AASB Standard

AASB 2016-6
October 2016

Amendments to Australian Accounting Standards – Applying AASB 9 *Financial Instruments* with AASB 4 *Insurance Contracts*

[AASB 4]

Australian Government

Australian Accounting Standards Board

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Preface

Standards amended by AASB 2016-6

This Standard makes amendments to AASB 4 *Insurance Contracts* (August 2015).

Main features of this Standard

Main requirements

This Standard amends AASB 4 *Insurance Contracts* to permit issuers of insurance contracts to:

(a) choose to apply the 'overlay approach' that involves applying AASB 9 *Financial Instruments* and also applying AASB 139 *Financial Instruments: Recognition and Measurement* to eligible financial assets to calculate a single line item adjustment to profit or loss so that the overall impact on profit or loss is the same as if AASB 139 had been applied; or

(b) choose to be temporarily exempt from AASB 9 when those issuers' activities are predominantly connected with insurance, provided they make additional disclosures to enable users to make comparisons with issuers applying AASB 9.

This Standard incorporates amendments into AASB 4 that are set out in *Applying IFRS 9* Financial Instruments *with IFRS 4* Insurance Contracts *(Amendments to IFRS 4)* issued by the International Accounting Standards Board (IASB) in September 2016. A key motivation for the IASB issuing the amendments to IFRS 4 is to address concerns among some stakeholders about having to implement IFRS 9 shortly before having to implement a forthcoming new IFRS on insurance contracts. In general, those stakeholders have been concerned that IFRS 9 would require some financial assets to be measured at fair value through profit or loss that are currently measured under IAS 39 *Financial Instruments: Recognition and Measurement* at fair value through other comprehensive income.

AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* require financial assets backing insurance liabilities, when possible, to be measured at fair value through profit or loss. The AASB has decided to retain these requirements until a new AASB Standard on insurance contracts (that is expected to replace AASB 4, AASB 1023 and AASB 1038) is applied. Accordingly, the AASB expects the applicability of AASB 2016-6 to be very limited.

Application date

This Standard applies to annual periods beginning on or after 1 January 2018. Earlier application is not permitted.

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Accounting Standard AASB 2016-6

The Australian Accounting Standards Board makes Accounting Standard AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9* Financial Instruments *with AASB 4* Insurance Contracts under section 334 of the *Corporations Act 2001*.

Kris Peach
Dated 5 October 2016 Chair – AASB

Accounting Standard AASB 2016-6
Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments *with AASB 4* Insurance Contracts

Objective

This Standard amends AASB 4 *Insurance Contracts* (August 2015) as a consequence of the issuance of International Financial Reporting Standard *Applying IFRS 9* Financial Instruments *with IFRS 4* Insurance Contracts by the International Accounting Standards Board in September 2016.

Application

The amendments set out in this Standard apply to entities and financial statements in accordance with the application of the other Standards and Interpretations set out in AASB 1057 *Application of Australian Accounting Standards* (as amended).

This Standard applies to annual periods beginning on or after 1 January 2018. Earlier application is not permitted.

This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a Standard, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Ellipses (…) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

Amendments to AASB 4

Paragraph 3 is amended. New text is underlined and deleted text is struck through.

Scope

…

3 This Standard does not address other aspects of accounting by insurers, such as accounting for financial assets held by insurers and financial liabilities issued by insurers (see AASB 132 *Financial Instruments: Presentation*, AASB 7 and AASB 9 *Financial Instruments*), except<u>:</u>

<u>(a)</u> <u>paragraph 20A permits insurers that meet specified criteria to apply a temporary exemption from AASB 9;</u>

<u>(b)</u> <u>paragraph 35B permits insurers to apply the overlay approach to designated financial assets; and</u>

<u>(c)</u> ~~in the transitional provisions in~~ paragraph 45<u> permits insurers to reclassify in specified circumstances some or all of their financial assets so that the assets are measured at fair value through profit or loss</u>.

…

Paragraph 5 is amended. New text is underlined.

…

5 For ease of reference, this Standard describes any entity that issues an insurance contract as an insurer, whether or not the issuer is regarded as an insurer for legal or supervisory purposes. <u>All references in paragraphs 3(a)–3(b), 20A–20Q, 35B–35N, 39B–39M and 46–49 to an insurer shall be read as also referring to an issuer of a financial instrument that contains a discretionary participation feature.</u>

…

New headings are added below paragraphs 20, 20K and 20N. New paragraphs 20A–20Q are added.

