



Project update: Insurance Activities in the Public Sector March 2023

- 1 The AASB issued [AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector](#) in late December 2022. The main change from the Fatal Flaw Review Draft Standard issued in October 2022 was to extend the effective date to periods beginning on or after 1 July 2026 instead of periods beginning on or after 1 July 2025. Other changes were editorial.
- 2 The New Zealand XRB is expected to issue a revised version of PBE IFRS 17 *Insurance Contracts* with the same public sector modifications as AASB 2022-9 in the next quarter with the same effective date in practical terms.

Summary of AASB 17 modifications made by AASB 2022-9

AASB 2022-9 ref.	Modifications to AASB 17
Scope Aus6.1 Aus6.2 Appendix E BC152 to BC252	Apply AASB 17 only if an arrangement is judged to: <ol style="list-style-type: none"> (a) be enforceable; (b) have an identifiable coverage period; and (c) give rise to insurance contracts based on the indicators in paragraph Aus6.2(a) and the other considerations in paragraph Aus6.2(b). Indicators: <ul style="list-style-type: none"> • Source and extent of funding from participants • Similarity of risks covered and benefits provided to insurance to private sector insurance Other considerations: <ul style="list-style-type: none"> • management practices and assessment of financial performance • assets held to meet benefits
Grouping Aus14.1 Aus16.1 Aus22.1 BC17 to BC48	Public sector entities are exempted from sub-grouping insurance contracts into onerous versus non-onerous groups and groups issued no more than a year apart.
Initial recognition Aus25.1 BC49 to BC55	Public sector entities not to initially recognised insurance contracts based on when contracts become onerous.

AASB 2022-9 ref.	Modifications to AASB 17
Guidance on coverage periods Aus34.1 to Aus34.3 AusB64.1 BC56 to BC88	Added paragraphs Aus34.1–Aus34.3 to clarify that, in respect of paragraph 34, about estimates of future cash flows: <ul style="list-style-type: none"> (a) assessing a public sector entity’s practical ability to fully price for risks or benefits would include assessing the ability of its controlling government, and any relevant Minister(s), to decide on pricing or benefits; (b) a public sector entity’s monopoly position in providing coverage for risks in a particular community, of itself, would not affect the entity’s practical ability to fully price for risks or benefits; and (c) any legislated obligation for a public sector entity to stand ready to insure future policyholders, of itself, is not an obligation that would affect the practical ability to fully price for risks or benefits.
Guidance on revenue recognition AusB121.1	Added paragraph AusB121.1 to clarify that, consistent with paragraph 83, revenue collected to provide insurance coverage is recognised over the relevant coverage periods.
Pricing and benefits disclosure Aus34.4 BC89 to BC95	Public sector entities are required to disclose timeframes for which pricing and benefits are typically determined and the titles of the relevant regulations or laws under which prices and benefits are set.
Premium allocation approach Aus53.1 Aus69.1 BC96 to BC106	Public sector entities can choose to measure liabilities for remaining coverage applying the premium allocation approach, regardless of whether the eligibility criteria in paragraphs 53 and 69 of the Standard are met.
Captive insurers AASB 1050 paragraphs 6A and 6B BC260 to BC275	Government departments can choose to apply either AASB 17 or AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> in determining the information to be disclosed about administered captive insurer activities.
Transition AusC9A.1 BC318 to BC321	Public sector entities would apply AASB 17 if they currently apply AASB 1023 <i>General Insurance Contracts</i> and would apply AASB 137 if they currently apply AASB 137.

- 3 While the project is completed and has been removed from the AASB’s work program, the AASB will monitor the implementation of AASB 17 in the public sector. The AASB staff are also mindful that, by the time public sector entities are transitioning to AASB 17, the post-implementation review of IFRS 17 may be in progress, and the AASB will monitor that review from the perspective of both the private and public sectors.