Do you agree with the topics the staff have identified as not needing further consideration (see paragraph 10 of this paper)?

Appendix A—staff thoughts and recommendations for the redeliberations

A1. For each topic for which feedback is summarised in Agenda Papers 2B and 2C, the following three tables:

- (a) reproduce staff thoughts from those papers; and
- (b) summarise staff recommendations for the Board to decide at this meeting whether it:
 - (i) can confirm the proposed amendment at a future meeting;
 - (ii) should consider further the feedback from respondents on the topic; or
 - (iii) does not intend to consider further the topic.

Areas in which the Board proposed amendments to IFRS 17

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
Question 1(a)— Scope exclusion for credit cards	Paragraphs 6–9	<p>The staff think that:</p> <ul style="list-style-type: none"> (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposed scope exclusion for the credit card contracts discussed in paragraph 6 of Agenda Paper 2B; and (b) the Board should consider the concerns and suggestions from respondents discussed in paragraphs 7(b)–7(d) of Agenda Paper 2B as part of the redeliberations. <p>The staff think that the Board does not need to consider further the concerns and suggestions from respondents discussed in paragraph 7(e) of Agenda Paper 2B. The Board considered these when developing the Exposure Draft and the staff have not identified points the Board has not considered previously.</p>	Consider further the feedback from respondents.

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
Question 1(b)— Scope exclusion for loans	Paragraphs 10–14	<p>The staff think that the feedback from outreach and comment letters provides support for the Board to confirm the proposed scope exclusion for the loan contracts discussed in paragraph 10 of Agenda Paper 2B.</p> <p>The staff think that the Board does not need to consider further the concerns and suggestions from respondents discussed in paragraphs 11(b)–12 of Agenda Paper 2B. The Board considered these when developing the Exposure Draft and the staff have not identified points the Board has not considered previously.</p>	Confirm the proposed amendment.
Question 2— Expected recovery of insurance acquisition cash flows	Paragraphs 15–21	<p>The staff think that:</p> <ul style="list-style-type: none"> (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposal for insurance acquisition cash flows in the Exposure Draft; and (b) the Board should consider the concerns and suggestions from respondents discussed in paragraphs 16–20 of Agenda Paper 2B as part of the redeliberations. 	Consider further the feedback from respondents.

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
<p>Question 3(a)— Contractual service margin attributable to investment services Coverage units for insurance contracts without direct participation features</p>	<p>Paragraphs 22–24</p>	<p>The staff think that:</p> <ul style="list-style-type: none"> (a) the feedback from outreach and comment letters provides support for the Board to proceed with the direction of the proposal for identifying coverage units for insurance contracts without direct participation features; and (b) the Board should consider the concerns and suggestions from respondents discussed in paragraph 23(b)–23(d) of Agenda Paper 2B as part of the redeliberations. 	<p>Consider further the feedback from respondents.</p>

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
<p>Question 3(b)— Contractual service margin attributable to investment services Coverage units for insurance contracts with direct participation features</p>	<p>Paragraphs 25–27</p>	<p>The staff think that the feedback from outreach and comment letters provides support for the Board to confirm the proposed clarification for identifying coverage units for insurance contracts with direct participation features.</p>	<p>Confirm the proposed amendment.</p>

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
Question 3(c)— Contractual service margin attributable to investment services Disclosures	Paragraphs 28–31	The staff think that the Board should consider the concerns and suggestions from respondents discussed in paragraph 30 of Agenda Paper 2B as part of the redeliberations regarding the proposal for identifying coverage units for insurance contracts without direct participation features (Question 3(a) in the Exposure Draft).	Consider further the feedback from respondents.
Question 4— Reinsurance contracts held— recovery of losses	Paragraphs 32–36	The staff think that: <ul style="list-style-type: none"> (a) the feedback from outreach and comment letters provides support for the Board to proceed with the direction of the proposal for reinsurance contracts held; and (b) the Board should consider the concerns and suggestions from respondents discussed in paragraph 35 of Agenda Paper 2B as part of the redeliberations. 	Consider further the feedback from respondents.

