25 September 2019

International Accounting Standards Board
Columbus Building
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Canary Wharf
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United Kingdom
Email: commentletters@ifrs.org

Dear Sir/ Madam

SAICA SUBMISSION ON ED/2019/4 – AMENDMENTS TO IFRS 17 – *INSURANCE CONTRACTS*

In response to your request for comments on ED/2019/4 – Amendments to IFRS 17 – *Insurance Contracts*, attached is the comment letter prepared by the South African Institute of Chartered Accountants (SAICA). We have included our responses to the specific questions raised in the ED in Appendix A.

We would like to bring the following other matters, included in Appendix B, to the attention of the Board:

- Interim reporting
- Comparative information
- Tax related to the fulfilment of insurance contracts.

This comment letter results from deliberations of SAICA's Accounting Practices Committee (APC) and Insurance Project Group which comprises members from reporting organisations, regulators, auditors, IFRS specialists, investment analysts and academics.

We thank you for the opportunity to provide comments on this exposure draft.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Yours sincerely

Ahmed Mohammadali-Haji
Chairperson: APC

Esther Pieterse
Chairperson: IFRS 17 Working Group

Cc: **Bongeka Nodada**
Robert de Jongh

APPENDIX A: SPECIFIC COMMENTS

Question 1 – Scope exclusions – credit card contracts and loan contracts that meet the definition of an insurance contract (paragraphs 7(h), 8A, Appendix D and BC9-BC30)

a) Paragraph 7(h) proposes that an entity would be required to exclude from the scope of IFRS 17 credit card contracts that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer. Do you agree with the proposed amendment? Why or why not?

b) If not excluded from that scope of IFRS 17 by paragraphs 7(a)-(h), paragraph 8A proposes that an entity would choose to apply IFRS 17 or IFRS 9 to contracts that meet the definition of an insurance contract but limit the compensation for insured events to the amount required to settle the policyholder's obligation created by the contract (for example, loans with death waivers). The entity would be required to make that choice for each portfolio of insurance contracts, and the choice for each portfolio would be irrevocable.

Do you agree with the proposed amendment? Why or why not?

(a) Credit card contracts that meet the definition of an insurance contract

We agree with the proposed amendment to exclude from IFRS 17 credit card contracts that meet the definition of insurance contracts.

Reasons for our support are set out below:

- The proposed amendment is useful to entities in the banking industry where the costs of applying IFRS 17 to the mentioned credit card contracts could exceed the benefits of changing to, and applying IFRS 17.
- IFRS 9 will provide useful information about these contracts.

We would like to bring the following to the attention of the Board:

- The discussions and explanations on legislative insurance and chargebacks included in Staff Paper 2D (March 2019) are helpful to interpret the proposed amendments and should be included in the relevant basis for conclusion paragraphs.
- We suggest that the proposed amendment is extended to include other financial services products where the entity is providing insurance as part of the contract with the customer (without reflecting the assessment of insurance risk in setting the price). The extension should include other "card" contracts, for example, a "debit card" or a "prepayment card",

or other products with similar features. We suggest the following change to the current wording in the ED:

(h) credit card or other contracts with similar features that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer (see IFRS 9 *Financial Instruments*).

(b) Insurance contracts that limit the compensation for insured events to the amount required to settle the policyholder's obligation

We agree with the proposed amendments to permit the reporting entity to apply IFRS 9 or IFRS 17 to a loan contract that meet the definition of an insurance contract.

Reasons for our support are set out below:

- The proposed amendment will provide relief to the banking industry from implementing a new accounting framework when considered that IFRS 9 was implemented very recently.
- Mandatory application of either IFRS 9 or IFRS 17 will be onerous for reporting entities that are currently applying IFRS 4 and/or IFRS 9 to these contracts.
- The accounting policy choice at portfolio level will enhance efficiency between contracts issued by the same entity and different entities in the same group.

Question 2 – Expected recovery of insurance acquisition cash flows (paragraphs 28A-28D, 105A-105C, B35A-B35C and BC 31-BC49)

Paragraphs 28A-28D and B35A-B35C propose that an entity:

a) allocate on a systematic and rational basis, insurance acquisition cash flows that are directly attributable to a group of insurance contracts to that group and to any groups that include contracts that are expected to arise from renewals of the contracts in that group;

b) recognise as an asset insurance acquisition cash flows paid before the group of insurance contracts to which they are allocated is recognised; and

c) assess the recoverability of an asset for insurance acquisition cash flows if facts and circumstances indicate the asset may be impaired.

Paragraphs 105A-105C propose disclosures about such assets.

Do you agree with the proposed amendments? Why or why not?

We agree with the proposed amendments.

Reasons for our support are set out below:

- The amendment gives rise to a financial reporting result that approximates the commercial reality of shorter duration contracts with up-front acquisition cost structures.
- It is common practice for insurers in South Africa to pay a commission to an intermediary, or a fee to a lead generator, that is then recovered in full only if the underlying insurance contract is renewed. Recognising an asset for insurance acquisition cash flows which is only recovered through future groups of insurance contracts is consistent with the basis used by insurers to determine the premium (pricing) for these types of insurance contracts.