Recognition and measurement

...

Temporary exemption from AASB 9

20A AASB 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018. However, for an insurer that meets the criteria in paragraph 20B, this Standard provides a temporary exemption that permits, but does not require, the insurer to apply AASB 139 *Financial Instruments: Recognition and Measurement* rather than AASB 9 for annual periods beginning before 1 January 2021. An insurer that applies the temporary exemption from AASB 9 shall:

(a) use the requirements in AASB 9 that are necessary to provide the disclosures required in paragraphs 39B–39J of this Standard; and

(b) apply all other applicable Standards to its financial instruments, except as described in paragraphs 20A–20Q, 39B–39J and 46–47 of this Standard.

20B An insurer may apply the temporary exemption from AASB 9 if, and only if:

(a) it has not previously applied any version of AASB 9[1], other than only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss in paragraphs 5.7.1(c), 5.7.7–5.7.9, 7.2.14 and B5.7.5–B5.7.20 of AASB 9; and

(b) its activities are predominantly connected with insurance, as described in paragraph 20D, at its annual reporting date that immediately precedes 1 April 2016, or at a subsequent annual reporting date as specified in paragraph 20G.

20C An insurer applying the temporary exemption from AASB 9 is permitted to elect to apply only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss in paragraphs 5.7.1(c), 5.7.7–5.7.9, 7.2.14 and B5.7.5–B5.7.20 of AASB 9. If an insurer elects to apply those requirements, it shall apply the relevant transition provisions in AASB 9, disclose the fact that it has applied those requirements and provide on an ongoing basis the related disclosures set out in paragraphs 10–11 of AASB 7 (as amended by AASB 9 (2010)).

20D An insurer's activities are predominantly connected with insurance if, and only if:

(a) the carrying amount of its liabilities arising from contracts within the scope of this Standard, which includes any deposit components or embedded derivatives unbundled from insurance contracts applying paragraphs 7–12 of this Standard, is significant compared to the total carrying amount of all its liabilities; and

(b) the percentage of the total carrying amount of its liabilities connected with insurance (see paragraph 20E) relative to the total carrying amount of all its liabilities is:

(i) greater than 90 per cent; or

(ii) less than or equal to 90 per cent but greater than 80 per cent, and the insurer does not engage in a significant activity unconnected with insurance (see paragraph 20F).

1 The Board issued successive principal versions of AASB 9 in 2009, 2010 and 2014.

20E For the purposes of applying paragraph 20D(b), liabilities connected with insurance comprise:

(a) liabilities arising from contracts within the scope of this Standard, as described in paragraph 20D(a);

(b) non-derivative investment contract liabilities measured at fair value through profit or loss applying AASB 139 (including those designated as at fair value through profit or loss to which the insurer has applied the requirements in AASB 9 for the presentation of gains and losses (see paragraphs 20B(a) and 20C)); and

(c) liabilities that arise because the insurer issues, or fulfils obligations arising from, the contracts in (a) and (b). Examples of such liabilities include derivatives used to mitigate risks arising from those contracts and from the assets backing those contracts, relevant tax liabilities such as the deferred tax liabilities for taxable temporary differences on liabilities arising from those contracts, and debt instruments issued that are included in the insurer's regulatory capital.

20F In assessing whether it engages in a significant activity unconnected with insurance for the purposes of applying paragraph 20D(b)(ii), an insurer shall consider:

(a) only those activities from which it may earn income and incur expenses; and

(b) quantitative or qualitative factors (or both), including publicly available information such as the industry classification that users of financial statements apply to the insurer.

20G Paragraph 20B(b) requires an entity to assess whether it qualifies for the temporary exemption from AASB 9 at its annual reporting date that immediately precedes 1 April 2016. After that date:

(a) an entity that previously qualified for the temporary exemption from AASB 9 shall reassess whether its activities are predominantly connected with insurance at a subsequent annual reporting date if, and only if, there was a change in the entity's activities, as described in paragraphs 20H–20I, during the annual period that ended on that date.

(b) an entity that previously did not qualify for the temporary exemption from AASB 9 is permitted to reassess whether its activities are predominantly connected with insurance at a subsequent annual reporting date before 31 December 2018 if, and only if, there was a change in the entity's activities, as described in paragraphs 20H–20I, during the annual period that ended on that date.

20H For the purposes of applying paragraph 20G, a change in an entity's activities is a change that:

(a) is determined by the entity's senior management as a result of external or internal changes;

(b) is significant to the entity's operations; and

(c) is demonstrable to external parties.

