



Australian Government

Australian Accounting Standards Board

# VFA Focus Group Update

## AASB 17 TRG Meeting 7 December 2020

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- What is it and why it was set up

- A focus group of the AASB TRG.
- The purpose and function is to provide a forum for communication and to support preparers with VFA specific topics or issues
- Preparers drive problem statements for discussion. If problems are deadlocked, the VFAFG can facilitate discussions with AALC, AASB 17 TRG or IASB staff.

- Membership

Members	Role
AMP/Resolution, Suncorp, TAL, MLC Insurance, AIA and Zurich.	Preparers
Big 4 participants	Provides input, including insight from overseas markets
Anne Driver	Chair of the AASB TRG
Tom Moodie	Co-ordinator

- Cadence of meetings: Fortnightly beginning 6th August 2020
- More information: Contact Tom Moodie: [thmoodie@deloitte.com.au](mailto:thmoodie@deloitte.com.au).



- Status of papers

Item	Paper title	Status
1	Presentation of Revenue	Tabled at September AASB TRG
2	Cohorts required on transition	Completed draft – To be compiled with items 2,3&4 for final review and comment.
3	Modifications	
4	VFA eligibility	Currently being discussed
5	Separation/combining of investment linked with riders	Drafting

- Identified two areas open for interpretation, which may need to be taken to IASB staff

Item	Title	Para.	Description	Interpretation options
1	Transition relief for VFA eligibility	C22	Whether the Staff intended to have the transition relief in paragraph C22 apply to VFA eligibility?  <i>“using reasonable and supportable information for what the entity would have determined given the terms of the contract and the market conditions at the date of inception or initial recognition, <b>as appropriate</b>”</i>	Is there a choice or not? The words "as appropriate" suggest that the entity can decide whether to test at the inception of the contract or at (subsequent) initial recognition.
2	Impact of mutualisation cash flow on VFA eligibility	B103	What cash flows are included in considering “ <i>the amounts the entity expects to pay to the policyholder</i> ”, for contracts where insurance contracts in a <b>group affect the cash flows to policyholders of contracts in other groups.</b>	Do the amounts include: 1. only those the entity expects to pay to the current policyholders of the contracts in the group, or; 2. all the cash flows the entity expects to pay to all policyholders, both those in the group and those in the other groups that the cash flows are shared to, and both to policyholders that exist in this period and in future periods

