AASB Transition Resource Group for AASB 17 *Insurance Contracts*
Submission form for potential implementation question

In addition to the form, attachments (such as memos) may be included with the submission.

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Potential implementation question

Can the risk adjustment at a Group level be more or less than the addition of subsidiary entity risk adjustments – that is, can there be consolidation adjustments in respect of risk adjustments?

Paragraphs of IFRS 17 *Insurance Contracts*

IFRS 17.33; IFRS 17.37; IFRS 17.119; IFRS 17.B54 to B60; IFRS 17.B86 to B92.

Analysis of the question
The analysis of the question should include a detailed description of the different ways the new Standard may be applied, resulting in possible diversity in practice.

1. Reason for bringing this issue to the TRG

1.1 The IASB view outlined in the May 2018 TRG meeting agenda paper 02 (AP02) about the way in which risk adjustments are determined differs from our understanding of IFRS 17. Paragraphs 19 and 21 in AP02 outline the IASB staff view (emphasis added):

> 19. Applying paragraph B88 of IFRS 17, an entity shall only reflect diversification benefit in the risk adjustment for non-financial risk to the extent that the diversification benefit has been included when determining the compensation the entity would require for bearing non-financial risk. Therefore, **the degree of risk diversification that occurs at a level that is higher than the entity level is required to be considered in the determination of the risk adjustment for non-financial risk if, and only if, it is considered when determining the compensation the entity would require for bearing non-financial risk related to insurance contracts issued by the entity**. Equally, risk diversification that occurs at a level that is higher than the entity level must not be considered in the determination of the risk adjustment for non-financial risk if it is not considered when determining the compensation the entity would require for bearing non-financial risk related to insurance contracts issued by the entity.
>
> 21 **Determining the compensation that the entity would require for bearing nonfinancial risk** related to insurance contracts issued by the entity **is a single decision that is made by the entity that is party to the contract** (ie the issuer of the insurance contract). In making

> that decision the entity chooses what factors to consider, including whether or not to consider the degree of risk diversification benefit available to the group of entities. Therefore, the staff view is that for a group of insurance contracts, **the risk adjustment for non-financial risk at the consolidated group level is the same as the risk adjustment for non-financial risk at the individual entity level**. Determining a different risk adjustment for non-financial risk at a consolidated group level would be inconsistent with the principles of the risk adjustment for non-financial risk in IFRS 17.

1.2 Accordingly, the position outlined in AP02 is that the risk adjustment at a Group[1] level must be the addition of subsidiary risk adjustments – and the risk adjustment may or may not be 'pushed down' from the Group level to subsidiary entity level. AP02 implies that a single decision about risk adjustments is made by the issuing insurer; however, it is not clear from AP02 whether this single decision is made once and not subsequently revisited, in much the same way as the contractual service margin is locked-in when a group of contracts is first recognised.

1.3 Subsequent discussion with IASB staff on 8 June 2018 indicates that risk adjustments are to be remeasured at each reporting date based on current information. This is consistent with other areas of IFRS 17 regarding risk adjustments and our understanding of taking an entity perspective of compensation for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk and our previous discussions with the IASB.

1.4 At the May 2018 TRG meeting, TRG members expressed mixed views. In broad terms, there were two views:

(1) Subsidiary risk adjustments must add to the Group level risk adjustment

(2) The Group level risk adjustment need not be the aggregate of subsidiary risk adjustments but would reflect the Group's view of the risk adjustment, which may be different from the aggregate of subsidiary risk adjustments.

1.5 The TRG did not have time to discuss the range of possible flow-on issues arising from the view outlined in AP02. Several important issues were left unresolved, hence the need for this paper.

2. Our interpretation of the main themes raised at the May 2018 IASB TRG meeting

2.1 The following main themes were raised at the May TRG meeting, some of which were expressed by IASB members present and some by TRG members.

2.2 The TRG discussion appeared to be framed almost entirely in the context of risk adjustments included in liabilities for remaining coverage rather than liabilities for incurred claims.

2.3 There was general support for the view that the Group perspective of risk is the most important for users. (There seemed to be presumption that the Group would usually be the main focus for investors.)