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
Question 5— Presentation in the statement of financial position	Paragraphs 37–41	<p>The staff think that the feedback from outreach and comment letters provides support for the Board to confirm the proposal for the presentation of insurance contracts in the statement of financial position.</p> <p>The staff think that the Board does not need to consider further the concerns and suggestions from respondents discussed in paragraph 39 of Agenda Paper 2B. The Board considered these when developing the Exposure Draft and the staff have not identified points the Board has not considered previously.</p>	Confirm the proposed amendment.

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
<p>Question 6— Applicability of the risk mitigation option</p>	<p>Paragraphs 42–47</p>	<p>The staff think that:</p> <ul style="list-style-type: none"> (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposal that would permit an entity to apply the risk mitigation option when the entity uses reinsurance contracts held to mitigate financial risk arising from insurance contracts with direct participation features; and (b) the Board should reconsider in the redeliberations whether to extend the applicability of the risk mitigation option to circumstances when an entity uses non-derivative financial instruments measured at fair value through profit or loss to mitigate financial risk arising from insurance contracts with direct participation features, in the light of the feedback from respondents discussed in paragraph 44(a) of Agenda Paper 2B. <p>The staff think that the Board does not need to consider further the concerns and suggestions from respondents discussed in paragraph 44(b)–44(c) of Agenda Paper 2B. The Board considered these when developing the Exposure Draft and the staff have not identified points the Board has not considered previously.</p>	<p>Confirm the proposed amendment for reinsurance contracts held and consider further the feedback from respondents on non-derivative financial instruments measured at fair value through profit or loss.</p>

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
Question 7(a)— Effective date of IFRS 17	Paragraphs 48–53	<p>The staff think that:</p> <p>(a) the feedback from outreach and comment letters provides support for the Board to confirm the proposal to defer the effective date of IFRS 17; and</p> <p>(b) the Board should consider the concerns and suggestions from respondents discussed in paragraph 50 of Agenda Paper 2B as part of the redeliberations.</p> <p>The staff think that the Board does not need to consider further the suggestion from respondents, discussed in paragraph 51 of Agenda Paper 2B, not to present adjusted comparative information on initial application of IFRS 17. The Board considered this when developing the Exposure Draft and the staff have not identified points the Board has not considered previously.</p>	Consider further the feedback from respondents.

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
Question 7(b)— IFRS 9 temporary exemption in IFRS 4	Paragraphs 54–59	<p>The staff think that:</p> <p>(a) the feedback from outreach and comment letters provides support for the Board to confirm the proposal to extend the temporary exemption from IFRS 9; and</p> <p>(b) the Board should consider the feedback from respondents discussed in paragraphs 56–58 of Agenda Paper 2B as part of the redeliberations at the same time it considers the concerns and suggestions from respondents about the effective date of IFRS 17.</p>	Consider further the feedback from respondents.

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
<p>Question 8(a)— Transition reliefs for business combinations</p>	<p>Paragraphs 60–66</p>	<p>The staff think that:</p> <ul style="list-style-type: none"> (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposed additional transition relief for insurance contracts acquired; (b) the Board should clarify in the final drafting that the proposed amendment would apply to contracts acquired in a transfer of insurance contracts that do not form a business, in the light of the feedback discussed in paragraph 63 of Agenda Paper 2B; (c) the Board does not need to consider further the suggestions discussed in paragraph 64 of Agenda Paper 2B because permitting any reliefs within the full retrospective approach or general optionality and flexibility in the modified retrospective approach would contradict the objective of those approaches, as further discussed in Agenda Paper 2C; and (d) the Board should consider the concerns and suggestions from respondents discussed in paragraph 65 of Agenda Paper 2B as part of the redeliberations, as further discussed in Agenda Paper 2C. 	<p>Confirm the proposed amendment and consider further the feedback from respondents on contracts acquired in their settlement period.</p>

