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Updates on HKFRS/IFRS 17 Insurance Contracts from the Standard Setting Department of the Hong Kong Institute of Certified Public Accountants (25 May 2021)

Dear HKICPA insurance subscribers,

Institute educational guidance on contractual service margin under HKFRS/IFRS 17

The Institute has published [educational guidance](#) on the recognition of the contractual service margin in profit or loss under HKFRS/IFRS 17. In particular, it focuses on the identification of coverage units and the determination of the relative weighting of the benefits provided for insurance contracts that provide multiple services.

The guidance is designed to provide preparers with a summary of relevant requirements and principles in HKFRS/IFRS 17, and to illustrate the potential application of those requirements. The guidance begins by providing an explanation of the relevant requirements in HKFRS 17 and related discussions of the IASB's Transition Resource Group for IFRS 17. It then introduces the fact patterns for two illustrative examples, and provides a number of various potential solutions for each example. In doing so, it illustrates the potential application of those requirements to specific and simplified scenarios.

Training and other resources on HKFRS/IFRS 17

Resources and educational materials may be found on the Institute's Insurance [webpage](#). Additionally, the IASB's [implementation support webpage](#) contains a series of educational webcasts and webinars on the requirements of the Standard. The IASB also published [regular podcasts](#) covering decisions made during the Amendments to IFRS 17 project. The Institute, in collaboration with KPMG, also offers an [e-course](#) covering technical topics on IFRS 17. The course consists of multiple interactive modules to allow flexible learning. Institute members can register at preferential rates using a discount code in the members' area of the Institute's webpage.

The Institute will be hosting a webinar on [July 9](#) which aims to provide participants with practical knowledge of HKFRS 17 *Insurance Contracts* for non-life insurers, and interested parties may sign up for the webinar **on or before June 30**. The webinar will begin with a refresher of the standard, followed by a walkthrough on how to apply it, with illustrative examples of the following areas:

- Eligibility assessment for premium allocation approach
- Contract boundary
- Grouping of insurance contracts and level of aggregation, and
- Reinsurance contracts

Hong Kong Insurance Implementation Support Group (HKIISG) update

The HKIISG continues to meet regularly to discuss implementation issues related to HKFRS/IFRS 17. [Meeting dates in 2021](#) have been posted on the HKICPA website, with the last meeting held in [April 2021 with one submission](#).

Stakeholders interested in HKFRS 17 implementation are invited to:

- register as an observer to attend a meeting;
- submit an implementation question; and/or
- follow meeting outcomes (via agenda papers, meeting summaries, and the submission log, with links below).

[Agenda papers and meeting summaries for all HKIISG meetings](#), [information how to register as an observer](#), and [details on how to submit an implementation question](#) may be found on our websites.

EFRAG endorsement advice

The European Financial Reporting Advisory Group (EFRAG) finalized its due process around IFRS 17 and submitted its [Final Endorsement Advice](#) on IFRS 17 *Insurance Contracts* including the June 2020 Amendments on March 31. The final endorsement advice provides conclusions on a number of specific issues that the European Commission and/or the European Parliament considered in their request for endorsement of IFRS 17. More information on EFRAG's IFRS 17 project is available at its [website](#).

Conclusion

If you have colleagues or peers that would like to receive these updates, please ask them to subscribe by e-mailing insurance@hki CPA.org.hk. Past newsletters are available [here](#).

Also visit the Standard Setting Department's recently launched "[What's new](#)" webpage for latest publications, webcasts, and comment letters and follow the department on [LinkedIn](#) to keep up to date with upcoming activities and training.

Warm regards,

Standard Setting Department
Hong Kong Institute of Certified Public Accountants



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