2.4 The risk adjustment is viewed in AP02 as being established at the level of the issuing subsidiary and cannot be adjusted at the Group level (although it may have been pushed down from the Group level) because, otherwise, it wouldn't relate to 'the amount charged' identified in IFRS 17.B87. That is, there is no accounting policy choice as to whether risk adjustments are additive; however, risk adjustments may or may not be pushed down from the Group level.

After some discussion, it was established that IASB members present regard this reference to 'charged' as relating to the amount costed into a contract, not the actual premium charged. It was also noted that the risk adjustment charged could lead to a positive or negative contractual service margin. However, there were also no specific references to how 'charged' applies to the 'group of contracts' unit of account, which may include contracts issued over a full year.

2.5 Risk adjustments need to be dynamic and cannot be locked-in at contract level because the entity view on compensation required can change.

[However, there was no explicit discussion of the potential consequences for measuring risk adjustments as the amount charged when a contract is issued for:

(a) practical implementation for whole groups of contracts; and

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1 The word 'Group' [capital 'G'] is used in this paper to refer to a "A parent and its subsidiaries" [which is the definition of 'group' in IFRS 10 *Consolidated Financial Statements*], not to be confused with a 'group of insurance contracts'.

(b) measuring risk adjustments in periods subsequent to the period in which contracts are issued, including risk adjustments incorporated in liabilities for incurred claims.

That is, AP02 seemed to frame the discussion in the context of accounting for risk adjustments in liabilities for remaining coverage for individual contracts in the period in which they are issued.]

2.6 There are numerous references in IFRS 17 to risk adjustments being set at the entity level, implying they can be set at each entity level based on the compensation for bearing non-financial risk from each entity's perspective.

2.7 Risk adjustments may be calculated based on the capital required to support the relevant contracts, which may differ from jurisdiction to jurisdiction (and, therefore, differ between the subsidiary and Group levels). Capital would often be managed at the Group level, implying its cost would be pushed down; however, composite insurers would often have different views of risk at different levels.

2.8 Risk adjustments would be reset when there are business combinations and portfolio transfers.

2.9 Risk adjustments would generally be additive, but cases when the addition of subsidiary level risk adjustments needs to be adjusted at the Group level should not be ruled out.

2.10 Actual methods of measuring risk at subsidiary level might be different from Group level (and IFRS might not be applied at subsidiary level). However, under consolidation principles, they should be consistent across a Group, which should be addressed in the same way as any other consolidation adjustment.

3. Our analysis of the interpretations of IFRS 17

Groups of contracts and initial measurement of risk adjustment

3.1 The main 'unit of account' in IFRS 17 is the group of contracts. The group could comprise contracts issued up to a year apart [IFRS 17.22]. Therefore, it's reasonable to take the view that risk adjustments are allocated to groups of contracts, and that they could not be finalised until the composition of the group is known or could at least be reasonably estimated. This could vary between product types based on the stability of the market and level of homogeneity among contracts.

3.2 Insurers must take into account the degree of diversification benefit the entity includes when determining the compensation it requires for bearing insurance risk [IFRS 17.B88] when they determine risk adjustments. Accordingly, risk adjustments could be different from one insurer relative to another based only on whether or not the insurer takes into account Group-level diversification. This will be a matter of fact, not an accounting policy choice.

3.3 If a subsidiary does not take into account group-wide diversification when it determines risk adjustments, the Group would adjust those risk adjustments for Group-reporting purposes as a part of the consolidation process. This is consistent with meeting the needs of users who generally focus on Group financial statements. However, this does not appear to be consistent with the view in AP02, which prioritises mathematical alignment between the sum of subsidiaries' perspectives on compensation required for bearing non-financial risk and the Group-level risk adjustment.

3.4 When an insurer takes into account Group-wide diversification, risk adjustments would need to be pushed down to subsidiaries. However, the composition of all groups of contracts, their relative sizes, and the extent to which they provide diversification benefits across the Group, would only be known once the Group has assembled sufficient information about business written over the course of the reporting period (that is, the information to determine the risk adjustment would be aggregated for reporting).