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
Question 8(b)–(c)—Transition reliefs for the risk mitigation option	Paragraphs 67–72	<p>The staff think that:</p> <ul style="list-style-type: none"> (a) the feedback from outreach and comment letters provides support for the Board to confirm the proposals discussed in paragraph 67 of Agenda Paper 2B; and (b) the Board should consider the concerns and suggestions from respondents discussed in paragraphs 69–71 of Agenda Paper 2B as part of the redeliberations. 	Confirm the proposed amendment and consider further the feedback from respondents on the prohibition from applying the risk mitigation option retrospectively.
Question 9—Minor amendments	Paragraphs 73–77	The staff think that the Board should consider the concerns and suggestions from respondents about proposed minor amendments discussed in paragraphs 75–76 of Agenda Paper 2B as part of the redeliberations.	Consider further the feedback from respondents.

Topic	Agenda Paper 2B	Staff thoughts	Staff recommendation
Question 10— Terminology	Paragraphs 78–82	The staff think that the Board should consider the feedback on possible terminology changes as part of the redeliberations of the proposal for identifying coverage units and the related proposed definition of ‘insurance contract services’ (Question 3 in the Exposure Draft).	Consider further the feedback from respondents as part of the discussion of Question 3.

Areas the Board considered and for which amendments to IFRS 17 were not proposed

Topic	Agenda Paper 2C	Staff thoughts	Staff recommendation
Level of aggregation	Paragraphs 7–13	The staff have identified from the feedback from outreach and comment letters additional information about the balance between the cost and benefits of annual cohorts for the contracts discussed in paragraph 12(c) of Agenda Paper 2C. Therefore, the staff think that the Board should consider, as part of the redeliberations, whether this additional information is relevant to the decision the Board took previously for those specific contracts.	Consider further the feedback from respondents on some specific contracts.

Topic	Agenda Paper 2C	Staff thoughts	Staff recommendation
Cash flows in the boundary of a reinsurance contract held	Paragraphs 14–19	The staff think that the Board does not need to re-discuss this topic as part of the redeliberations. When developing the Exposure Draft, the Board considered the concerns and suggestions from respondents as discussed in paragraph 16 of Agenda Paper 2C and the staff have not identified points the Board has not considered previously.	Do not plan to consider further the topic.
Subjectivity in the determination of discount rates and the risk adjustment for non-financial risk	Paragraphs 20–24	The staff think that the Board does not need to re-discuss this topic as part of the redeliberations. When developing the Exposure Draft, the Board considered the suggestions from respondents as discussed in paragraph 22 of Agenda Paper 2C and the staff have not identified points the Board has not considered previously.	Do not plan to consider further the topic.

Topic	Agenda Paper 2C	Staff thoughts	Staff recommendation
Risk adjustment for non-financial risk in a consolidated group of entities	Paragraphs 25–29	The staff think that the Board does not need to re-discuss this topic as part of the redeliberations because all respondents who commented on this topic agreed with the Board’s decision.	Do not plan to consider further the topic.
Discount rate used to determine adjustments to the contractual service margin	Paragraphs 30–36	The staff think that the Board does not need to re-discuss this topic as part of the redeliberations. When developing the Exposure Draft, the Board considered the concerns and suggestions from respondents as discussed in paragraphs 32–33 of Agenda Paper 2C and the staff have not identified points the Board has not considered previously.	Do not plan to consider further the topic.

