

## **AASB 17 Updates to the Institute's Professional Practice Documents**

### **Explanatory Memorandum**

**January 2023**

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#### **1. About this Explanatory Memorandum**

This Explanatory Memorandum has been prepared by the AASB 17 Professional Practice Document (PPD) Working Group and is intended to provide an overview of the updates to PPDs affected by the introduction of AASB 17.

#### **2. Background**

AASB 17 is a new accounting standard for insurance contracts, issued by the Australian Accounting Standards Board. It is based on, and almost identical to the international standard, IFRS 17, issued by the International Accounting Standards Board (IASB).

It becomes effective for accounting periods starting 1 January 2023 or later, though it may be adopted earlier.

The AASB 17 PPD Working Group has co-ordinated updates to all of the PPDs affected by the introduction of the new accounting standard. Eight documents have been updated (or are in the process of being updated) and two Information Notes have been withdrawn as part of the review.

For certain of these PPDs, the opportunity has also been taken to make other changes unrelated to AASB 17.

#### **3. Effective Dates**

Updates relating to the implementation AASB 17 are summarised in the table following. While the effective date for AASB 17 is 1 January 2023, from a practical perspective some PPDs will not be needed on this date and, hence, have a slightly later publication and commencement date.

#### 4. Schedule of Updated PPDs affected by AASB 17

Classification	Title	Nature of Changes	Expected Publication Date	Commencement Date
<b>PS 201</b>	Actuarial Advice to a Life Insurance Company or Friendly Society	Minor AASB 17- related updates only.	January 2023	1 Jan 2023
<b>PS 302</b>	Valuations of General Insurance Claims	Includes AASB 17-related updates and several structural changes to bring clarity to its application in specific situations.		31 Mar 2023
<b>PS 699.00</b>	Definitions	An upgrade to an existing PG to support PS 699.02 and PG 699.01.		30 Jun 2023
<b>PG 699.01</b>	Pricing and Financial Projections for Private Health Insurers	Includes AASB 17-related updates and updates relating to APRA's September 2022 Private Health Insurance Capital Standards.		TBC
<b>PS 699.02</b>	Valuation of Health Insurance Liabilities	An upgrade to an existing PG that includes updates related to AASB 17 and to APRA's September 2022 Private Health Insurance Capital Standards. The update formalises this area of practice and its statutory requirements as a Professional Standard, in line with other practice areas.		30 Jun 2023
<b>IN (Life)</b>	Asymmetric Risks	Subject to a significant review, including AASB 17- related changes.		28 Feb 2023
<b>IN (Life and GI)</b>	Discount Rates for APRA Capital Standards	Minor AASB 17-related updates and updates relating to APRA's September 2022 Capital Standards only.	January 2023	1 Jan 2023
<b>IN (Life)</b>	The Development and Use of Volatility Assumptions	Minor AASB 17-related updates and updates relating to APRA's September 2022 Capital Standards only.	January 2023	1 Jan 2023

The following PPDs have been withdrawn as part of this review:

- IN (Life): Application of Regulatory and Accounting Standards on Policy Liabilities to Friendly Societies; and
- IN (GI): Discount Rates and Inflation Assumptions for PS300 Claim Liabilities.

**End of Explanatory Memorandum**