Subsequent measurement

3.5 If the risk adjustment is regarded as being established based on 'the amount charged' at the time contracts are issued, it implies that risk adjustments are not subsequently remeasured other than as the coverage expires. However, along with all future cash flow estimates under IFRS 17, they are remeasured using current information [IFRS 17.33(c) and IFRS 17.B54 to B60], and IASB staff have confirmed that risk adjustments are remeasured at each reporting date.[2] Accordingly, the nexus between 'the amount charged' and the actual risk adjustments reported at period end may be tenuous at best. Indeed, 'the amount charged' when contracts are issued would inevitably become less relevant over time because updated information would be applied at each reporting date.

3.6 IFRS 17.B91(e) requires that, to reflect the compensation the entity would require for bearing non-financial risk, risk adjustments must be reduced or decreased to take into account the extent to which emerging experience reduces or increases uncertainty about the amount and timing of cash flows. This is consistent with current practice in jurisdictions that use current value measures of insurance liabilities including general insurance practice in Australia, New Zealand and Canada.

3.7 The bulk of insurance liabilities of many general insurers are liabilities for incurred claims, particularly in relation to claims that take many years to settle. The liability for remaining coverage would likely be a much smaller component of the insurance liability for a general insurer. When new information becomes available about the riskiness associated with claims, insurers need to remeasure risk adjustments, at least at every reporting period, to satisfy the requirement to reflect the compensation the entity requires for bearing the uncertainty about the amount and timing of the cash flows [IFRS 17.37] at each reporting date.

3.8 Regarding the risk adjustment as an amount charged when contracts are issued seems potentially relevant only in the reporting period in which contracts are issued. In subsequent periods, the amount charged in the period in which contracts are issued will become less relevant especially to general insurers. Typically, while information about the uncertainty of cash flows might have been used in premium costing, in subsequent periods, the information about the uncertainty of cash flows used in determining reserving for the liability for incurred claims would be more relevant. Risk adjustments for liabilities for remaining coverage and liabilities for incurred claims may or may not be different in percentage terms, but are highly likely to be different in terms of dollar amounts.

3.9 The uncertainty of cash flows might be affected by information that arises externally as well as internally, subsequent to insurance contracts being issued, which has not been factored into amounts an insurer has charged; yet that information would need to be used in determining risk adjustments.

3.10 If a Group acquires a subsidiary or block of business during the reporting period, risk adjustments would be established for business acquired at the acquisition date, not when amounts relating to contracts are charged.

Group structures

3.11 Groups may comprise subsidiaries and have businesses that will, of necessity, take a different view of risk adjustments from the view that is relevant at the Group level. The following are examples.

(a) The Group applies IFRS 17, but a subsidiary must apply local non-IFRS GAAP to enable its local board of directors to meet reporting requirements in the subsidiary jurisdiction.

(b) The Group participates in a set share of the business written by an insurance pool and the Group is unaware of the view of risk taken by the pool when amounts relating to contracts are charged.

3.12 In these cases, the view the IASB staff put forward in paper AP02 at the May TRG would seem to make it impossible for a Group to comply with IFRS 17.37 and measure a risk adjustment that reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

Premium allocation approach (PAA)

3.13 For insurance contracts accounted for using the PAA, future cash flows are only explicitly considered for claim liabilities. If risk adjustments are to be regarded as being established when they are 'charged', it is not clear how a risk adjustment would be established for claim liabilities given that they are generally not recognised at the point the premium is 'charged'. For some

2 This is also inconsistent with general insurance market practice in Australia where risk adjustments are currently measured and reported using a confidence level approach (as identified in IFRS 17.119).

contracts, claim liabilities may only be recognised after the period in which those contracts are initially recognised.

3.14 If a risk adjustment is to be established under the PAA within the liability for remaining coverage, insurers would need to also apply the full requirements in IFRS 17.30-52 at that time, which would defeat the purpose of having the PAA as a simplification.

