



Meeting Summary
Insurance Advisory Panel (IAP)
22 June 2022

Attendance

HKICPA representatives

Gary Stevenson, Financial Reporting Standards Committee (FRSC)

Cecilia Kwei, Director, Standard Setting

Carrie Lau, Associate Director, Standard Setting

IAP members and designees

Sam Ho, AIA Group Limited

Sally Wang, Dajia Insurance Group

Kevin Wong, FWD Life Insurance Company (Bermuda) Limited

George Lau, FWD Life Insurance Company (Bermuda) Limited

Qiaohan Zhao (representing Wenhao Zhao), Ping An Insurance (Group)

Evan Cheung, Prudential Hong Kong Limited

Francesco Nagari, Deloitte Hong Kong

Liza Gonzalo, Deloitte Hong Kong

Erik Bleekrode, KPMG China

Ian Farrar, PwC Hong Kong

Jason Li, PwC Hong Kong

Apologies

Chris Hancorn, AIA Group Limited

Ronnie Ng, China Overseas Insurance Limited

Alexander Wong, HSBC Life

Edmond Mok, Manulife Financial Asia Limited

Peter Telders, EY Hong Kong

Steve Cheung, EY Hong Kong

David Kwok, KPMG Hong Kong

Maggie Li, Prudential Hong Kong Limited

Discussion objectives:

Readers are reminded that the objective of the IAP is not to form a group consensus or decision on how to apply the requirements of HKFRS/IFRS 17 *Insurance Contracts*. The purpose of IAP is to share views on questions raised by stakeholders on the implementation of HKFRS 17. Refer to IAP [terms of reference](#).

The meeting summaries of IAP discussions are solely to provide a forum for stakeholders to follow the discussion of questions raised. Stakeholders may reference IAP member views when reconsidering their own implementation questions—but should note that the meeting summaries do not form any interpretation or guidance of HKFRS/IFRS 17.



1. Local submission: Treatment under HKFRS 17 of the Premium-Based Profit Tax (PBPT) applicable to life insurance entities authorized to issue life insurance contracts in Hong Kong

This summary should be read in conjunction with the local submission ([Paper 2](#)). The Paper discusses whether the PBPT should be included in the fulfilment cash flows of a group of insurance contracts under HKFRS 17 when the PBPT is judged to be outside the scope of HKAS 12. The arguments to support View 1 (i.e. PBPT is part of fulfilment cash flows) and View 2 (i.e. PBPT is not part of fulfilment cash flows) are set out in the Paper.

The submitter observed that there is a potential third view in the market that both View 1 and View 2 are acceptable as an accounting policy choice. He noted that while there is diversity of views in the market, he would personally not consider this third view to be appropriate.

Two attendees from audit firms were in View 1 because they believed that when an entity has judged that the PBPT is outside the scope of HKAS 12, it is more logical to conclude that the PBPT is akin to a transaction-based tax such as the one referred to in HKFRS 17.B65(i). On the other hand, two attendees from insurance companies disagreed with the premise in the paper that the PBPT is outside the scope of HKAS 12 and hence found the question irrelevant.

2. To discuss the potential impact of the two IFRS 17 agenda items tabled at IFRS Interpretation Committee (IC)'s 15 June 2022 meeting on the adoption of HKFRS 17 in Hong Kong

- (a) [Multi-currency Groups of Insurance Contracts \(IFRS 17 and IAS 21\)](#) (which was previously discussed in HKIISG meeting in [June 2021](#))
- (b) [Transfer of Insurance Coverage under a Group of Annuity Contracts](#)

A few attendees exchanged their views on the implications of the above two [\(tentative\) agenda decisions made by IFRS IC on 15 June 2022](#) on the Hong Kong market.