



In transition

The latest on IFRS 17

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The IASB considered a summary of the feedback gathered during outreach on the proposed amendments to IFRS 17, 'Insurance Contracts'

At a glance

On 22 October 2019, the IASB ('Board') considered the feedback gathered from the outreach activities undertaken by Board members and staff during July to September 2019. This feedback did not include an analysis of the 121 comment letters received on the Exposure Draft.

Most stakeholders welcomed the proposed amendments, but suggested that some amendments should go further.

No technical decisions were taken at this meeting. The Board expects to consider a summary of the comment letters received and a project plan for the re-deliberations at the November Board meeting.

The views in this In transition are based on our observations from the 22 October 2019 meeting, and they might differ in some respects from the official report of the meeting that will be published by the IASB in an IASB Update at a later date.

Background

1. On 26 June 2019, the Board published the Exposure Draft, 'Amendments to IFRS 17' ('ED'). The ED responded to some of the concerns and challenges raised by stakeholders, proposing amendments intended to support entities implementing IFRS 17 by reducing implementation costs and by making it easier for entities to explain results when applying IFRS 17 to users of financial statements.
2. The ED's 90-day comment period ended on 25 September 2019. During the ED's comment period, Board members and staff met with stakeholders in various round-table meetings and discussion forums to explain the proposed amendments and to obtain feedback from stakeholders.

Items discussed during the October Board meeting

3. On 22 October 2019 the Board considered the feedback gathered during the comment period from outreach on the ED. No technical decisions were taken at the meeting.

4. Overall, stakeholders expressed support for the Board considering the issues raised and proposed reliefs. However, some stakeholders believe that the scope of some of the proposed amendments is too narrow. In Europe, some stakeholders commented on areas which the Board had previously considered in preparing the Standard but for which the Board did not propose amendments in the ED.

5. Stakeholders did not oppose the proposed one-year deferral of the effective date to 1 January 2022. However, some stakeholders suggested deferring the effective date of IFRS 17 by two years to allow entities more time for implementation, whereas other insurance entities expressed concerns about the increased costs of a further delay. Several Board members expressed the importance of feedback received from the users of financial statements regarding further delay of the effective date. Many users believe that IFRS 17 is necessary to increase investment in the insurance sector and that the opportunity cost of not being able to invest in the sector outweighs the additional cost for preparers to implement the Standard.

6. Some stakeholders viewed the editorial correction to paragraph B107, which specifies that an entity should assess contracts eligible for the variable fee approach at an individual contract level, to be a major change to the requirements of IFRS 17. The staff noted that the change was made to make the wording consistent between paragraphs B101 and B107, but the feedback suggests entities are assessing eligibility at a group level rather than at an individual contract level.

7. One of the areas for which the Board did not propose amendments in the ED relates to paragraph B137, which requires that entities do not change accounting estimates made in previous interim financial statements when applying IFRS 17 subsequently. The staff noted that many stakeholders, across multiple jurisdictions, raised concerns about the effect of applying paragraph B137.

8. Details of the outreach and a summary of the feedback received by the Board and staff members on specific questions raised in the ED can be found [here](#).

Next steps

9. The Board is expected to consider a summary of the feedback in the comment letters and a plan for the re-deliberations at its November 2019 meeting. Detailed analysis of feedback on specific topics will be presented to the Board when it re-deliberates these topics. These re-deliberations are expected to start at the December 2019 Board meeting. The Board emphasised that the re-deliberations should be done with the objective of the ED in mind, i.e. targeted, narrow-scope amendments to ease implementation without disrupting implementation or diminishing usefulness of the improvements introduced by IFRS 17.

10. The Board confirmed that its objective is to issue the final amendments to IFRS 17 in mid-2020.

Find out more in PwC's publications and resources related to IFRS 17:

- [In brief INT 2019-09 Proposed amendments to IFRS 17, 'Insurance contracts'](#)
- [Illustrative IFRS consolidated financial statements 2019 - Insurance](#)

PwC clients who have questions about this In transition should contact their engagement partner.

Authored by:

Gail Tucker
Partner
+44 (0) 7712 489634
gail.l.tucker@pwc.com

Mary Saslow
Managing Director
+ 1 860 241 7013
mary.saslow@pwc.com

Andrea Pryde
Director
+44 (0) 7903 861630
andrea.pryde@pwc.com

Gerda Burger
Senior Manager
+44 (0) 7483 329968
gerda.b.burger@pwc.com

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