Summary of factors supporting main views

3.15 The following factors have been identified as supporting each of the two main views.

A Group risk adjustment can be more or less than the sum of subsidiary risk adjustments	***A Group risk adjustment must be the sum of subsidiary risk adjustments***
The relevant entity perspective	
The focus in IFRS 17 for measuring risk margins is the entity (implying each entity) – for example, see: IFRS 17.37; B87; B88; B91; and IFRS 17.BC208. This implies that each entity needs to determine its risk adjustments from its own perspective, which for a subsidiary can include the knowledge that it is part of a wider Group and benefits from Group-wide diversification. However, the sum of the subsidiary risk adjustments would be equivalent to the Group-wide risk adjustments only by coincidence. That is, while the Group perspective might influence the subsidiaries' perspectives in determining risk adjustments, it is unlikely that this would result in arithmetical perfection.	The IFRS 17.B87 reference to "the amount charged by the entity for the uncertainty arising from non-financial risk about the amount and timing of cash flows" means that amount is determined only once, and at one level of the Group.
Although there are usually only two parties to an insurance contract, the risk adjustment is not an explicit aspect of the contract to which the policyholder agrees. The policyholder is interested in the coverage provided and the premium and these are the only aspects of the contract 'fixed' at the time the contract is agreed.	There are only two parties to the contract, the insurer (which may be a subsidiary) and the policyholder. Therefore, the risk adjustment cannot be remeasured at another level of the Group.
In the same way a Group and each sub-Group within that Group apply the notion of 'control' in IFRS 10 *Consolidated Financial Statements*, it is unclear why the measurement of a risk adjustment that is entity-focused could not be determined independently at each level in an insurance Group. Taking an entity view is consistent with discussion in the *Framework for Financial Reporting* (March 2018) in respect of 'reporting entity'; in particular, CF.3.3.8.	
Some Groups include subsidiaries that do not apply IFRS (and, for example, are obliged to apply local GAAP) to enable its local board of directors to meet its reporting requirements in the subsidiary jurisdiction.	
The meaning of 'charged' and contracts versus groups of contracts	
The IFRS 17.B87 reference to "the amount charged by the entity for the uncertainty arising from non-financial risk about the amount and timing of cash flows" cannot realistically mean an amount explicitly charged to each contract. One of the many factors considered in charging for a contract may include achieving a benchmark return on capital to support the liabilities expected to arise from contracts to reflect the risk (uncertainty) the insurer expects to bear (compensation for both remaining coverage the expected claims run-off). However, the insurer often won't have a materially accurate knowledge of the compensation it requires to bear insurance risk until the extent of	IFRS 17.BC206 says (emphasis added): "IFRS 17 requires entities to depict the risk that is inherent in insurance contracts by including a risk adjustment for non-financial risk in the measurement of those contracts. The risk adjustment for non-financial risk directly measures the non-financial risk in the contract". IFRS 17.BC206, and subsequent discussion with IASB staff (on 8 June 2018), indicates IASB considered that insurers would know in advance of having

A Group risk adjustment can be more or less than the sum of subsidiary risk adjustments	*A Group risk adjustment must be the sum of subsidiary risk adjustments*
diversification across the entity is known. Accordingly, 'charged' presumably means the amount the entity would have charged had it known the extent and composition of its business for the reporting period. Although IFRS 17.BC206 etc., refers to 'contract'; that language is used throughout IFRS 17 for convenience. IFRS 17.24 says: "To measure a group of contracts, an entity may estimate the fulfilment cash flows at a higher level of aggregation than the group or portfolio, provided the entity is able to include the appropriate fulfilment cash flows in the measurement of the group, …". That is, measurement (including risk adjustment measurement, consistent with IFRS 17.B88) takes place at a level higher than a single contract.	actual data on the number and mix of products issued in a period the amount of risk adjustment that is likely to need to be charged on a contract-by-contract basis to achieve a relevant risk adjustment at the level of a groups of contracts and whole entity level. Hence an insurer would determine the compensation it would require for bearing non-financial risk at that time.
IFRS 17 requires that risk adjustments are measured based on current information. Accordingly, subsequent to the issue of contracts, the information used in charging for each contract or group of contracts may quickly lose relevance. In particular, in periods subsequent to the issue of a contract, risk adjustments would often need to be remeasured to reflect new information, which means that the reference in IFRS 17.B87 to 'charged' cannot always relate to the risk adjustment charged at the time of initial recognition.	
Impact on contractual service margin (CSM)	
There is nothing wrong with CSMs at the subsidiary level not adding to the Group level CSM. There could be a range of reasons for this, including expenses being directly attributable at one level being different from another level, for example, due to the existence of a Group-level service company.[3]	The amount of the risk margin affects the amount of CSM. The CSMs should not change simply because the subsidiaries and Group take different perspectives on risk.
Principals versus rules	
IFRS 17 is principle-based and various techniques can be applied to calculate risk adjustments [IFRS 17.B91]. IFRS are generally written on the basis that each reporting entity takes a view of transactions and other events from its own perspective. It seems incongruous for there to be a rule that would restrict risk adjustments to only being additive throughout a Group.	
User focus	
The main focus of users is on the Group view of all aspects of its business, including risk adjustments. When the risk adjustment at the Group level is different from the aggregate of subsidiary risk adjustments, it is essential that an adjustment is made. In Australia, users have a keen interest in analysing listed insurance Group financial statements based on targeted confidence levels (as required to be disclosed under IFRS 17.119) that are generally accepted in those jurisdictions. Users want to compare each insurer with its peers across the market. For listed general insurers, the	If the risk adjustment at Group level can be different from the aggregate of subsidiary risk adjustments, this could result in the Group's pattern of profits/losses recognised being different from the aggregate of subsidiary profits/losses.

