



AASB 17 Transition Resource Group

Report to AASB June 2022

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This agenda item is to **inform** the AASB and NZASB about the activities of the AASB 17 Transition Resource Group over the year to June 2022. No decisions are being sought from the Boards



Australian Government

Australian Accounting Standards Board

BACKGROUND AND OBJECTIVE

- Formed in March 2018 – has met 19 times, four times in the last year
- Objective is to facilitate adoption of AASB 17/NZ IFRS 17 in Australia and New Zealand, including building an informal consensus on issues
- Members = approximately 30 stakeholders working in the industry as preparers, auditors, actuaries and users across Australia and New Zealand
- TRG was key in participating in the 2020 revision to IFRS 17 [based on ED 2019/4]
- Has a number of Focus Groups, generally aligned to specific industry sectors:
 - Private Health Insurance [PHI]
 - Public Sector
 - Variable Fee Approach
 - Medical Indemnity
- Many issues have ‘local’ flavour – e.g., impact of legislative restrictions on PHI



ACTIVITIES

- Any IFRS 17 issues brought to IFRIC – annuities, FX, etc.
- Private Health Insurance [PHI] Focus Group brought a range of topics to the TRG on which a broad general consensus was achieved
 - PHI issue of most relevance to the Board [in the context of the public sector insurance project] relates to eligibility to apply the simplified measurement model [premium allocation approach] to complying health insurance products, which are subject to a government–regulated pricing mechanism
- Medical Indemnity Focus Group brought their conclusions to the TRG on a range of topics relating to government schemes [e.g. High Cost Claims Scheme]

ACTIVITIES

- Public Sector Focus Group is providing input to ED 319
 - met on 2 May 2022
 - likely to meet again in July 2022
- The TRG considered technical papers on a range of other issues – those of most potential relevance to the Board [in the context of the public sector insurance project] relate to:
 - Insurance contracts acquired in a business combination
 - Accounting for government imposts



UPDATES

- TRG provides a forum for updates from other organisations engaged in AASB 17 implementation:
 - APRA AASB 17-related prudential reporting and capital regime changes – including quantitative impacts
 - Actuaries Institute AASB 17-related Working Groups on: Reinsurance, VFA and Friendly Societies
 - Insurance Council, particularly on ATO changes that might arise on adopting AASB 17
 - Accountants' and Actuaries' Liaison Committee



NEXT STEPS

- Plan to retain the TRG at least until key issues are broadly resolved
- A number of issues remain in the pipeline, potentially including:
 - Cyclone pool reinsurance [based on March 2022 legislation]
 - PHI COVID-19-related liabilities under AASB 17
 - Further work on government imposts
 - Discussion of IFRS Interpretations Committee Tentative Agenda Decisions relating to IFRS 17

