

27 September 2021

Andreas Barckow
Chair
International Accounting Standards Board
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Dear Dr Barckow,

AOSSG comments on IASB Exposure Draft Amendments to IFRS 17

The Asian-Oceanian Standard-Setters Group (AOSSG) would like to express its views on the proposed amendments to IFRS 17.

The AOSSG currently has 27 member standard-setters from the Asian-Oceanian region: Australia, Bangladesh, Brunei, Cambodia, China, Dubai, Hong Kong, India, Indonesia, Iraq, Japan, Kazakhstan, Korea, Macao, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Philippines, Saudi Arabia, Singapore, Sri Lanka, Syria, Thailand, Uzbekistan and Vietnam.

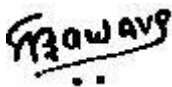
To the extent feasible, this submission to the IASB reflects in broad terms the collective views of AOSSG members. Please note that the level of concerns from each AOSSG member jurisdiction varies, which reflects the extent of IFRS applied in our region.

We received comments from five member jurisdictions; Malaysia, Hong Kong, China, Korea and Saudi. The attached appendix provides responses to the question in the ED.

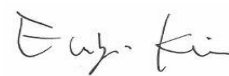
AOSSG highly appreciates the IASB's significant efforts in proposing the amendment to IFRS 17. AOSSG hopes that AOSSG's feedback is taken into account to reach a constructive solution.

If you have any questions regarding this submission, please contact either one of us.

Yours sincerely,



Shiwaji Bhikaji Zaware
Chair of the AOSSG



Eui-Hyung Kim
Leader of the AOSSG Insurance Working Group

Question

Do you agree with the proposed amendment in this Exposure Draft? Why or why not?

If not, what alternative do you propose and why?

All members generally support the proposed classification overlay in the Exposure Draft. This Exposure Draft will resolve accounting mismatches in comparative information that occur when an entity first applies IFRS 17 and IFRS 9 at the same time. It will also improve the usefulness of comparative information, without unnecessarily disrupting the implementation of IFRS 9 and IFRS 17.

However, we have some suggestions for the Exposure Draft.

- **Extend the scope to cover all financial assets**

Most members suggest extending the scope to cover all financial assets rather than only those connected with insurance activities, particularly when the entity business is predominantly connected with insurance contracts. This would ease the operational difficulty of identifying in-scope financial assets and facilitate comparable and consistent presentation of all financial assets.

- **Clarify the application of the IFRS 9 impairment model**

Some members propose to clarify the following regarding the application of the IFRS 9 impairment requirements:

- Under the overlay approach, whether the IFRS 9 impairment model is optional or prohibited
- If the IFRS 9 impairment model is not applied, should the IAS 39 incurred loss model be applied?
- Whether the application of the IFRS 9 impairment model can be selected for an instrument-by-instrument basis or entity-level accounting policy

- **Improvement of disclosure requirements**

Some members suggest improving disclosure requirements for classification overlay to provide useful information to users. For example, it may be necessary to disclose changes in opening retained earnings on the date of transition to IFRS 17 and to which financial assets the classification overlay is applied.

- **Redeliberate optional on an instrument-by-instrument basis**

One member raises a concern on the optional application of the classification overlay on an instrument-by-instrument basis. According to the member's experience, entities that apply the First-time Adoption of International Financial Reporting Standards may choose to apply the "deemed cost" option selectively to achieve an opportunistic outcome. This same situation may also happen when applying the proposed amendment to IFRS 17. The assessment whether, for a particular financial asset, the benefits of applying the proposed amendment outweigh the costs is highly judgmental. Therefore, the member suggests that the Board may redeliberate the issue when finalising the amendment to make sure whether the risk of achieving an opportunistic outcome is mitigated.

Meanwhile, one member suggests to provide more detailed guidance and illustrative examples on the application of the classification overlay, including guidance for entities with transition dates earlier than the insurance date of the amendment.