3 An insurer may have a service company at the Group level that performs administrative services related to the sale of contracts and charges fees to subsidiaries for those services. The subsidiary would regard those fees as being directly attributable insurance acquisition cash flows. The actual costs to the Group of providing those services could be different from the fees charged.

A Group risk adjustment can be more or less than the sum of subsidiary risk adjustments	*A Group risk adjustment must be the sum of subsidiary risk adjustments*
focus is on the levels of adequacy underpinning liabilities for incurred claims. Although it may be feasible to effectively push those targets down to subsidiaries, the same targets may not apply in subsidiary jurisdictions. It would limit the usefulness of information intended to meet user needs in each jurisdiction in which Groups operate if they were unable to take independent views on their risk appetites. Users are well-acquainted with different parts of a Group making decisions based on their own circumstances and the nature of consolidation adjustments. If a Group is forced to take a mathematical approach to consolidating subsidiary level risk adjustments, it could be difficult to explain to users of Group financial statements why the risk adjustment does not reflect the compensation the Group requires to bear non-financial risk in the context of that Group's peers in the market. Alternatively, it may be difficult to explain to users of subsidiary level financial statements that the risk adjustment does not reflect the compensation the subsidiary requires to bear non-financial risk merely because the risk adjustments have been mathematically determined to obtain a particular Group-level result.	
How risk margins might be calculated	
IFRS 17 does not specify how to calculate risk adjustments [IFRS 17.B91]. A confidence level technique is acceptable (based on IFRS 17.119) and it might be relevant for different entities within a Group to have different confidence levels to meet users' needs in their jurisdictions, which do not aggregate to the relevant confidence level at the Group level.	If the technique applied captures the diversification benefit at the Group level and this is pushed down through the pricing of the underlying contracts then there is unlikely to be a consolidation difference.
In the PAA context, it may not be feasible to regard the reference in IFRS 17.B87 to 'charged' as being the risk adjustment charged at a point in time because liabilities for incurred claims that incorporate risk adjustments are usually calculated after initial contract recognition. IFRS 17 does not require an explicit risk adjustment to be measured when the PAA is applied (to liabilities for remaining coverage.	
Risk adjustments are recalculated for business combinations and portfolio transfers, highlighting that risk adjustments are dynamic.	

Conclusions

3.16 The view that the risk adjustment at a Group level must be the addition of subsidiaries' risk adjustments seems to rely on interpreting 'charged' in IFRS 17.B87 as meaning an amount fixed at one point of time that cannot subsequently change. However, an insurer cannot know how much of any particular amount it has charged a policyholder is risk adjustment at the time a contract is sold. That will only be known once the insurer knows the extent of diversification available across (at a minimum) the group of contracts.

3.17 Overall there is only a very tenuous link between a benchmark amount that might be charged for contracts by a subsidiary entity and the risk adjustments included in liabilities for remaining coverage and liabilities for incurred claims at the level of a Group. In addition, the fact that risk adjustments must be remeasured each period to reflect up to date information further weakens any link with the amounts charged when contracts are issued.

3.18 There are circumstances in which it would be virtually impossible for the subsidiary risk adjustments to add to the Group level risk adjustment, for example, because of the circumstances surrounding local subsidiary reporting requirements.

