

Agenda paper 2: Scope of AASB 17 – public sector entities

This paper has been prepared for discussion purposes only.^{1 2}

Applying the pre-requisites, indicators and other considerations

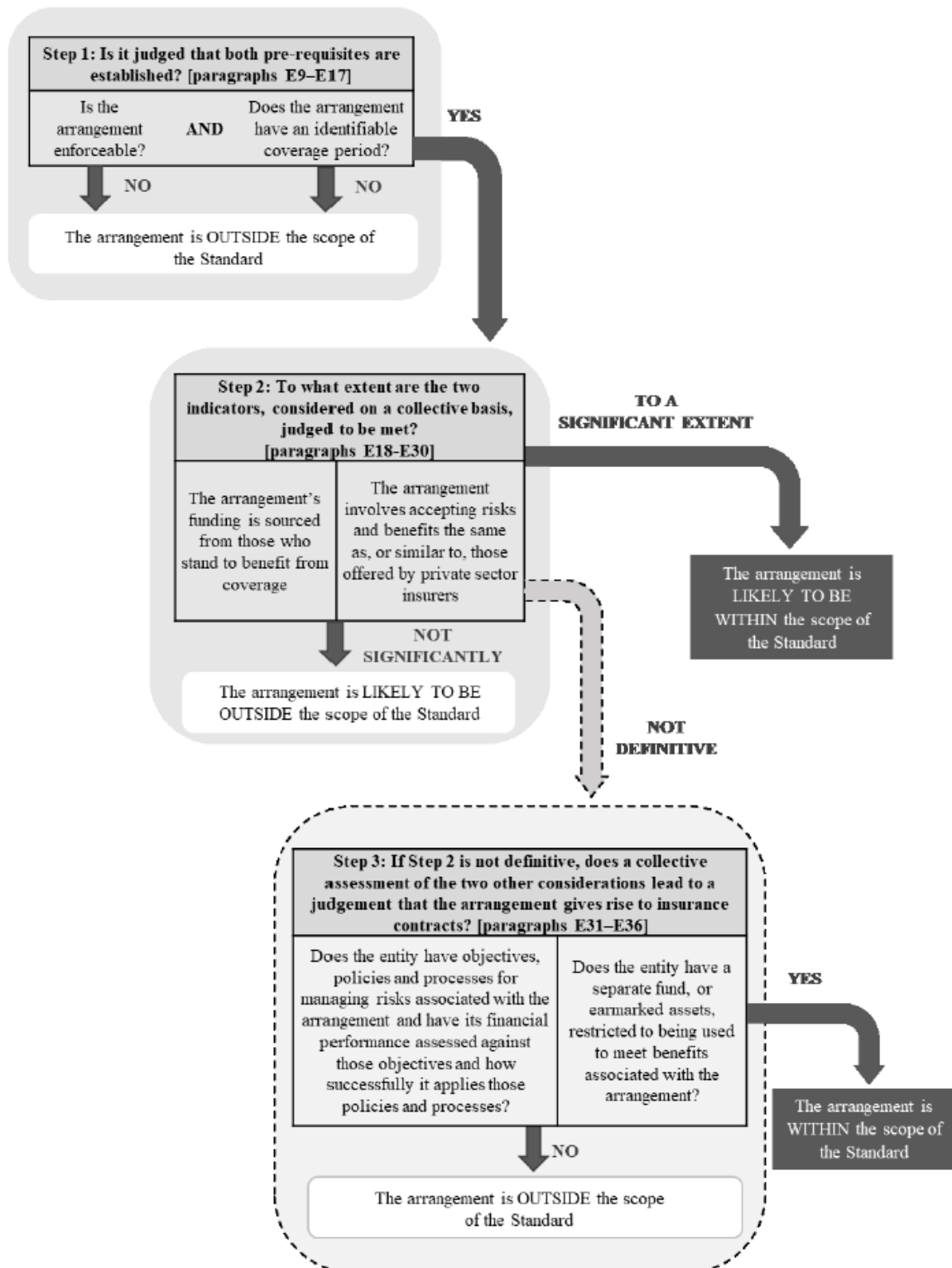
The following are extracts from Appendix E of AASB 17 (as modified by AASB 2022-9) relevant to determining whether transactions fall within the scope of AASB 17.

- E6 In accordance with paragraph Aus6.1, a public sector entity would need to consider whether AASB 17 applies to an arrangement if, and only if, both of the following pre-requisites are established:
- (a) the arrangement is enforceable – refer to guidance in paragraphs E9–E12; and
 - (b) the arrangement has an identifiable coverage period – refer to guidance in paragraphs E13–E17.
- E7 When both of the pre-requisites in paragraph E6 are established in respect of an arrangement, subject to paragraphs 8 and 8A an entity applies the following indicators on a collective basis to determine whether the arrangement gives rise to insurance contracts that fall within the scope of AASB 17:
- (a) the source and extent of funding – refer to guidance in paragraphs E18–E22; and
 - (b) the similarity of risks covered and benefits provided – refer to guidance in paragraphs E23–E30.
- E8 When applying the indicators in paragraph E7 does not definitively determine whether an arrangement gives rise to insurance contracts that fall within the scope of AASB 17, a public sector entity applies the following other considerations on a collective basis to determine whether the arrangement gives rise to insurance contracts that fall within the scope of AASB 17:
- (a) the management practices and assessment of financial performance applied – refer to guidance in paragraphs E31–E33; and
 - (b) the existence of a separate fund, or earmarked assets, that are restricted to being used to meet benefits – refer to guidance in paragraphs E34–E36.

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2 This paper references AASB 17 *Insurance Contracts* and AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*, but is intended to apply equally in the context of the New Zealand XRB's PBE IFRS 17 *Insurance Contracts* and XRB's *Insurance Contracts in the Public Sector (Amendments to PBE IFRS 17)*.

Appendix E: Diagram



Question – do you have any current concerns about determining which activities are within the scope of AASB 17?