



Subject:	<b>AASB 17 TRG Public Sector Focus Group</b>
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### Update

1. The AASB 17 TRG Public Sector Focus Group met on 28 February 2024. No other meetings are currently scheduled; however, it is expected a second meeting will be convened in the second half of 2024.
2. The February meeting considered:
  - (a) Scope – the schemes/entities that fall within AASB 17;
  - (b) Risk adjustments and skewed distributions;
  - (c) ‘Group’ versus ‘portfolio’;
  - (d) Government guarantees – latent and exercised
3. Issues that appear to have been recently attracting attention include:
  - (a) determining risk adjustments;
  - (b) the illiquidity premium to incorporate in discount rate(s);
  - (c) losses-occurring reinsurance contracts held and the accounting for loss recovery components; and
  - (d) entities with multiple lines, some of which may not be insurance contracts.

### Reminder

4. The public sector modifications included in AASB 17 by virtue of AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* include:
  - (a) pre-requisites, indicators and other considerations that need to be judged to identify arrangements that fall within the scope of AASB 17 in a public sector context;
  - (b) an exemption from sub-grouping onerous versus non-onerous contracts at initial recognition;
  - (c) an exemption from sub-grouping contracts issued no more than a year apart;
  - (d) an amendment to the initial recognition requirements so that they do not depend on when contracts become onerous;
  - (e) guidance on coverage periods in a public sector context, which has consequences for determining the cash flows used to measure insurance liabilities and the pattern of revenue recognition;
  - (f) an accounting policy choice to measure liabilities for remaining coverage applying the premium allocation approach; and
  - (g) a transition requirement grandfathering the existing classification of arrangements constituting a liability for settlement of claims incurred before the liability was acquired in a transfer as either a liability for incurred claims within the scope of AASB 17 or a provision within the scope of AASB 137.