3.19 Accordingly, it would be inappropriate to consider that the reference in IFRS 17.B87 to the amount 'charged' should over-turn the principal in IFRS 17.37 that each entity determines the compensation it requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

4. Is the question pervasive?

Explain whether the question is expected to be relevant to a wide group of stakeholders.

The issue is relevant to any stakeholders interested in insurers that comprise consolidated Groups. The vast majority of listed insurers would be consolidated Groups.

5. Relevant IFRS 17 requirements

risk adjustment for non-financial risk	The compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts.

33 An entity shall include in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group (see paragraph 34). Applying paragraph 24, an entity may estimate the future cash flows at a higher level of aggregation and then allocate the resulting fulfilment cash flows to individual groups of contracts. The estimates of future cash flows shall:

(a) incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows (see paragraphs B37–B41). To do this, an entity shall estimate the expected value (ie the probability-weighted mean) of the full range of possible outcomes.

(b) reflect the perspective of the entity, provided that the estimates of any relevant market variables are consistent with observable market prices for those variables (see paragraphs B42–B53).

(c) be current—the estimates shall reflect conditions existing at the measurement date, including assumptions at that date about the future (see paragraphs B54–B60).

(d) be explicit—the entity shall estimate the adjustment for non-financial risk separately from the other estimates (see paragraph B90). The entity also shall estimate the cash flows separately from the adjustment for the time value of money and financial risk, unless the most appropriate measurement technique combines these estimates (see paragraph B46).

37 An entity shall adjust the estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

119 An entity shall disclose the confidence level used to determine the risk adjustment for non-financial risk. If the entity uses a technique other than the confidence level technique for determining the risk adjustment for non-financial risk, it shall disclose the technique used and the confidence level corresponding to the results of that technique.

B87 The risk adjustment for non-financial risk for insurance contracts measures the compensation that the entity would require to make the entity indifferent between:

(a) fulfilling a liability that has a range of possible outcomes arising from non-financial risk; and

(b) fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contracts.

For example, the risk adjustment for non-financial risk would measure the compensation the entity would require to make it indifferent between fulfilling a liability that—because of non-financial risk—has a 50 per cent probability of being CU90 and a 50 per cent probability of being CU110, and fulfilling a liability that is fixed at CU100. As a result, **the risk adjustment for non-financial risk conveys information to users of financial statements about the amount charged by the entity for the uncertainty arising from non-financial risk about the amount and timing of cash flows**. [emphasis added]

B88 Because the risk adjustment for non-financial risk reflects the compensation the entity would require for bearing the non-financial risk arising from the uncertain amount and timing of the cash flows, the risk adjustment for non-financial risk also reflects:

(a) the degree of diversification benefit the entity includes when determining the compensation it requires for bearing that risk; and

(b) both favourable and unfavourable outcomes, in a way that reflects the entity's degree of risk aversion.

B91 IFRS 17 does not specify the estimation technique(s) used to determine the risk adjustment for non-financial risk. However, to reflect the compensation the entity would require for bearing the non-financial risk, the risk adjustment for non-financial risk shall have the following characteristics:

(a) risks with low frequency and high severity will result in higher risk adjustments for non-financial risk than risks with high frequency and low severity;

(b) for similar risks, contracts with a longer duration will result in higher risk adjustments for non-financial risk than contracts with a shorter duration;

(c) risks with a wider probability distribution will result in higher risk adjustments for non-financial risk than risks with a narrower distribution;

(d) the less that is known about the current estimate and its trend, the higher will be the risk adjustment for non-financial risk; and

(e) to the extent that emerging experience reduces uncertainty about the amount and timing of cash flows, risk adjustments for non-financial risk will decrease and vice versa.

B92 An entity shall apply judgement when determining an appropriate estimation technique for the risk adjustment for non-financial risk. When applying that judgement, an entity shall also consider whether the technique provides concise and informative disclosure so that users of financial statements can benchmark the entity's performance against the performance of other entities. Paragraph 119 requires an entity that uses a technique other than the confidence level technique for determining the risk adjustment for non-financial risk to disclose the technique used and the confidence level corresponding to the results of that technique