



Financial Reporting Advisory Board Paper

IFRS 17 *Insurance Contracts* – Progress update

Issue:	This paper provides the Board with a progress update on the project to adapt / adopt IFRS 17 for the UK public sector.
Impact on guidance:	None at this stage. Application guidance and changes for the draft 2022-23 FReM will be published late in 2021.
IAS/IFRS adaptation or interpretations?	This will be revisited in a later paper to the Board. IFRS 4 and related interpretations currently applies without public sector adaptation or interpretation.
Impact on WGA?	None at this stage but the changes in the FReM will affect WGA.
IPSAS compliant?	IPSASB is not planning to develop an IPSAS on insurance contracts in the public sector.
Impact on budgetary regime?	Not yet known.
Alignment with National Accounts (ESA10)?	Not yet known.
Impact on Estimates?	Not yet known.
Recommendation:	HM Treasury ask the Board to note the progress made, and to provide any comments on the issues identified.
Timing:	No changes are expected to be made to the FReM until the 2022-23 financial year.

4 April 2019

DETAIL

Background

1. The International Accounting Standards Board (IASB) has issued IFRS 17 *Insurance Contracts*, which replaces IFRS 4 Insurance Contracts and is expected to be effective for accounting periods beginning on or after 1 January 2022, following an IASB decision to defer the effective date by one year.
2. As agreed by the Board at the November 2018 meeting (FRAB 132), the planned timetable for implementation of IFRS 17 in the public sector is the 2022-23 financial year. The agreed workplan forms Annex A to this paper.

Progress

3. HM Treasury has put together a technical working group, as set out in Annex B, comprising Relevant Authorities, technical experts, and representatives of departments.
4. An initial meeting of the IFRS 17 technical working group was held in February 2019. Members shared their perspectives on IFRS 17 and their chief concerns, and agreed terms of reference and next steps in line with the existing workplan.
5. As anticipated, the group agreed that the most immediate concern is to determine the scope of IFRS 17, to inform thinking about the impact of the standard.
6. A second concern is timing. Private sector insurance companies are already working on IFRS 17 implementation, but some departments may not yet be aware that IFRS 17 affects them.
7. The IASB expect to publish an exposure draft proposing a 1-year deferral of IFRS 17 around the end of June. HM Treasury is working on the assumption that this will be approved.

Next steps

8. The next working group will continue to meet regularly with the next meeting, in late April / early May, focusing on outlining the scope of IFRS 17 in the public sector.
9. A further update will be brought to FRAB in June 2019, and an exposure draft of guidance for the implementation of IFRS 17 will follow by March 2020.
10. HMT will continue to monitor the situation regarding the 1-year deferral, and can accelerate the process if necessary.

Recommendation

11. HM Treasury ask the Board to note the progress made, and to provide any comments on the issues identified.

HM Treasury
4 April 2019

4 April 2019

Annex A: IFRS 17 Work Plan

Date	Activities
March 2018	FRAB Paper – Initial review
November 2018	FRAB Paper – Overview of Standard and Work Plan
March 2019 – March 2020	Technical Working Groups to work through the Standard and understand the application and risk profile across the public sector, as well as potential adaptations and interpretations
June 2019	FRAB Paper - updates on technical working groups, potential areas for interpretation/adaptation and informal consultation
March 2020	FRAB – Exposure Draft and Application Guidance for approval for consultation
April – September 2020	Exposure Draft Consultation
October/November 2020	Exposure Draft Responses
November 2020	FRAB meeting to consider adoption of the standard based on the exposure draft and response
December 2020 – November 2021	Publish FReM extract and Application Guidance; or further opportunity to consider any FReM changes
March & June 2021	FRAB meetings for further consideration if needed
November 2021	FRAB approve 2022-23 FReM
December 2021	Publish 2022-23 FReM
April 2022	UK public sector implementation of IFRS 17

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Annex B - IFRS 17 Technical Working Group Participants

Relevant Authorities

Gareth Davies	CIPFA
Ruth Ward	HM Treasury
Steven Wareing	DHSC
Kim Jenkins	Welsh Government
*Aileen Wright	Scottish Government

All papers will be copied to the Northern Irish Government.

External technical expert

Andrea Pryde	IFRS Foundation
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Other participants

Nick Clitheroe	GAD
Elizabeth Dobson	DfT
Peter Drummond	HMRC
Andrew Firth	BEIS
Adam Golding	FloodRe
Chris Steiger	DfE
*Mohammed Swaleh	UK Export Finance

*Some individual members may swap in with colleagues over the course of this project.