



Cover Memo

Project	Insurance Activities in the Public Sector	Meeting	AASB (M181)/ NZASB June 2021
Topic	Applying AASB 17/NZ IFRS 17 in public sector entities	Agenda item	AASB 14.1 NZASB 8.1
		Date	7 June 2021
Contacts	Angus Thomson athomson@asb.gov.au Vanessa Sealy-Fisher vanessa.sealy-fisher@xrb.govt.nz Patricia Au pau@asb.gov.au	Project priority	Medium
		Decision-making	High
		Project status	Board deliberation

June 2021 Board meetings – attachments

- For the June AASB and NZASB meetings, staff have prepared papers on the following topics:
 - Discounting and inflating:** consider the discount and inflation rates applicable to measuring insurance liabilities and related presentation and disclosure issues under AASB 17/PBE IFRS 17 *Insurance Contracts* (Agenda Paper AASB 14.2/NZASB 8.2); and
 - PAA eligibility:** consider the criteria for being eligible to apply the ‘simplified’ premium allocation approach (PAA) to measuring liabilities for remaining coverage under AASB 17/PBE IFRS 17 (Agenda Paper AASB 14.3/NZASB 8.3).

Project topics¹

- The topics outlined in the table below were identified at the February 2021 meetings of the Boards as needing to be addressed in order to progress the project.
- Staff note that some redeliberation of particular topics is likely to be required at a future Board meeting:
 - because the topics are interrelated and there may be a need to adjust decisions on topics considered early in the project to accommodate later decisions; and
 - although the Boards have, so far, arrived at largely the same conclusions, there are some cases of different decisions between the Boards. Staff will endeavour to reconcile the differences as part of future Board discussions.

¹ The AASB project summary is available [here](#).



4. The following table shows:
- the Board meetings at which topics have been, and are expected to be, considered; and
 - other activities needed to progress the project;
- with comments on progress against the timetable identified in February 2021.

Activity / Topic	AASB	NZASB	Comment
Scope: public sector activities to which AASB 17/PBE IFRS 17 should apply	April 2021	April 2021	
Risk adjustment: relevance and measurement	April 2021	May 2021	
Discounting/inflating: used to measure insurance liabilities	June 2021	June 2021	
PAA eligibility: criteria for using 'simplified' measure of liabilities for remaining coverage	June 2021	June 2021	
Reporting entities: identifying 'insurance entities' that should prepare financial statements	Planned September 2021	Planned October 2021	
Non-insurance costs: classification	Planned September 2021	Planned October 2021	
Onerous contracts: basis for recognition	Planned September 2021	Planned October 2021	
Investments: measurement for those backing insurance liabilities	Planned September 2021	Planned October 2021	
Targeted redeliberation on scope and risk adjustment	Planned September 2021	Planned October 2021	
Agree on Consultation document	Planned November 2021	Planned December 2021	Originally September 2021
Issue Consultation document	Planned February 2022	Planned February 2022	Originally October 2021
Consider feedback on Consultation document and proposals for addressing issues raised	Planned April 2022	Planned April 2022	Originally February 2022
Address any sweep issues and agree on revised Standards	Planned May-July 2022	Planned May-July 2022	Originally April 2022
Issue revised Standards	Planned September 2022	Planned September 2022	Originally May 2022

5. Depending on the nature and extent of any amendments to the Standards and the Scope of the Standards, there may be a need to extend the existing mandatory initial application date of AASB 17/PBE IFRS 17 for public sector entities beyond reporting periods beginning on or after 1 January 2023.
6. If the existing date applied, the first-affected annual reporting periods would be those ending on 30 June 2024, with comparative information for the year ending 30 June 2023.