

**TERMS OF REFERENCE
HKFRS 17 *Insurance Contracts*
Implementation Support Group**

Establishment of an Insurance Implementation Support Group

1. HKFRS 17 *Insurance Contracts*, effective on 1 January 2021, represents a fundamental change to existing practice for most entities issuing insurance contracts and is therefore expected to require significant implementation effort.
2. In view of the magnitude of the change, the Institute's Financial Reporting Standards Committee (FRSC) decided to form a Hong Kong Insurance Implementation Support Group (HKIISG) to support stakeholder implementation of HKFRS 17.

Objectives and scope of activities

3. The objectives of the HKIISG are to:
 - a) solicit, analyse, and discuss stakeholder questions raised regarding implementation of HKFRS 17;
 - b) provide a forum for stakeholders to follow the discussion of questions raised;
 - c) identify implementation issues which need to be brought to the attention of the IASB's Transition Resource Group on IFRS 17 *Insurance Contracts*;
 - d) identify areas of focus for educational activities; and
 - e) provide recommendations for the FRSC to consider, which may include submitting a question to the IFRS Interpretations Committee or writing to the IASB.
4. The scope of HKIISG meeting discussions will be limited to stakeholder questions raised on implementation of HKFRS 17.
5. The HKIISG will not be expected to discuss questions that are solely actuarial in nature.
6. The HKIISG has no authority. No decisions, interpretation or guidance will be issued by the HKIISG.

Role and expectations of HKIISG members

7. Members of the HKIISG should:
 - a) have practical and direct knowledge of the ongoing implementation of HKFRS 17;
 - b) be capable of sharing their views on the questions submitted;
 - c) be capable of considering different perspectives and have an ability to participate in a free exchange of ideas; and
 - d) have expertise in a broad spread of insurance product types.

Composition and Membership of HKIISG

8. Membership is by organisation. Member organisations nominate representatives that meet the criteria in paragraph 7 to participate at meetings.
9. Membership may be limited to a maximum of 10 to ensure effective discussion and debate. Membership of the HKIISG may be subject to review at any time.
10. Hong Kong representatives that are members of the IASB's TRG for IFRS 17 *Insurance Contracts* will automatically have a seat on the HKIISG.
11. As the focus is on accounting implementation questions, priority will be given to organizations that issue insurance contracts or are auditors/consultants of the insurance industry. Consequently, not every applicant will be invited to join the group.

12. There are a limited number of observer seats available for those who need to be aware of HKFRS 17 implementation. Observers must register to attend the meetings. Registrations are on a first come-first served basis. [Amended on 27 February 2018]

Operating Procedures

13. Questions may be submitted by those implementing the new standard. The questions must meet the following criteria:
 - a) must be focussed on, or arise from, implementing HKFRS 17; and
 - b) may result in possible diversity in practice.[Amended on 23 February 2018]
14. Questions not focused on the implementation of HKFRS 17, for example, implementation of other standards in parallel with HKFRS 17; will be referred to the HKICPA's Insurance Regulatory Advisory Panel (IRAP), which deals with all insurance related matters.
15. A submission should detail what the question is, background to the question, and why they are asking it. For example, does the question arise because: it is unclear how to apply a specific requirement in the standard; there is an inconsistency within the standard or with other HKFRS standards; or there is an operational impracticality; etc.
16. FRSC is the convener of HKIISG meetings. All questions submitted will be evaluated against the submission criteria, and referred to IRAP or HKIISG. Relevant questions will be circulated to HKIISG in advance of each meeting.
17. HKIISG members will share their views on each submission at the meetings.
18. HKIISG members are expected to analyse and evaluate each submission to determine whether an issue needs to be brought to the attention of the IASB's TRG, or needs to be included as an area of focus for education activities and seminars.
19. A log of all submissions and their resulting outcome will be maintained. Meeting summaries of the discussions held will also be prepared. Relevant information will be made available on HKICPA website for educational reference. [Amended 23 February 2018]
20. Meetings will be scheduled to take into account the need to allow for an initial period for interested parties to become familiar with the Standard and submit questions, and for a period of stability prior to the mandatory effective date of HKFRS 17.
21. HKIISG meetings may be scheduled both before and after the IASB's TRG meetings, so that members have the opportunity to consider the issues and the outcomes of the TRG meetings, as well as decide if any follow up action is necessary.
22. Members shall serve on a voluntary, unpaid basis.
23. Similar to the IASB's TRG, the HKIISG will have a limited life (for example, 18 months) during the transition period to allow a period of calm for insurers to focus on full implementation. It is therefore essential for implementation issues to be raised early in the transition period.

Conflicts of Interest

24. If a member of the HKIISG believes he/she may have a conflict of interest regarding a matter they are consulted on, the member should inform FRSC, who will determine the future participation of the member about that matter.

**Hong Kong Insurance Implementation Support Group:
Illustration of Operating Procedures**

