



Australian Government

**Australian Accounting
Standards Board**

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Bruce Mackenzie
Chair
IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf, London E14 4HD
UNITED KINGDOM

09 May 2023

Dear Bruce,

IFRS Interpretations Committee (the Committee) Tentative Agenda Decision Insurance contract premiums receivable

The Australian Accounting Standards Board (the Board) endorses the attached 17 April 2023 response of its Transition Resource Group for AASB 17 *Insurance Contracts* (AASB 17 TRG) to the Committee's Tentative Agenda Decision on insurance contract premiums receivable.

The AASB 17 TRG has broad representation across the Australian insurance sector, bringing together preparers across the health, life and general insurance sectors, the Actuaries Institute Taskforce (set up by the Actuaries Institute, representing the actuarial profession in Australia, specifically to discuss the implementation of IFRS 17) as well as representatives of the public sector, corporate and capital regulators and the Australian Tax Office.

The Board understands that the issue considered in the Tentative Agenda Decision has the potential to affect several Australian-based insurers, particularly with respect to their commercial lines of general insurance business, which are often issued via intermediaries.

At this stage of implementation of IFRS 17, the Board concurs with the Committee that the best approach to addressing the issue is to acknowledge that either IFRS 17 or IFRS 9 *Financial Instruments* can be applied in the fact pattern addressed in the Tentative Agenda Decision and not to add a project to the IASB agenda on the issue.

If you have any questions regarding this letter, don't hesitate to contact me or Helena Simkova, Deputy Technical Director (hsmikova@asb.gov.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kendall', written in a cursive style.

Dr Keith Kendall
Chair – AASB

AASB Transition Resource Group for AASB 17 *Insurance Contracts*

Submission to the IFRS Interpretations Committee

17 April 2023

Bruce Mackenzie
Chair, IFRS Interpretations Committee
7 Westferry Circus
Canary Wharf
London E14 4HD, UK

Dear Mr Mackenzie

IFRS Interpretations Committee (the Committee) Tentative Agenda Decision Insurance contract premiums receivable

The Australian Accounting Standards Board's Transition Resource Group for AASB 17 *Insurance Contracts* (AASB 17 TRG) is a discussion forum for considering issues related to the implementation of IFRS 17 *Insurance Contracts* in Australia. The AASB 17 TRG's membership includes stakeholders from the preparer, auditing, regulator and user communities across the general, life and health insurance industries.

Tentative Agenda Decision

The issue of insurance contract premiums receivable from an intermediary has been the subject of considerable debate in the AASB 17 TRG, with papers on this topic discussed at two separate meetings since June 2020 and more recent discussions as a result of the Committee's outreach in November 2022.

The AASB 17 TRG strongly supports the Committee's Tentative Agenda Decision relating to premiums receivable by an insurer.

In particular, the AASB 17 TRG supports the Committee's conclusions:

- not to add a standard-setting project on the interaction between IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* to the work plan; and
- to identify that the application of either IFRS 17 or IFRS 9 would provide users of financial statements with useful information.

Our support for not adding the project to the IASB's work plan and identifying either IFRS 17 or IFRS 9 as applicable recognises the advanced stage of implementation of IFRS 17 by preparers and acknowledges that both approaches are in the process of being implemented by different insurers.

For the information of the Committee, in general, Australian insurers are planning to apply View 1, while some are planning to apply View 2, as evidenced by the findings in AASB Research Report 18 *AASB 17 Insurance Contracts: Presentation, Disclosure, Transition and Other Accounting Policy Decisions: A Survey on Australian Insurance Entities*, issued in March 2023.

Should the Committee have any questions, or would like to discuss the AASB 17 TRG's submission further, please contact Eric Lee at elee@aab.gov.au.

Yours sincerely



Anne Driver
Chair, AASB 17 TRG