



IFRS Alert

IASB provides transition option to insurers applying IFRS 17

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Executive Summary

The International Accounting Standards Board (IASB) has released a narrow-scope amendment to the transition requirements in IFRS 17 'Insurance Contracts', providing insurers with an option aimed at improving the usefulness of information to investors on initial application of the new Standard.

The Amendment

The IASB has issued a narrow-scope amendment to IFRS 17 which is applicable on transition to the new Standard. However, it does not impact any other requirements of IFRS 17.

IFRS 17 and IFRS 9 'Financial Instruments' have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time.

The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It will do this by providing insurers with an option for the presentation of comparative information about financial assets.

This amendment has the same effective date of the new Standard, which is effective for annual reporting periods starting on or after 1 January 2023.



Our thoughts

Overall, we believe this amendment will be useful when transitioning to IFRS 17, and therefore we welcome this amendment.

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