

- Overall, EFRAG TEG expressed support for the IASB's tentative decision to amend the requirement for separate presentation based on portfolio level rather than group level as required by IFRS 17 currently.
- Some EFRAG TEG members considered that including premiums receivable and claims in the insurance contract asset/liability is consistent with the bundle of rights and obligations associated with an insurance contract as a whole. Other EFRAG TEG members disagreed and suggested to further consider the cost/benefit, relevance and whether it is only a presentation or also a measurement issue.
- EFRAG TEG asked EFRAG IAWG to provide further information separately for premiums receivable and claims payable, on:
 - Nature of the issue: whether it is limited to presentation or comprises both presentation and measurement;
 - Definitions used in practice;
 - Nature of presentation concerns relating to reinsurance;
 - Conceptual reasons for disagreeing with the IASB, if any (or only cost/benefit);
 - The nature and extent of credit risk in premiums receivable given the restrictions to provide insurance cover during periods where premiums are due.

Discount rates, risk adjustment and OCI option:

- EFRAG TEG noted no major concerns with the IASB's tentative decisions, however, some members questioned the information value of unwinding the CSM at a locked-in rate.
- EFRAG TEG asked EFRAG IAWG to provide further information on:
 - Its assessment of comparability in the context of discount rates used in estimating the insurance liability or estimating the risk adjustment;
 - Determination of discount rate for non-participating contracts when future outflows do not depend on underlying items and whether required disclosures on discount curve are sufficient to ensure comparability.

Risk mitigation:

- EFRAG TEG will continue to evaluate mismatches that are not addressed by the risk mitigation approach in IFRS 17.
- EFRAG TEG asked EFRAG IAWG to provide further information on:
 - Hedging strategies currently used such as risks generally hedged and hedging instruments used;
 - Hedging strategies expected including risks expected to be hedged and hedging instruments used;
 - Mismatches arising from current and expected strategies; and

- Reasons why IFRS 9 *Financial Instruments* hedging cannot be used, if that is the case.

Business combinations:

- EFRAG TEG supported the principles in IFRS 3 *Business Combinations* and the definition of insurance risk per IFRS 17. The concerns around cost versus benefit aspects of the requirements will be raised as part of the endorsement advice.

Reinsurance contracts held contract boundary:

- Some EFRAG TEG members shared the EFRAG IAWG's concerns on the relevance of the IFRS 17 requirements. Other EFRAG TEG members supported the consistency of the IFRS 17 principles between the reinsurance contracts held and the underlying contracts.

EFRAG TEG asked EFRAG IAWG to provide further information on possible risk adjustment mismatch between underlying contracts and reinsurance contracts held.

Accounting estimates in interim financial statements:

- EFRAG TEG noted that the requirements around consolidation and interim reporting are consistent with other industries. The interim requirements could also be seen as a relief for preparers.

Next steps

- The EFRAG Secretariat to refer back to EFRAG IAWG the information requested from EFRAG TEG.
- The EFRAG Secretariat to inform the EFRAG Board about the above EFRAG TEG discussion and the views of EFRAG IAWG.

IASB Publication *Definition of Material (Amendments to IAS 1 and IAS 8)*

Objective

- To discuss and recommend a final endorsement advice.

*Discussions/
Decisions*

- EFRAG TEG agreed to recommend a final endorsement advice supporting the Amendments, for consideration by the EFRAG Board.

Vote

- The following EFRAG TEG members voted in favour: Andrew Watchman, Nicklas Grip, Anthony Appleton, Silvia Dinova, Geert Ewalts, Günther Gebhardt, Sven Morich, Heinz Hense, Søren Kok Olsen, Andrew Spooner, Cédric Tonnerre and Ambrogio Virgilio.
- The following members were absent: Ana Cortez, Tommaso Fabi, Emmanuelle Guyomard and Jed Wrigley.

Next steps

- The EFRAG Secretariat to present the endorsement advice to the EFRAG Board for approval by written procedure.

