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IFRS 17 Balance sheet presentation: Asset/Liability Issues Paper

Introduction

- 1 IFRS 17 requires separate presentation of groups of insurance contracts in an asset position and those in a liability position and prohibits the offsetting of groups of insurance contracts in an asset position with groups in a liability position.
- 2 Preparers were concerned that the presentation requirement in IFRS 17 would significantly increase implementation costs. Furthermore, users indicated that providing the same information on a portfolio basis would not significantly reduce the usefulness of the information.
- 3 The IASB tentatively decided at its December 2018 meeting to amend the requirements in IFRS 17 so that the presentation of insurance contract assets and liabilities in the statement of financial position is determined using portfolios of insurance contracts rather than groups of insurance contracts.

Summary of the EFRAG IAWG discussion – May 2019

- 4 This topic was discussed at the EFRAG IAWG meeting and everyone present agreed with the IASB's tentative decision.

Further written inputs from the EFRAG IAWG

	Number of preparers	Number of auditors	Independent	Total
Agreement with the IASB tentative decisions	2	2	1	5
Disagreement with the IASB tentative decisions/ Step in the right direction but not enough	1			1

- 5 The reasons for disagreeing with the IASB tentative decisions is that separate disclosures required for portfolios in an asset and liability positions which would result in operational challenges and will not be of significant use to users.

Summary of the EFRAG TEG discussion – May 2019

- 6 All EFRAG TEG members present (11), agreed with one member pointing out that given that most portfolios are likely to be in a liability position, therefore the outcome is unlikely to differ from considering this at an entity rather than portfolio basis.

Question for EFRAG Board and EFRAG TEG

- 7 Members are invited to note the views of EFRAG IAWG and TEG support the changes proposed by the IASB. Based on the technical discussions presented above, what are your comments and orientation at this stage of the process?