Accordingly, such a change occurs only when the entity begins or ceases to perform an activity that is significant to its operations or significantly changes the magnitude of one of its activities; for example, when the entity has acquired, disposed of or terminated a business line.

20I A change in an entity's activities, as described in paragraph 20H, is expected to be very infrequent. The following are not changes in an entity's activities for the purposes of applying paragraph 20G:

(a) a change in the entity's funding structure that in itself does not affect the activities from which the entity earns income and incurs expenses.

(b) the entity's plan to sell a business line, even if the assets and liabilities are classified as held for sale applying AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. A plan to sell a business line could change the entity's activities and give rise to a reassessment in the future but has yet to affect the liabilities recognised on its statement of financial position.

20J If an entity no longer qualifies for the temporary exemption from AASB 9 as a result of a reassessment (see paragraph 20G(a)), then the entity is permitted to continue to apply the temporary exemption from AASB 9 only until the end of the annual period that began immediately after that reassessment. Nevertheless, the entity must apply AASB 9 for annual periods beginning on or after 1 January 2021. For example, if an entity determines that it no longer qualifies for the temporary exemption from AASB 9 applying paragraph 20G(a) on 31 December 2018 (the end of its annual period), then the entity is permitted to continue to apply the temporary exemption from AASB 9 only until 31 December 2019.

20K An insurer that previously elected to apply the temporary exemption from AASB 9 may at the beginning of any subsequent annual period irrevocably elect to apply AASB 9.

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First-time adopter

20L A first-time adopter, as defined in AASB 1 *First-time Adoption of Australian Accounting Standards*, may apply the temporary exemption from AASB 9 described in paragraph 20A if, and only if, it meets the criteria described in paragraph 20B. In applying paragraph 20B(b), the first-time adopter shall use the carrying amounts determined applying Standards at the date specified in that paragraph.

20M AASB 1 contains requirements and exemptions applicable to a first-time adopter. Those requirements and exemptions (for example, paragraphs D16–D17 of AASB 1) do not override the requirements in paragraphs 20A–20Q and 39B–39J of this Standard. For example, the requirements and exemptions in AASB 1 do not override the requirement that a first-time adopter must meet the criteria specified in paragraph 20L to apply the temporary exemption from AASB 9.

20N A first-time adopter that discloses the information required by paragraphs 39B–39J shall use the requirements and exemptions in AASB 1 that are relevant to making the assessments required for those disclosures.

Temporary exemption from specific requirements in AASB 128

20O Paragraphs 35–36 of AASB 128 *Investments in Associates and Joint Ventures* require an entity to apply uniform accounting policies when using the equity method. Nevertheless, for annual periods beginning before 1 January 2021, an entity is permitted, but not required, to retain the relevant accounting policies applied by the associate or joint venture as follows:

(a) the entity applies AASB 9 but the associate or joint venture applies the temporary exemption from AASB 9; or

(b) the entity applies the temporary exemption from AASB 9 but the associate or joint venture applies AASB 9.

20P When an entity uses the equity method to account for its investment in an associate or joint venture:

(a) if AASB 9 was previously applied in the financial statements used to apply the equity method to that associate or joint venture (after reflecting any adjustments made by the entity), then AASB 9 shall continue to be applied.

(b) if the temporary exemption from AASB 9 was previously applied in the financial statements used to apply the equity method to that associate or joint venture (after reflecting any adjustments made by the entity), then AASB 9 may be subsequently applied.

20Q An entity may apply paragraphs 20O and 20P(b) separately for each associate or joint venture.

New paragraphs 35A–35N, 39B–39M and 46–49 are added. New headings are added below paragraphs 35A, 35K, 35M, 39A, 39J, 45 and 47.

Discretionary participation features in financial instruments

…

35A The temporary exemptions in paragraphs 20A, 20L and 20O and the overlay approach in paragraph 35B are also available to an issuer of a financial instrument that contains a discretionary participation feature. Accordingly, all references in paragraphs 3(a)–3(b), 20A–20Q, 35B–35N, 39B–39M and 46–49 to an insurer shall be read as also referring to an issuer of a financial instrument that contains a discretionary participation feature.