IASB Publication Amendments to References to the Conceptual Framework in IFRS Standards

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| <i>Objective</i> | <ul style="list-style-type: none">• To seek the views of EFRAG TEG on whether, and if so how, updating a reference in IFRS 3 <i>Business Combinations</i> to the revised Conceptual Framework should be done. |
| <i>Discussions/ Decisions</i> | <ul style="list-style-type: none">• Six EFRAG TEG members expressed support for the IASB's tentative decision to update the reference in IFRS 3 to the revised Conceptual Framework but also specify that a liability should be recognised on acquisition only if it qualifies under IFRIC 21 <i>Levies</i> or IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>.• One member thought that introducing changes with the update would result in more useful information in financial statements. Accordingly, this member did not support the IASB's tentative decision, but thought that IFRS 3 should be amended so that liabilities recognised following the revised definition of a liability would not be derecognised on day two. |
| <i>Next steps</i> | <ul style="list-style-type: none">• The EFRAG Secretariat to prepare a draft comment letter in response to the forthcoming exposure draft from the IASB. |

IASB Discussion Paper DP/2018/1 *Financial Instruments with Characteristics of Equity*

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| <i>Objective</i> | <ul style="list-style-type: none">• To approve the feedback statement of the comments received in response to EFRAG's draft comment letter to the IASB DP/2018/1 <i>Financial Instruments with Characteristics of Equity</i> ('IASB DP'). |
| <i>Discussions/ Decisions</i> | <ul style="list-style-type: none">• EFRAG TEG agreed with the feedback statement prepared by the EFRAG Secretariat that summarises the main comments received by EFRAG on its draft comment letter to the IASB DP and explains how those comments were considered by EFRAG during its technical discussions leading to the publication of EFRAG's final comment letter. |
| <i>Next steps</i> | <ul style="list-style-type: none">• The EFRAG Secretariat to publish the feedback statement. |

EFRAG Research Project *Equity Instruments – Research on Measurement*

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| <i>Objective</i> | <ul style="list-style-type: none">• To recommend a Discussion Paper ('DP') for publication. |
| <i>Discussions/ Decisions</i> | <ul style="list-style-type: none">• EFRAG TEG discussed a revised version of the DP.• A majority of EFRAG TEG members supported the overall approach to the DP as a means to solicit views from constituents.• Some EFRAG TEG members considered that there was a lack of clarity on the issue that the DP is addressing. |

Summary of Discussions and Decisions of the EFRAG TEG meeting held on 13-14 February

- EFRAG TEG members provided suggestions for improvement on the different chapters of the DP. In particular, EFRAG TEG members made suggestions and raised concerns about the assessment of the alternatives in Chapter 3.
- Vote*
- The following EFRAG TEG members voted in favour: Andrew Watchman, Nicklas Grip, Anthony Appleton, Silvia Dinova, Geert Ewalts, Ana Cortez, Søren Kok Olsen, Cédric Tonnerre, Tommaso Fabi and Ambrogio Virgilio.
 - The following EFRAG TEG members voted against: Günther Gebhardt, Sven Morich, Heinz Hense and Andrew Spooner. Günther Gebhardt, Heinz Hense and Sven Morich considered that the DP fails to properly define the problem to be addressed and might not be effective in helping EFRAG to develop its advice to the EC. Andrew Spooner was concerned that the DP is too broad and should focus on the types of investment necessary to support public policy on sustainable investing.
 - The following EFRAG TEG members were absent: Emmanuelle Guyomard and Jed Wrigley.
- Next steps*
- The EFRAG Secretariat to amend the DP and bring it to the February 2019 meeting of the EFRAG Board.

EFRAG Research Project *Crypto-assets*

- Objective*
- To start the discussion on the EFRAG's new research project on Crypto-assets and obtain input from EFRAG TEG on the EFRAG Secretariat's initial views on the scope and project plan.
- Discussions/ Decisions*
- EFRAG TEG supported the proposed two-phase approach and agreed that the first phase - 'problem definition' – should seek to examine the use and prevalence of crypto-assets in a broader sense, and whether crypto-assets and related activities give rise to accounting challenges that are not addressed in existing IFRS Standards.
 - One EFRAG TEG member noted that the real issue was that current IFRS Standards do not address some types of investment, citing investments in commodities like gold and other minerals. Other EFRAG TEG members agreed and noted that there were other 'gaps' in IFRS Standards such as accounting for emission rights and rights arising from loyalty and similar programmes (such as air miles).
 - EFRAG TEG recommended considering whether there are supporting factors that could differentiate crypto-assets from other assets held for investment or other purposes that are not specifically addressed in IFRS Standards.
 - One EFRAG TEG member asked about the objective of the second phase of the EFRAG Research project; however, it was noted that it was too early to discuss the second phase.
- Next steps*
- The EFRAG Secretariat to reflect the feedback and suggestions from EFRAG TEG in a revised scope and project plan agenda

paper to be presented to the EFRAG Board at a future meeting as part of the general research update.