Topic	Agenda Paper 2C	Staff thoughts	Staff recommendation
Other comprehensive income option for insurance finance income or expenses	Paragraphs 37–41	The staff think that the Board does not need to re-discuss this topic as part of redeliberations because all respondents who commented on this topic agreed with the Board’s decision.	Do not plan to consider further the topic.
Business combinations Contracts acquired in their settlement period	Paragraphs 42–48	The staff have identified that some feedback from respondents challenges the determination of the insured event applying IFRS 17. Therefore, the staff think that the Board should consider, as part of the redeliberations, whether that feedback is relevant to the decision the Board took previously for contracts acquired in their settlement period.	Consider further the feedback from respondents.

Topic	Agenda Paper 2C	Staff thoughts	Staff recommendation
Business combinations Classification of contracts acquired	Paragraphs 49–55	The staff think that the Board does not need to re-discuss this topic as part of the redeliberations. When developing the Exposure Draft, the Board considered the concerns and suggestions from respondents as discussed in paragraphs 51–52 of Agenda Paper 2C and the staff have not identified points the Board has not considered previously.	Do not plan to consider further the topic.
Scope of the variable fee approach Reinsurance contracts issued	Paragraphs 56–62	The staff think that the Board does not need to re-discuss this topic as part of the redeliberations. When developing the Exposure Draft, the Board considered the concerns and suggestions from respondents as discussed in paragraph 58 of Agenda Paper 2C and the staff have not identified points the Board has not considered previously. However, the staff think that the Board could consider better articulating in the Basis for Conclusions on IFRS 17 the reasons for which reinsurance contracts issued are not eligible for the variable fee approach.	Do not plan to consider further the topic.

Topic	Agenda Paper 2C	Staff thoughts	Staff recommendation
Interim financial statements	Paragraphs 63–74	The staff have identified from the feedback from outreach and comment letters additional information about the balance between the cost and benefits of the requirement in paragraph B137 of IFRS 17. Therefore, the staff think that the Board should consider, as part of the redeliberations, whether this additional information is relevant to the decision the Board took previously for the requirement for interim financial statements in IFRS 17.	Consider further the feedback from respondents.
Mutual entities issuing insurance contracts	Paragraphs 75–79	<p>The staff think that the Board:</p> <p>(a) does not need to re-discuss this topic as part of redeliberations. When developing the Exposure Draft, the Board considered the concerns and suggestions from respondents as discussed in paragraphs 76–77 of Agenda Paper 2C and the staff have not identified points the Board has not considered previously.</p> <p>(b) should confirm the proposed footnote to paragraph BC265 of the Basis for Conclusions on IFRS 17 discussed in paragraph 77(b) of Agenda Paper 2C.</p>	Do not plan to consider further the topic and confirm the addition of the proposed footnote to the Basis for Conclusions on IFRS 17.

Other comments

Topic	Agenda Paper 2C	Staff thoughts	Staff recommendation
Additional transition modifications and reliefs	Paragraphs 80–81	<p>The staff think that the Board:</p> <p>(a) does not need to consider further general suggestions to permit an entity more optionality and flexibility in the modified retrospective approach. The Board noted that more optionality and flexibility would contradict the objective of the modified retrospective approach and would reduce the usefulness of information for users of financial statements.</p> <p>(b) does not need to consider permitting any reliefs within the full retrospective approach, as doing so would contradict the objective of the full retrospective approach and would reduce the usefulness of information for users of financial statements.</p> <p>(c) should consider, in the redeliberations, additional specific transition modifications and reliefs suggested by respondents. The staff think that such additional transition modifications and reliefs may ease implementation without reducing the usefulness of information for users of financial statements.</p>	Consider further the feedback from respondents on additional specific transition modifications and reliefs.

Topic	Agenda Paper 2C	Staff thoughts	Staff recommendation
New concerns and implementation questions	Paragraphs 82–85	The staff will analyse the new concerns and implementation questions and report to the Board at a future meeting so that the Board can decide what, if any, action is needed to address them. The staff think that, at this stage, further changes to IFRS 17 are more likely to disrupt rather than help the implementation process. However, other action such as educational material might be appropriate to continue to support implementation of IFRS 17.	Consider further the feedback from respondents.