



Australian Government

Australian Accounting Standards Board

Update from AASB 17 Task Force

AASB 17 TRG Meeting 22 March 2021

Presenter

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- The Task Force released Information Note (IN) v3.0 in February
- The main changes from version 2.0 (Nov 2019) take account of:
 - Amendments to IFRS 17 adopted by the AASB
 - Improved clarity for matters that were previously uncertain or where views were still forming
 - Changes in the Draft IAA International Actuarial Note 100 on IFRS 17
- The IN will be complemented by a new Practice Guideline 4: AASB 17 Insurance Contracts.
 - The Australian adoption of the International Standard of Actuarial Practice 4: IFRS 17 Insurance Contracts
- The IN will continue to be updated to take account of, for example, improved clarity or new areas of uncertainty, APRA regulatory changes, tax and application of AASB 17 to public-sector insurance entities

- The AASB 17 Taskforce is drafting the Institute submission
 - Separate life, general and health attachment to APRA
 - Drafts are currently being reviewed by each practice committee
- Key insurance topics include:
 - Dual capital calculation (GI/LI) – supportive to continue to separately calculate regulatory capital using APRA specified assumptions and methodology
 - Expenses (GI) – can APRA stay aligned with AASB17 expense treatment or otherwise define more clearly what they expect insurers to do
 - Allocation principles (All) – supportive of the principles approach. Feedback from APRA post QIS could be useful for industry. Some enhancement to the principles is suggested and further clarification for Friendly Societies is requested

- Increased granularity of data (LI) – challenging to allocate the CSM and loss amount (and changes therein) across the APRA product groups and whether this allocation can present a meaningful ‘profitability’ measure. Pragmatic solutions provided.
- Abolishment of internal models for capital measurement (GI) – messaging important to ensure internal models are not devalued in their use for risk management
- Abolishment of 2/6 month rule for reinsurance contract certainty (GI) – significant impact to industry if abolished, intent is not entirely clear but alternatives need consideration.

- Date: Thursday 20 May, 10:30 – 11:30am
- Title: What Will Happen When the Rubber Hits the Road
- Scope: Will cover life, general and health
- Purpose:
 1. Share the learnings from participants in the APRA's QIS
 2. Share nature of ongoing focus groups
- Other AASB 17 related (non Task Force) presentations:
 1. Financial Impacts Under AASB 17 - Practical Scenarios Explained Easily
 2. AASB 17 risk adjustment
 3. Update from the PHI AASB 17 focus group (TBC)