



Cover Memo

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| Project: | Insurance Activities in the Public Sector | Meeting: | AASB November 2021 (M184) |
| Topic: | Working draft Exposure Draft | Agenda item: | AASB 5.1 |
| | | Date: | 26 October 2021 |
| Contacts: | Angus Thomson athomson@asb.gov.au Vanessa Sealy-Fisher vanessa.sealy-fisher@xrb.govt.nz Patricia Au pau@asb.gov.au | Project priority | Medium |
| | | Decision-making | High |
| | | Project status | Board deliberation |

Objectives of this agenda item

- The objectives of this agenda item are for the AASB and the NZASB to:
 - consider** a working draft Exposure Draft proposing the public-sector-specific modifications to AASB 17/PBE IFRS 17 agreed by the Boards at their meetings between April and September 2021; and
 - in relation to risk adjustments:
 - note** an interpretation issue on confidence levels; and
 - decide** whether to incorporate content in the Exposure Draft on the interpretation issue.
- The papers in this agenda item are being presented to the November 2021 AASB meeting and the December 2021 NZASB meeting.
- In respect of the working draft Exposure Draft (Agenda Paper 5.2), staff have not identified any specific questions for the Boards to answer. It is intended that the Boards consider the content of the working draft Exposure Draft on a page-by-page basis. With this in mind, **staff would be grateful for any feedback on the working draft Exposure Draft from members in advance of the meetings**, including any specific matters that you might wish to raise for Board discussion. (Please note this is not intended to preclude spontaneous debate that might occur in the course of the meetings on specific issues.)
- At this stage, it is planned that the Exposure Draft will be approved for issue at the Boards' February 2022 meetings.

Reasons for bringing this agenda item to the Boards

- At their February 2021 meetings, the AASB and the NZASB decided the key issues to be deliberated in this project.¹

¹ The AASB project summary is available [here](#).

6. The following table outlines:
- the Board meetings at which topics have been considered; and
 - other activities needed to progress the project.
7. There is no overall change to the timetable since the June 2021 meetings, except for the explicit addition of liaison with the Public Sector Focus Sub-Group of the AASB 17 Transition Resource Group, and the explicit addition of field testing among key stakeholders. The field testing is likely to focus largely on applying the proposed indicators for determining the types of arrangements that fall within the scope of AASB 17/PBE IFRS 17.

| Activity / Topic | AASB | NZASB |
|--|-----------------------|-----------------------|
| Scope: public sector activities to which AASB 17/PBE IFRS 17 should apply | April 2021 | April 2021 |
| Risk adjustment: relevance and measurement | April 2021 | May 2021 |
| Discounting/inflating: used to measure insurance liabilities | June 2021 | June 2021 |
| PAA eligibility: criteria for using 'simplified' measure of liabilities for remaining coverage | June 2021 | June 2021 |
| Captive insurers | Sept 2021 | Sept 2021 |
| Non-contract costs: classification | Sept 2021 | Sept 2021 |
| Unit of account (including onerous contracts) | Sept 2021 | Sept 2021 |
| Measuring Investments backing insurance liabilities | Sept 2021 | Sept 2021 |
| Targeted redeliberation on scope and risk adjustment | Sept 2021 | Sept 2021 |
| Agree content of Exposure Draft | Nov 2021 | Dec 2021 |
| Discussion with the Public Sector Focus Group | Dec 2021 | Dec 2021 |
| Field testing among key stakeholders | Commencing Nov 2021 | Commencing Nov 2021 |
| Issue Exposure Draft (probably with 60-day comment period, in view of other stakeholder outreach) | Planned March 2022 | Planned March 2022 |
| Consider feedback on ED and proposals for addressing issues raised | Planned June 2022 | Planned June 2022 |
| Address any sweep issues and agree on revised Standards | Planned July–Aug 2022 | Planned July–Aug 2022 |
| Issue revised Standards | Planned Sept 2022 | Planned Sept 2022 |

Papers for this agenda item

Agenda Paper 5.2: Working draft Exposure Draft *Proposed Amendments to AASB 17/PBE IFRS 17 Insurance Contracts*

Agenda Paper 5.3: Risk adjustment – alignment of confidence levels