Presentation

The overlay approach

35B An insurer is permitted, but not required, to apply the overlay approach to designated financial assets. An insurer that applies the overlay approach shall:

(a) reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being

the same as if the insurer had applied AASB 139 to the designated financial assets. Accordingly, the amount reclassified is equal to the difference between:

(i) the amount reported in profit or loss for the designated financial assets applying AASB 9; and

(ii) the amount that would have been reported in profit or loss for the designated financial assets if the insurer had applied AASB 139.

(b) apply all other applicable Standards to its financial instruments, except as described in paragraphs 35B–35N, 39K–39M and 48–49 of this Standard.

35C An insurer may elect to apply the overlay approach described in paragraph 35B only when it first applies AASB 9, including when it first applies AASB 9 after previously applying:

(a) the temporary exemption from AASB 9 described in paragraph 20A; or

(b) only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss in paragraphs 5.7.1(c), 5.7.7–5.7.9, 7.2.14 and B5.7.5–B5.7.20 of AASB 9.

35D An insurer shall present the amount reclassified between profit or loss and other comprehensive income applying the overlay approach:

(a) in profit or loss as a separate line item; and

(b) in other comprehensive income as a separate component of other comprehensive income.

35E A financial asset is eligible for designation for the overlay approach if, and only if, the following criteria are met:

(a) it is measured at fair value through profit or loss applying AASB 9 but would not have been measured at fair value through profit or loss in its entirety applying AASB 139; and

(b) it is not held in respect of an activity that is unconnected with contracts within the scope of this Standard. Examples of financial assets that would not be eligible for the overlay approach are those assets held in respect of banking activities or financial assets held in funds relating to investment contracts that are outside the scope of this Standard.

35F An insurer may designate an eligible financial asset for the overlay approach when it elects to apply the overlay approach (see paragraph 35C). Subsequently, it may designate an eligible financial asset for the overlay approach when, and only when:

(a) that asset is initially recognised; or

(b) that asset newly meets the criterion in paragraph 35E(b) having previously not met that criterion.

35G An insurer is permitted to designate eligible financial assets for the overlay approach applying paragraph 35F on an instrument-by-instrument basis.

35H When relevant, for the purposes of applying the overlay approach to a newly designated financial asset applying paragraph 35F(b):

(a) its fair value at the date of designation shall be its new amortised cost carrying amount; and

(b) the effective interest rate shall be determined based on its fair value at the date of designation.

35I An entity shall continue to apply the overlay approach to a designated financial asset until that financial asset is derecognised. However, an entity:

(a) shall de-designate a financial asset when the financial asset no longer meets the criterion in paragraph 35E(b). For example, a financial asset will no longer meet that criterion when an entity transfers that asset so that it is held in respect of its banking activities or when an entity ceases to be an insurer.

(b) may, at the beginning of any annual period, stop applying the overlay approach to all designated financial assets. An entity that elects to stop applying the overlay approach shall apply AASB 108 to account for the change in accounting policy.

35J When an entity de-designates a financial asset applying paragraph 35I(a), it shall reclassify from accumulated other comprehensive income to profit or loss as a reclassification adjustment (see AASB 101) any balance relating to that financial asset.

35K If an entity stops using the overlay approach applying the election in paragraph 35I(b) or because it is no longer an insurer, it shall not subsequently apply the overlay approach. An insurer that has elected to apply the overlay approach (see paragraph 35C) but has no eligible financial assets (see paragraph 35E) may subsequently apply the overlay approach when it has eligible financial assets.

Interaction with other requirements

35L Paragraph 30 of this Standard permits a practice that is sometimes described as 'shadow accounting'. If an insurer applies the overlay approach, shadow accounting may be applicable.

35M Reclassifying an amount between profit or loss and other comprehensive income applying paragraph 35B may have consequential effects for including other amounts in other comprehensive income, such as income taxes. An insurer shall apply the relevant Standard, such as AASB 112 *Income Taxes*, to determine any such consequential effects.

First-time adopter

35N If a first-time adopter elects to apply the overlay approach, it shall restate comparative information to reflect the overlay approach if, and only if, it restates comparative information to comply with AASB 9 (see paragraphs E1–E2 of AASB 1).

…

Disclosure

…

Disclosures about the temporary exemption from AASB 9

39B An insurer that elects to apply the temporary exemption from AASB 9 shall disclose information to enable users of financial statements:

(a) to understand how the insurer qualified for the temporary exemption; and

(b) to compare insurers applying the temporary exemption with entities applying AASB 9.

