

IFRS[®]17 amendments – Five more topics redeliberated



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Ms Mary H Trussell
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The Board progresses its redeliberations by confirming three more amendments

Highlights

- Changes in amendments for interim financial statements, insurance acquisition cash flows and credit cards confirmed
- Two more areas discussed that remain unchanged
- Seven topics, including effective date, to be redeliberated
- Next steps

First meeting of 2020 covers five areas of IFRS 17

At its first meeting of 2020, the International Accounting Standards Board (the Board) further considered feedback from respondents on IFRS 17 *Insurance Contracts* and confirmed proposed amendments in the following three areas.

- **Interim reporting.** Entities will now be required to make an accounting policy choice whether to change the treatment of accounting estimates made in previous interim financial statements. Read our [article](#) to find out more.
- **Insurance acquisition cash flows.** Following the Board's confirmation last month of the treatment of assets for insurance acquisition cash flows, the Board has considered how such assets should be determined on transition. Read our [article](#) to find out more.
- **Scope exclusion for credit cards and similar arrangements.** This clarifies the scope exclusion from IFRS 17 in respect of certain credit card arrangements and has been expanded to address similar credit or payment arrangements which transfer significant insurance risk. Read our [article](#) to find out more.



Joachim Kölschbach
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“While the areas of IFRS 17 which remain to be discussed – including a new effective date – are significant, the Board has now covered most of the topics included in its redeliberation plan and remains on track to issue a final version of IFRS 17 in mid-2020. This allows preparers to progress their implementation projects and increases clarity on what the final standard will look like.”

Mary Trussell
KPMG's Global Lead,
Insurance Accounting Change

Two more areas discussed that remain unchanged

The Board further decided to leave the following areas of IFRS 17 unchanged.

- **Business combinations – Classification of insurance contracts acquired in their settlement period** in a business combination within the scope of IFRS 3 *Business Combinations* or a transfer of insurance contracts that do not form a business. Read our [article](#) to find out more – including steps that preparers should be taking now.
- **Prohibition from applying the risk mitigation option retrospectively on transition.** The Board confirmed the prohibition, given the risk of the use of hindsight, which would affect the credibility of information presented on transition to IFRS 17 and for subsequent periods.

Seven topics remaining, including effective date

The following seven topics now remain to be addressed by the Board's redeliberation plan in the coming months, allowing any resulting amendments to be finalised in mid-2020, in line with the Board's plan.

- Proposed amendment for contractual service margin attributable to investment services – coverage units for insurance contracts without direct participation features, disclosures and terminology.
- Applicability of the risk mitigation option – non-derivative financial instruments at fair value through profit or loss.
- Proposed effective date of IFRS 17.
- Proposed extension of the IFRS 9 *Financial Instruments* temporary exemption in IFRS 4 *Insurance Contracts*.
- Level of aggregation – annual cohorts for insurance contracts with intergenerational sharing of risks between policyholders.
- Additional specific transition modifications and reliefs (other than insurance acquisition cash flows).
- Proposed minor amendments.

Next steps

The Board will continue to finalise discussions related to its redeliberation plan in February, in line with its objective to issue the final amendments to IFRS 17 in mid-2020. The Board expects to discuss the effective date in March.

You can read our summaries of the Board's proposed amendments and the Transition Resource Group (TRG) for Insurance Contracts discussions in our online magazine [Insurance – Transition to IFRS 17](#).

Please watch this space for further updates and speak to your usual KPMG contact to find out more about the Board's deliberations.

Find out more

Visit home.kpmg/ifrs17 to read all of our insights on the new insurance contracts standard. Also, our insights on insurers' progress with IFRS 17 and IFRS 9 implementation can be found on our [In it to win it](#) web page.

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