



19 October 2020

Dear Sir/Madam

Amendments to HKFRS 17 *Insurance Contracts*

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) has endorsed the Amendments to IFRS 17 *Insurance Contracts* issued by the International Accounting Standards Board (IASB). In accordance with the Institute's convergence policy with International Financial Reporting Standards, this endorsement constitutes an adoption of equivalent Amendments to HKFRS 17.

When the FRSC issued HKFRS 17 in January 2018, it did so fully converged with IFRS 17 including the same effective date. However, the FRSC also acknowledged that HKFRS 17 brings about major changes, and that upon issuance there were stakeholders' concerns about the effective date (which at the time was 1 January 2021). This information was shared with Hong Kong authorized insurers in a letter sent by the Institute in January 2018.¹

As such, the Institute noted in its letter that it would undertake ongoing monitoring and assessment of international and Hong Kong developments and challenges, in order to be able to objectively consider how to respond.

The FRSC has upheld its commitment to monitoring and assessment through a robust standard-setting process concerning the amendments to IFRS 17, which has fully complied with the Institute's due process for issuing a Hong Kong Financial Reporting Standard. Some of the activities taken in this regard have included:

- *Multiple meetings with the Hong Kong Insurance Implementation Support Group (HKIISG).* The HKIISG, which held its first meeting in 2018, provides a forum for members to raise and discuss implementation questions on HKFRS 17, and for the Institute to source local comments to provide to the IASB. FRSC members chaired these meetings on a rotating basis.
- *Continued cooperation with the Insurance Authority and Hong Kong Federation of Insurers.* The Institute has held meetings with both organizations to foster mutual understanding of relevant HKFRS 17 issues, including implementation status and effective date.
- *Careful monitoring of global developments.* The Institute has closely liaised with national and international standard setters and standard setting bodies such as the

¹ <https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Major-projects/Insurance-contract>

Asian-Oceanian Standard-Setters Group. In doing so, the Institute has specially analysed international endorsement considerations through surveys of Asia Pacific standard setters and engagement with standard setters in jurisdictions such as the European Union, Canada and Australia.

A brief overview of the Institute's due process activities is also located in Appendix 1. Please feel free to contact us should you have any questions regarding issuance of the *Amendments to HKFRS 17*.

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Sincerely,



Ernest Lee

Chairman, Financial Reporting Standards Committee, Hong Kong Institute of Certified Public Accountants

Appendix 1: Overview of Institute due process activities prior to issuing Amendments to HKFRS 17

The FRSC is tasked to develop Hong Kong Financial Reporting Standards through a due process outlined in the *Preface to Hong Kong Financial Reporting Standards*, which the FRSC has followed with regard to the Amendments to HKFRS 17.² The following points, which represent a generalized summary of activities, include both stipulated due process and additional initiatives undertaken by the FRSC.

The FRSC has closely monitored the Amendments to HKFRS 17 project since prior to the publication of IASB Exposure Draft *Amendments to IFRS 17*. Over the course of the project since the IASB's publication in 2019, the FRSC held eight formal meetings that included detailed discussions on various aspects of the amendments.

The FRSC conducted public consultation and issued an Invitation to Comment on the *Amendments to IFRS 17* in June 2019. This corresponded to the IASB's invitation to comment issued in June 2019. Following public consultation, the FRSC considered comments and feedback received, which were incorporated into the Institute's comment letter to the IASB. Subsequently, the Institute responded to the IASB on the *Amendments to IFRS 17* in September 2019.

The Institute hosted industry roundtables, a town hall, global discussion forum, and investor sessions in June and July 2019. The Institute also hosted multiple training seminars and workshops on HKFRS 17. The Institute has maintained a dialogue with the Asia-Oceania Standard Setters Group and other standard setters such as the Canadian Accounting Standards Board and European Financial Reporting Advisory Group (EFRAG) regarding relevant issues, and has maintained ongoing dialogue and cooperation with the Insurance Authority and Hong Kong Federation of Insurers to understand and respond to relevant issues. The Institute co-led a survey done by the Asia Oceania Standard Setters Group on endorsement plans and engaged with other standard-setters including the EFRAG to discuss the endorsement process in the European Union.

The Institute has worked with the IASB and other national accounting standard setters to address key issues relating to IFRS 17. The Institute discussed all IASB agenda papers on the *Amendments to IFRS 17* with the Hong Kong Insurance Implementation Support Group, which has held multiple meetings since the publication of the amendments. The Institute concurrently liaised with IASB staff during redeliberation on the amendments to share local

² <https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Members-Handbook-and-Due-Process/HandBook>

feedback and key issues. The Institute also participated in a fatal flaw review of the IASB staff draft of the amendments to IFRS 17. The Institute's FRSC was briefed on the contents of *Amendments to IFRS 17* on multiple occasions, which included consideration of the changes and feedback received.