

Jenny Ng

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**Subject:** FW: Invitation to comment on the ED Amendments to IFRS 17

**From:** Carrie MF Yip <[carrie.mf.yip@prudential.com.hk](mailto:carrie.mf.yip@prudential.com.hk)>

**Sent:** Monday, August 19, 2019 6:48 PM

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Hi Tiernan,

On behalf of PHKL, I would like to share with you our comments on the Exposure Draft as below (and attached file),

1. **VFA Eligibility:** VFA eligibility assessment has changed from "group of contracts" to "insurance contract" (para B107). We **do not agree** with such change and would like to raise to IASB since (i) this would disrupt the implementation under way and against the objectives for Exposure Draft; (ii) this can also be considered as changing some of the fundamental principles of the Standard and the usefulness of such information is deemed to be minimal; (iii) para 24 allows an entity to estimate the fulfilment cash flows at a higher level of aggregation than the group or portfolio; (iv) measurement model should be considered at high level to reflect the similarity of the risk and the fact that they are managed together.
2. **Discount rate for the Impairment Test for the Assets for Insurance Acquisition Cash Flows:** The wording of the Exposure Draft is unclear if there is a need to make reference to initial recognition. We believe that it is more appropriate to assess the impairment test using the information as at the **date of impairment test**. Thus, we would like IASB to clarify the basis of the discount rate to be used for the impairment test in subsequent measurement.
3. **Definition of Reinsurance held that provides Proportionate Coverage:** We would suggest IASB to clarify the wording and the original intended scope for "reinsurance contract that provides proportionate coverage". If the intended scope for "reinsurance contract that provides proportionate coverage" is to cover a wider scope, we would propose the wording to be rephrased and made reference to "a fixed percentage of ceded claims incurred on groups of underlying insurance contracts".

We are happy to walkthrough you in more detail in tomorrow meeting. Please let us know if you have any questions.

Regards,  
Carrie Yip

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