

Meeting Summary
Insurance Advisory Panel (HKIAP)
13 October 2022

Attendance

HKICPA representatives

Gary Stevenson, Financial Reporting Standards Committee (FRSC)
Cecilia Kwei, Director, Standard Setting
Carrie Lau, Associate Director, Standard Setting
Kennis Lee, Associate Director, Standard Setting

IAP members and designees

Sam Ho, AIA Group Limited
Kevin Wong, FWD Life Insurance Company (Bermuda) Limited
Wenhao Zhao, Ping An Insurance (Group)
Evan Cheung, Prudential Hong Kong Limited
Francesco Nagari, Deloitte Hong Kong
Liza Gonzalo, Deloitte Hong Kong
Peter Telders, EY Hong Kong
Steve Cheung, EY Hong Kong
David Kwok, KPMG Hong Kong
Ian Farrar, PwC Hong Kong
Jason Li, PwC Hong Kong

Apologies

Chris Hancorn, AIA Group Limited
Ronnie Ng, China Overseas Insurance Limited
Sally Wang, Dajia Insurance Group
George Lau, FWD Life Insurance Company (Bermuda) Limited
Alexander Wong, HSBC Life
Edmond Mok, Manulife Financial Asia Limited
Maggie Li, Prudential Hong Kong Limited
Erik Bleekrode, KPMG China

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. Submission 1: Presentation of an insurer's income statement when IFRS 17 becomes effective

This summary should be read in conjunction with the local submission ([Paper 1](#)). The Paper discusses whether it is acceptable to not present insurance service result as a line item in the income statement following the adoption of IFRS 17.

One attendee from an audit firm was in View 1. He opined that, based on his reading of IFRS 17.80, an entity shall separately present the insurance service result sub-total in the income statement. Another attendee from an audit firm shared the same view and considered that disclosing the insurance service result only in the notes may not be in line with the spirit of IFRS 17.

The submitter, another two attendees (one preparer and one from an audit firm) considered that it was hard to preclude View 2. Their grounds were that neither IAS 1.82 nor IFRS 17.80 explicitly requires an entity to present the insurance service result as a separate sub-total in the income statement. One of them added that an entity should apply judgement in applying IAS 1.85 when determining what items should be presented as a sub-total (such as insurance service result) in the income statement.

[Post meeting note: Subsequent to the meeting, an attendee (a preparer) expressed his support for View 2 by email.]

2. Submission 2: Other payments to policyholders in insurance contracts with short-term contract boundary

This summary should be read in conjunction with the local submission ([Paper 2](#)). The Paper discusses how the two types of 'other payments to policyholders' as referred to in the Paper be considered in determination of the fulfilment cash flows of each accounting contract.

The question is based on the assumption that the insurance contracts to which the two types of other payments to policyholders relate have a short-term contract boundary. An attendee from an audit firm considered that the question would be valid only on the premise that the contract boundary assessment was based on IFRS 17.34(a) and not on IFRS 17.34(b). On this premise he would support View 2.

The submitter, two attendees from audit firms and two preparers were in View 2 for similar reasons as described in the Paper. One of them commented that, whether Type 2 payment (e.g. no claims bonus) should be treated as a reduction of premiums for the new accounting contract as now written in the Paper, also depends on specific facts patterns.

3. No AOB were raised.