

Topic discussed Oct/Nov 2018 AASB TRG	ED/2019/4 proposal	Proposed AASB TRG response to ED/2019/4	IASB decision Nov 2019 to March 2020
1. Measurement   <b>Reinsurance contracts held: initial recognition when underlying insurance contracts are onerous</b> [IASB Jan-2019: issue 12 of 25]	Require 'proportionate' reinsurance contract gains and losses on underlying contracts already recognised to be 'matched' [62, 66A-66B, B119C-B119F & BC67-BC90]	Disagreed – included in submission to ED	The scope of the proposed amendment for 'reinsurance contracts held – recovery of losses' extended to all reinsurance contracts held (not just to proportionate reinsurance contracts).
2. Measurement   <b>Business combinations: contracts acquired during the settlement period</b> [IASB Dec-2018: issue 11 of 25]	No change to IFRS 17, except grandfathering on transition [BC162]	Disagreed – included in submission to ED	<p>Retain the existing IFRS 17 requirements for insurance contracts acquired in their settlement period in a portfolio transfer or business combination in the scope of IFRS 3. For an insurance contract acquired during its settlement period, the uncertain future event that transfers insurance risk is the ultimate cost of settling the claims. Applying IFRS 17, the insurance contract liability is classified as a liability for remaining coverage even though the acquired or transferor entity will have classified its obligation as a liability for incurred claims.</p> <p>Grandfathering on transition allowed.</p>
3. <b>Interim financial statements</b>   Treatment of accounting estimates [IASB Dec-2018: issue 19 of 25]	Paragraph B137 of IFRS 17 prohibits an entity from changing the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 in subsequent interim financial statements or in the annual reporting period	Agree that the exception from IAS 34 should not be extended to internal interim reports [BC215]. Submission to ED - suggest to make it optional	<p>Entity to make an accounting policy choice on whether to change the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 in subsequent interim financial statements or annual reporting.</p> <p>Apply this policy choice at reporting entity level.</p>
4. Measurement   <b>Use of locked-in discount rates</b> to adjust the contractual service margin [IASB Dec-2018: issue 4 of 25]	No change to IFRS 17 [BC186-BC188]	Disagreed – included in submission to IASB	<b>No further consideration</b>

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5. Measurement   <b>Reinsurance contracts held: expected cash flows arising from underlying insurance contracts not yet issued</b> [IASB Dec-2018: issue 14 of 25]	No change to IFRS 17 [BC180-185]	Proposed change– included in the submission	No further consideration
6. Presentation in the statement of financial position   <b>Separate presentation of groups of assets and groups of liabilities</b> [IASB Dec-2018: issue 15 of 25]	Require separate presentation of insurance and reinsurance assets versus liabilities at portfolio level (rather than group-level) [78-79 & BC91-BC100]	Agreed (entity level preferred)	Presentation in the statement of financial position at portfolio level.
7. <b>Level of aggregation</b> of insurance contracts [IASB Mar-2019: issue 2 of 25]	No change to IFRS 17 [BC164-BC179]	Not a major concern	Considered feedback but unchanged.
8. Measurement   <b>Acquisition cash flows for renewals outside the contract boundary</b> [IASB Dec-2018: issue 3 of 25]	Require deferral of acquisition costs related to renewals [28A-28D, 105A-105C, B35A-B35C & BC31-BC49]	Agreed – included in the submission	<p>An entity is required to:</p> <ul style="list-style-type: none"> <li>• Allocate, on a systematic and rational basis, insurance acquisition cash flows that are directly attributable to a group of newly issued contracts and to any groups that are expected to arise from renewals of those contracts.</li> <li>• Recognise as an asset insurance acquisition cash flows paid before the related group of insurance contracts is recognised.</li> <li>• Confirm that the unit of account for an asset for insurance acquisition cash flows is the group of insurance contracts to which those cash flows have been allocated.</li> </ul> <p>An asset for insurance acquisition cash flows relating to contracts not yet issued should be recognised at the transition date, and to specify requirements under the modified retrospective and fair value approaches.</p> <p>IFRS 3 and IFRS 17 amended to require recognition of a separate asset for insurance acquisition cashflows relating to contracts not yet issued measured at fair value at acquisition</p>

