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## **IFRS 17 *Insurance Contracts* Project Update**

### **Objective**

- 1 The objective of this paper is to provide:
  - (a) An update on the progress in developing a draft endorsement advice for IFRS 17 *Insurance Contracts*; and
  - (b) The current project plan.

### **A. PROJECT UPDATE**

- 2 The following is a summary of progress since the meeting of the EFRAG Board on 30 May 2018.

### **Meetings**

#### *EFRAG IAWG*

- 3 At the EFRAG IAWG meeting on 7 June, members shared views on a draft of Appendix 2 of the draft endorsement advice (before the impact from the case studies is reflected).
- 4 The paper containing the preliminary results of the user outreach on IFRS 17 was not discussed due to lack of time. This will be included in the agenda for the meeting on 12 July.

#### *EFRAG TEG*

- 5 At the EFRAG TEG meeting on 14 June, members discussed:
  - (a) Drafts of Appendices 1 and 2 of the draft endorsement advice (before the impact from the case studies is reflected); and
  - (b) Quantitative information on the use of reinsurance.
- 6 The papers containing the preliminary results of the user outreach and a comparison between IFRS 17 and US GAAP were not discussed due to lack of time. This will be included in the agenda for the meeting on 25 July.

### **Activities**

#### *Full case study*

- 7 Eleven completed case studies have been submitted and are now being analysed. Meetings with participants will take place over the next couple of weeks to enable detailed discussion of the findings.

#### *Simplified case study*

- 8 51 responses were received, of which 49 have been included in the analysis. Two responses came from outside Europe and we could not establish any relation

between the respondents and a European insurer. A response submitted by a group of insurers has been counted as one participant.

- 9 The analysis is still in progress, but the following statistics are available:

Type of insurer	# of participants
Insurer	34
Reinsurer	3
Financial conglomerate	8
Mutual entity	3
Pension company	1
<b>Total</b>	<b>49</b>

- 10 Participants came from a broad range of European jurisdictions and reported in varying degrees of preparedness. Responses have been aggregated where a jurisdiction was represented by fewer than 3 respondents. The table below summarises the geographic spread of respondents and their stage of preparation for IFRS 17 implementation:

	No.	Impact analysis in progress	Impact analysis completed and preparing for implementation	Implementation in progress	Impact analysis and implementation in progress in parallel	No information
Belgium	3	1		1	1	
France	3	1	1	1		
Germany	3			3		
Italy	5	3	1	1		
Netherlands	6	2	2	1	1	
Rest of Eastern Europe *	3	2	1			
Rest of Western Europe **	7	5		1		1
Slovenia	9	5	2	2		
UK	10	2	8			
<b>Total</b>	<b>9</b>	<b>21</b>	<b>15</b>	<b>10</b>	<b>2</b>	<b>1</b>

\* Czech Republic and Lithuania

\*\* Austria, Denmark, Greece, Spain and Sweden

- 11 A detailed analysis will be presented at the August meeting of the EFRAG Board.

*User outreach*

- 12 EFRAG Secretariat conducted structured interviews with 27 users of financial statements. Of these, 22 specialised in insurance and 5 were generalists. They represented a number of European jurisdictions and considered insurance companies from a range of perspectives.

- 13 A detailed analysis will be presented at the August meeting of the EFRAG Board.

Other activities

- 14 Feedback from the economic consultant identifies that the project is on track.
- 15 EFRAG Secretariat continues to monitor the development of the European Parliament’s Motion for Resolution (MfR) on IFRS 17. The European Parliament is expected to vote on the final text of the MfR in the week commencing 2 July.

**Question for the EFRAG Board**

- 16 Does the EFRAG Board have any comments on this update?

**B. PROJECT PLAN**

- 17 The following charts provide a summary of the anticipated progress of the project.

Week Starting	July 2018				
	2	9	16	23	30
<b>Case study</b>	BRD TEG	IAWG		TEG	
Insurers prepare					
Review of results					
Simplified case study	Review of results				
<b>Studies</b>					
Economic study					
IFRS 17/ Solvency II					
<b>DEA</b>					
Draft DEA					

Week starting	Aug 2018				Sep 2018			
	6	13	20	27	3	10	17	24
<b>Studies</b>	TEG IAWG		BRD		BRD TEG		BRD IAWG	TEG
Economic study					Final		Present	
<b>DEA</b>								
Draft DEA								
Consult								

Week Starting	Oct 2018					Nov 2018				Dec 2018				
	1	8	15	22	29	5	12	19	26	3	10	17	24	31
<b>DEA</b>		IAWG	BRD			IAWG		BRD	TEG	BRD CC IAWG		BRD TEG		
Consult														
<b>FEA</b>														

**Question for the EFRAG Board**

18 Does the EFRAG Board have any comments on the project plan?