

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG Board or EFRAG TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Board, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

December IASB's tentative decisions on IFRS 17 Insurance Contracts

1 Below are the December 2018 IASB tentative decisions on IFRS 17 *Insurance Contracts* as reported in the December 2018 IASB Update:

“The Board held an education session on 11 December 2018 to discuss the treatment of future cash flows in the measurement of reinsurance contracts held in IFRS 17 Insurance Contracts. The Board was not asked to make any decisions.

The Board met on 13 December 2018 to continue its discussions on IFRS 17.

The Board tentatively decided 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.

Thirteen of 14 Board members agreed and one disagreed with this decision.

The Board tentatively decided not to amend the requirements in IFRS 17 relating to the following topics:

- the presentation and measurement of premiums receivable and claims payable. All 14 Board members agreed with this decision.*
- the discount rates used to determine the adjustments to the contractual service margin. All 14 Board members agreed with this decision.*
- the risk adjustment for non-financial risk in consolidated financial statements. Thirteen of 14 Board members agreed and one disagreed with this decision.*
- the principle-based approach to determining the discount rates used to measure insurance contracts, or to limit the number of risk adjustment techniques an entity can use. All 14 Board members agreed with this decision.*
- the option to present specified amounts of insurance finance income or expenses in profit or loss or other comprehensive income. Thirteen of 14 Board members agreed and one disagreed with this decision.*
- the definition of an insurance contract with direct participation features. All 14 Board members agreed with this decision.*
- non-transitional requirements relating to risk mitigation activities. All 14 Board members agreed with this decision.*

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- *the classification, applying IFRS 17 and IFRS 3 Business Combinations, of contracts acquired in a business combination as insurance contracts. All 14 Board members agreed with this decision.*
- *the determination of the insured event for insurance contracts acquired in a business combination. Thirteen of 14 Board members agreed and one disagreed with this decision.*
- *future cash flows in the measurement of reinsurance contracts held. All 14 Board members agreed with this decision.*
- *the treatment of accounting estimates in interim financial statements. All 14 Board members agreed with this decision.*

The Board will discuss the prohibition of retrospective application of the risk mitigation option at a future meeting. No decision was made in this meeting.

Next steps

At future Board meetings the Board will consider the remaining topics discussed in Agenda Paper 2D Concerns and implementation challenges for the October 2018 Board meeting. After the Board has considered all individual topics, the Board plans to consider the package of amendments as a whole, before concluding whether the benefits of making the amendments outweigh the costs.”