

**AASB Standard**

**AASB 2017-3**  
July 2017

# **Amendments to Australian Accounting Standards – Clarifications to AASB 4**



**Australian Government**

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**Australian Accounting  
Standards Board**

## Obtaining a copy of this Accounting Standard

This Standard is available on the AASB website: [www.aasb.gov.au](http://www.aasb.gov.au).

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PREFACE

### ACCOUNTING STANDARD

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Australian Accounting Standard AASB 2017-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 4</i> is set out on pages 5 and 6. All the paragraphs have equal authority.
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## **Preface**

### **Standards amended by AASB 2017-3**

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

### **Main features of this Standard**

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#### **Main requirements**

This Standard amends AASB 4 to confirm that in Australia compliance with AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* ensures simultaneous compliance with AASB 4. AASB 1023 and AASB 1038 address all aspects of recognition, measurement and disclosure of general and life insurance contracts. These Standards address a wider range of accounting requirements than AASB 4.

This Standard also amends AASB 4 to ensure that the relief available to issuers of insurance contracts set out in AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts* can be applied by an entity applying either AASB 1023 or AASB 1038 if the entity otherwise meets the qualifying criteria.

#### **Application date**

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

## Accounting Standard AASB 2017-3

The Australian Accounting Standards Board makes Accounting Standard AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4* under section 334 of the *Corporations Act 2001*.

Dated 19 July 2017

Kris Peach  
Chair – AASB

## Accounting Standard AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*

### Objective

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This Standard amends AASB 4 *Insurance Contracts* (August 2015, as amended) to clarify the interaction between AASB 4 and both AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*.

### Application

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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

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Paragraphs Aus3.1, 20D, 20E and 35E are amended. Paragraph Aus3.2 is added.

### Scope

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...

Aus3.1 ~~An entity shall not apply this Standard to:~~ Notwithstanding paragraph 2, to comply with the requirements of this Standard, an entity shall apply:

- (a) ~~AASB 1023 *General Insurance Contracts* to general insurance contracts~~ (see ~~AASB 1023 *General Insurance Contracts*~~), except for fixed-fee service contracts that meet the definition of an insurance contract under this Standard; and
- (b) ~~AASB 1038 *Life Insurance Contracts* to life insurance contracts~~ (see ~~AASB 1038 *Life Insurance Contracts*~~).

Where this Standard provides an accounting policy choice, an entity shall apply that choice in the context of the requirements specified in AASB 1023 and AASB 1038, when applicable.

Aus3.2 This Standard includes only limited guidance in accounting for insurance contracts and disclosure requirements. AASB 1023 and AASB 1038 address all aspects of recognition, measurement and disclosure of general insurance contracts and life insurance contracts. The requirements of those Standards address a

wider range of accounting requirements than this Standard, but enable simultaneous compliance with this Standard.

## Recognition and measurement

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...

### Temporary exemption from AASB 9

...

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, AASB 1023 and AASB 1038, 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) ...

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, AASB 1023 and AASB 1038, as described in paragraph 20D(a);

(b) ...

## Presentation

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### The overlay approach

...

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

(a) ...

(b) it is not held in respect of an activity that is unconnected with contracts within the scope of this Standard, AASB 1023 or AASB 1038. 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, AASB 1023 or AASB 1038.

## Commencement of the legislative instrument

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For legal purposes, this legislative instrument commences on 31 December 2017.