



Cover Memo

Project:	Insurance Activities in the Public Sector	Meeting:	AASB February 2022 (M185) NZASB February 2022
Topic:	Ballot draft Exposure Draft	Agenda item:	AASB 6.1 NZASB 7.1
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		Project priority	Medium
		Decision-making	High
		Project status	Consider ballot draft Exposure Draft

Objectives of this agenda item

1. The objectives of this agenda item are for the AASB and the NZASB to:
 - (a) **note the information gathered from field testing** by stakeholders about the proposed indicators for determining whether a public sector entity's arrangements would be accounted for as insurance contracts;
 - (b) **consider a ballot draft Exposure Draft and approve for issue** proposing the public-sector-specific modifications to AASB 17/PBE IFRS 17 *Insurance Contracts* agreed by the Boards at their meetings between April and December 2021;
 - (c) **NZASB only: consider and approve for issue an Invitation to Comment (ITC)** to accompany the Exposure Draft identified in (b) above;
 - (d) **AASB only: consider and approve for issue a Fatal-Flaw Review (FFR) version of a Standard** proposing consequential amendments to various AASB pronouncements in respect of:
 - (i) repealing AASB 1038 *Life Insurance Contracts* and superseding Interpretation 1047 *Professional Indemnity Claims Liabilities in Medical Defence Organisations* that are no longer needed for annual reporting periods beginning on or after 1 January 2023; and
 - (ii) amending AASB pronouncements that mention AASB 17, AASB 4 *Insurance Contracts* and AASB 1023 *General Insurance Contracts* to clarify that AASB 4 and AASB 1023 continue to apply to public sector entities for annual periods beginning after 1 January 2023 and before 1 July 2025 (AASB)/1 January 2025 (NZASB).
2. The papers in this agenda item are being presented to the 16 February 2022 NZASB meeting and the 23-24 February 2022 AASB meeting.

Reasons for bringing this agenda item to the Boards

3. The Boards asked staff to undertake field testing of the proposed indicators for determining whether an entity's arrangements would be accounted for as insurance contracts.¹
4. The field testing was undertaken in December 2021–January 2022. The most significant matter arising from the field testing is whether the indicators should be assigned a ranking, or whether some indicators should be regarded as pre-requisites for identifying whether an entity's arrangements would be accounted for as insurance contracts. This is discussed in AASB Agenda Paper 6.2/NZASB Agenda Paper 7.2.
5. The marked-up changes to the ballot draft Exposure Draft (AASB Agenda Paper 6.3 and NZASB Agenda Paper 7.3) relate to matters raised by Board members at their November/December 2021 meetings and matters arising from the field testing by stakeholders.

Proposed next steps and timeline

6. The following table outlines the proposed next steps and timeline needed to progress the project.

Activity / Topic	AASB	NZASB
Issue Exposure Draft (and related NZASB ITC and AASB FFR draft Standard) With 60-day comment period until 6 May 2021, in view of other (earlier) stakeholder outreach	Planned 7 March 2022	Planned 7 March 2022
Consider feedback on ED and proposals for addressing issues raised	Planned June 2022	Planned June 2022
Address any sweep issues and agree on revised Standards	Planned July–Aug 2022	Planned July–Aug 2022
Issue revised Standards	Planned Sept 2022	Planned Sept 2022

Papers for this agenda item

AASB	NZASB	Document title
Agenda Paper 6.2	Agenda Paper 7.2	Staff paper: Report on field test of proposed indicators of activities within the scope of AASB 17/PBE IFRS 17
Agenda Paper 6.3	N/A	Ballot draft Exposure Draft <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>
N/A	Agenda Paper 7.3	Ballot draft Exposure Draft <i>Insurance Contracts in the Public Sector</i>
Agenda Paper 6.4	N/A	Ballot draft of the Fatal-Flaw Review version of <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i>
N/A	Agenda Paper 7.4	Ballot draft Invitation to Comment on draft Exposure Draft <i>Insurance Contracts in the Public Sector</i>

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