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			date for contracts acquired in a portfolio transfer or business combination.
9. Effective date   <b>Date of initial application of IFRS 17</b> [IASB Nov-2018: issue 20 of 25]	One-year deferral of IFRS 17 to 2022 [C1 & BC110-BC118]	Support one-year deferral included in the submission	Suggested 2 years deferral to 2023
10. Effective date   <b>Temporary exemption from applying IFRS 9</b>	One-year extension of IFRS 9 exemption to 2022 [C1 & BC110-BC118]	Support one-year deferral included in the submission	Suggested 2 years deferral to 2023
11. Scope of IFRS 17   <b>Loans and other forms of credit that transfer insurance risk</b> [IASB Mar-2019: issue 1 of 25]	Scope exclusions for credit cards and loans that include insurance cover not underwritten by policyholder [7(h), 8A & BC9-BC30]	Agreed – included in submission	Certain credit card contracts excluded from IFRS 17 and following changes to the amendments proposed: <ul style="list-style-type: none"> <li>➤ Require an entity that provides insurance coverage as <i>part of the contractual terms</i> of the credit card contract to: <ul style="list-style-type: none"> <li>▪ Separate the insurance coverage component and apply IFRS 17 to it;</li> <li>▪ Apply other applicable standards (such as IFRS 9) to the other components.</li> </ul> </li> <li>➤ Extend this amendment to other contracts that provide credit or payment arrangements similar to credit card contracts.</li> </ul>
12. Measurement   <b>Subjectivity   Discount rates and risk adjustment</b> [IASB Dec-2018: issue 5 of 25]	No change to IFRS 17 [BC186-BC192]	Agreed – included in submission	<b>No further consideration</b>
13. Measurement   <b>Risk adjustment in a group of entities</b> [IASB Dec-2018: issue 6 of 25]	No change to IFRS 17 [BC189-BC192]	Agreed – included in submission	<b>No further consideration</b>

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14. Presentation in the statement(s) of financial performance   <b>OCI option for insurance finance income or expenses</b> [IASB Dec-2018: issue 17 of 25]	No change to IFRS 17 [BC200-BC202]	Agreed – included in submission	No further consideration
15. Measurement   <b>PAA: premiums received</b> [IASB Dec-2018: issue 9 of 25]	No change to IFRS 17 [BC98]	Agreed – included in submission	No further consideration
16. Presentation in the statement of financial position   <b>Premiums receivable</b> [IASB Dec-2018: issue 16 of 25]	No change to IFRS 17 [BC98]	Agreed	No further consideration
17. Measurement   <b>Business combinations: classification of contracts</b> [IASB Dec-2018: issue 10 of 25]	Account for contracts acquired in business combinations under IFRS 3 as if acquired at date of combination (rather than for all acquisitions) [B93 & BC151]	Agreed – included in submission	ED change approved
18. Measurement   Contractual service margin   <b>Investment services: coverage units in the general model</b> [IASB Jan-2019: issue 7 of 25]	Require CSM to represent insurance and investment services when relevant [44-45, 109, 117(c)(v), B119-B119B & BC50-BC66]	Agreed – included in submission	ED change approved
19. Defined terms   <b>Insurance contract with direct participation features</b> [IASB Dec-2018: issue 18 of 25]	No change to IFRS 17 [BC209-BC213]	Agreed – included in submission	No further consideration
20. Measurement   Contractual service margin: <b>limited applicability of risk mitigation exception</b> [IASB Jan-2019: issue 8 of 25]	Extend scope of risk mitigation exception to financial risk changes mitigated by reinsurance contracts held [B116 & BC101-BC109]	Agreed – included in submission	Extension of risk mitigation option within the VFA to reinsurance contracts held
21. Measurement   <b>Reinsurance contracts held: ineligibility for the variable</b>	No change to IFRS 17 [BC213]	Agreed – included in submission	No further consideration

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<b>fee approach [see issue 3 of 25]</b>			
22. Effective date   <b>Comparative information</b> [IASB Feb-2019: issue 21 of 25]	No change to IFRS 17 [BC117]	Agreed – included in submission	<b>No further consideration</b>
23. <b>Transition   contracts acquired in settlement period:</b> further modifications [IASB Feb-2019: issue 24 of 25]	Contracts in settlement period recognised as LfIC on transition to IFRS 17 when there is no reasonable and supportable information to apply retrospective approach [C9A & BC120-BC124]	Agreed – included in submission	<b>ED change approved</b>
24. <b>Transition   Optionality</b> [IASB Feb-2019: issue 23 of 25]	No change to IFRS 17 [BC134-BC146]	Agree that no further transition options are needed	<b>No further consideration</b>
25. <b>Transition   Fair value approach: OCI on related financial assets</b> [IASB Feb-2019: issue 25 of 25]	No change to IFRS 17 [BC137-BC138]	Agree the existing transition simplification is adequate	<b>No further consideration</b>