39C To comply with paragraph 39B(a), an insurer shall disclose the fact that it is applying the temporary exemption from AASB 9 and how the insurer concluded on the date specified in paragraph 20B(b) that it qualifies for the temporary exemption from AASB 9, including:

(a) if the carrying amount of its liabilities arising from contracts within the scope of this Standard (ie those liabilities described in paragraph 20E(a)) was less than or equal to 90 per cent of the total carrying amount of all its liabilities, the nature and carrying amounts of the liabilities connected with insurance that are not liabilities arising from contracts within the scope of this Standard (ie those liabilities described in paragraphs 20E(b) and 20E(c));

(b) if the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities was less than or equal to 90 per cent but greater than 80 per cent, how the insurer determined that it did not engage in a significant activity unconnected with insurance, including what information it considered; and

(c) if the insurer qualified for the temporary exemption from AASB 9 on the basis of a reassessment applying paragraph 20G(b):

(i) the reason for the reassessment;

(ii) the date on which the relevant change in its activities occurred; and

(iii) a detailed explanation of the change in its activities and a qualitative description of the effect of that change on the insurer's financial statements.

39D If, applying paragraph 20G(a), an entity concludes that its activities are no longer predominantly connected with insurance, it shall disclose the following information in each reporting period before it begins to apply AASB 9:

(a) the fact that it no longer qualifies for the temporary exemption from AASB 9;

(b) the date on which the relevant change in its activities occurred; and

(c) a detailed explanation of the change in its activities and a qualitative description of the effect of that change on the entity's financial statements.

39E To comply with paragraph 39B(b), an insurer shall disclose the fair value at the end of the reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

(a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (ie financial assets that meet the condition in paragraphs 4.1.2(b) and 4.1.2A(b) of AASB 9), excluding any financial asset that meets the definition of held for trading in AASB 9, or that is managed and whose performance is evaluated on a fair value basis (see paragraph B4.1.6 of AASB 9).

(b) all financial assets other than those specified in paragraph 39E(a); that is, any financial asset:

(i) with contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;

(ii) that meets the definition of held for trading in AASB 9; or

(iii) that is managed and whose performance is evaluated on a fair value basis.

39F When disclosing the information in paragraph 39E, the insurer:

(a) may deem the carrying amount of the financial asset measured applying AASB 139 to be a reasonable approximation of its fair value if the insurer is not required to disclose its fair value applying paragraph 29(a) of AASB 7 (eg short-term trade receivables); and

(b) shall consider the level of detail necessary to enable users of financial statements to understand the characteristics of the financial assets.

39G To comply with paragraph 39B(b), an insurer shall disclose information about the credit risk exposure, including significant credit risk concentrations, inherent in the financial assets described in paragraph 39E(a). At a minimum, an insurer shall disclose the following information for those financial assets at the end of the reporting period:

(a) by credit risk rating grades as defined in AASB 7, the carrying amounts applying AASB 139 (in the case of financial assets measured at amortised cost, before adjusting for any impairment allowances).

(b) for the financial assets described in paragraph 39E(a) that do not have low credit risk at the end of the reporting period, the fair value and the carrying amount applying AASB 139 (in the case of financial assets measured at amortised cost, before adjusting for any impairment allowances). For the purposes of this disclosure, paragraph B5.5.22 of AASB 9 provides the relevant requirements for assessing whether the credit risk on a financial instrument is considered low.

39H To comply with paragraph 39B(b), an insurer shall disclose information about where a user of financial statements can obtain any publicly available AASB 9 information that relates to an entity within the group that is not provided in the group's consolidated financial statements for the relevant reporting period. For example, such AASB 9 information could be obtained from the publicly available individual or separate financial statements of an entity within the group that has applied AASB 9.

39I If an entity elected to apply the exemption in paragraph 20O from particular requirements in AASB 128, it shall disclose that fact.

39J If an entity applied the temporary exemption from AASB 9 when accounting for its investment in an associate or joint venture using the equity method (for example, see paragraph 20O(a)), the entity shall disclose the following, in addition to the information required by AASB 12 *Disclosure of Interests in Other Entities*:

(a) the information described by paragraphs 39B–39H for each associate or joint venture that is material to the entity. The amounts disclosed shall be those included in the Australian-Accounting-Standards financial statements of the associate or joint venture after reflecting any adjustments made by the entity when using the equity method (see paragraph B14(a) of AASB 12), rather than the entity's share of those amounts.

(b) the quantitative information described by paragraphs 39B–39H in aggregate for all individually immaterial associates or joint ventures. The aggregate amounts:

(i) disclosed shall be the entity's share of those amounts; and

(ii) for associates shall be disclosed separately from the aggregate amounts disclosed for joint ventures.

Disclosures about the overlay approach

39K An insurer that applies the overlay approach shall disclose information to enable users of financial statements to understand:

(a) **how the total amount reclassified between profit or loss and other comprehensive income in the reporting period is calculated; and**

(b) **the effect of that reclassification on the financial statements.**

39L To comply with paragraph 39K, an insurer shall disclose:

(a) the fact that it is applying the overlay approach;

(b) the carrying amount at the end of the reporting period of financial assets to which the insurer applies the overlay approach by class of financial asset;

(c) the basis for designating financial assets for the overlay approach, including an explanation of any designated financial assets that are held outside the legal entity that issues contracts within the scope of this Standard;

(d) an explanation of the total amount reclassified between profit or loss and other comprehensive income in the reporting period in a way that enables users of financial statements to understand how that amount is derived, including:

(i) the amount reported in profit or loss for the designated financial assets applying AASB 9; and

(ii) the amount that would have been reported in profit or loss for the designated financial assets if the insurer had applied AASB 139.

(e) the effect of the reclassification described in paragraphs 35B and 35M on each affected line item in profit or loss; and

(f) if during the reporting period the insurer has changed the designation of financial assets:

(i) the amount reclassified between profit or loss and other comprehensive income in the reporting period relating to newly designated financial assets applying the overlay approach (see paragraph 35F(b));

(ii) the amount that would have been reclassified between profit or loss and other comprehensive income in the reporting period if the financial assets had not been de-designated (see paragraph 35I(a)); and

(iii) the amount reclassified in the reporting period to profit or loss from accumulated other comprehensive income for financial assets that have been de-designated (see paragraph 35J).

39M If an entity applied the overlay approach when accounting for its investment in an associate or joint venture using the equity method, the entity shall disclose the following, in addition to the information required by AASB 12:

(a) the information described by paragraphs 39K–39L for each associate or joint venture that is material to the entity. The amounts disclosed shall be those included in the Australian-Accounting-Standards financial statements of the associate or joint venture after reflecting any adjustments made by the entity when using the equity method (see paragraph B14(a) of AASB 12), rather than the entity's share of those amounts.

(b) the quantitative information described by paragraphs 39K–39L(d) and 39L(f), and the effect of the reclassification described in paragraph 35B on profit or loss and other comprehensive income in aggregate for all individually immaterial associates or joint ventures. The aggregate amounts:

(i) disclosed shall be the entity's share of those amounts; and

(ii) for associates shall be disclosed separately from the aggregate amounts disclosed for joint ventures.

...

Effective date and transition

...

Applying AASB 4 with AASB 9

Temporary exemption from AASB 9

46 *Amendments to Australian Accounting Standards – Applying AASB 9* Financial Instruments *with AASB 4* Insurance Contracts, issued in October 2016, amended paragraphs 3 and 5, and added paragraphs 20A–20Q, 35A and 39B–39J and headings after paragraphs 20, 20K, 20N and 39A. An entity shall apply those amendments, which permit insurers that meet specified criteria to apply a temporary exemption from AASB 9, for annual periods beginning on or after 1 January 2018.

47 An entity that discloses the information required by paragraphs 39B–39J shall use the transitional provisions in AASB 9 that are relevant to making the assessments required for those disclosures. The date of initial application for that purpose shall be deemed to be the beginning of the first annual period beginning on or after 1 January 2018.

The overlay approach

48 *Amendments to Australian Accounting Standards – Applying AASB 9* Financial Instruments *with AASB 4* Insurance Contracts, issued in October 2016, amended paragraphs 3 and 5, and added paragraphs 35A–35N and 39K–39M and headings after paragraphs 35A, 35K, 35M and 39J. An entity shall apply those amendments, which permit insurers to apply the overlay approach to designated financial assets, when it first applies AASB 9 (see paragraph 35C).

49 An entity that elects to apply the overlay approach shall:

(a) apply that approach retrospectively to designated financial assets on transition to AASB 9. Accordingly, for example, the entity shall recognise as an adjustment to the opening balance of accumulated other comprehensive income an amount equal to the difference between the fair value of the designated financial assets determined applying AASB 9 and their carrying amount determined applying AASB 139.

(b) restate comparative information to reflect the overlay approach if, and only if, the entity restates comparative information applying AASB 9.

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