We would like to bring the following to the attention of the Board:

- *Application to groups of contracts*

  Paragraph 28B(b) in the ED seems to indicate that an entity is required to keep track of an asset for insurance acquisition cost, for each future group of insurance contracts expected to be recognised (to which insurance acquisition cash flows have been allocated). This means that the allocation of the asset to each future group is fixed on initial recognition. Any updates because of experience or changes in expectations in subsequent years will not be reflected in the allocation of the asset to each group.

Based on the above, the impairment requirement in paragraph B35B(a) has to be performed for each asset against the net cash inflow of the related group.

A majority of the constituents believed that one asset should be recognised for all acquisition costs capitalised, while a minority were comfortable with the proposed amendment as it stands.

The allocation of this asset to future groups should be updated each reporting period based on actual experience and reflect revised expectations. The impairment requirement in paragraph B35B(a) should be performed on this one, total asset against the aggregate net cash inflow of all the future groups.

A minority of the constituents were comfortable with the impairment test being performed at the more granular level.

- *Double impairment test*

The benefits for the recoverability test per paragraph B35B(b) do not justify the cost thereof. Whilst insurers generally maintain statistics on number of policy renewals, and related premiums, often the information available is not granular enough to assess "the net cash inflow for the expected renewals."

We believe that the recoverability test per paragraph B35B(a) is sufficient to determine if the asset for acquisition costs is impaired.

An entity should derecognise the related portion of acquisition costs, applying a systematic and rational basis, when the group is recognised (paragraph 28C).

A minority of our constituents are supportive of the proposed amendment relating to the recoverability tests and do not believe that the operational effort and cost will be over burdensome.

Question 3 – Contractual service margin attributable to investment-return service and investment-related service (paragraphs 44-55, 109 and 117(c)(v), Appendix A, paragraphs B119-B119B and BC50-BC66)

a) Paragraphs 44, B119–B119A and the definitions in Appendix A propose that an entity identify coverage units for insurance contracts without direct participation features considering the quantity of benefits and expected period of investment-return service, if any, in addition to insurance coverage. Paragraph B119B specifies criteria for when contracts may provide an investment-return service.

Do you agree with the proposed amendment? Why or why not?

b) Paragraphs 45, B119–B119A and the definitions in Appendix A clarify that an entity is required to identify coverage units for insurance contracts with direct participation features considering the quantity of benefits and expected period of both insurance coverage and investment-related service.

Do you agree with the proposed amendment? Why or why not?

c) Paragraph 109 proposes that an entity disclose quantitative information about when the entity expects to recognise in profit or loss the contractual service margin remaining at the end of a reporting period. Paragraph 117(c)(v) proposes an entity disclose the approach used to determine the relative weighting of the benefits provided by insurance coverage and investment-return service or investment-related service.

Do you agree with the proposed disclosure requirements? Why or why not?

(a) Insurance contracts without direct participation features

We agree with the proposed amendment that an entity should identify coverage units for insurance contracts without direct participation features, considering the quantity of benefits and expected period of investment-return service, if any.

We would like to bring to the attention of the Board the following:

Some non-profit annuities have a guaranteed period during which the full annuity will be paid, irrespective of the survival of the insured party. Since this is an amount which will be paid in all circumstances, it meets the definition of an investment component, and consequently the requirements of paragraph B119B(a) (provision of an investment-return service). It does not, however, explicitly include a positive investment return, as the amount is contractually determined, so appears not meet the requirements of paragraphs (b) and (c) of B119B.

We therefore would have the inappropriate outcome during the guaranteed period. Neither an investment-return service nor coverage for an insured event is being provided – consequently no portion of the contractual service margin will be recognised in revenue.

(b) Insurance contracts with direct participation features

We agree with the proposed amendment that an entity should identify coverage units for insurance contracts with direct participation features, considering the quantity of benefits and expected period of both insurance coverage and investment-related service.

(c) Quantitative disclosures on recognition of contractual service margin in profit or loss

We agree with the proposed disclosure requirements.

Additional considerations:

We would like to bring the following to the attention of the Board:

- *Contract boundary*

  IFRS 17 paragraph 34(a) states that "a substantive obligation to provide coverage ends when the entity has the practical ability to reassess the risks of the particular policyholder and, as a result can set a price or level of benefits that fully reflects those risks".

  Based on the February 2018 TRG meeting, paragraph 34 refers to risks from the perspective of the policyholder. We believe that paragraph 34 should be updated to also refer to the obligation to provide investment-related or investment-return services. For example an insurer may have an annual ability to reassess the insurance contract for policyholder risks, but the fee for the investment-return services is only repriced every 5 years.

  We recommend that paragraph 34 is expanded in line with IFRS 17 paragraph 71 on investment contracts with discretionary participation features which states that "cash flows are within the contract boundary if they result from a substantive obligation of the entity to deliver cash at a present or future date".

- *Educational material*

  We recommend that the Board prepare educational material on the application of coverage units to insurance and investment-return or investment-related services.

Question 4 – Reinsurance contracts held – recovery of losses on underlying insurance contracts (paragraphs 62, 66A-66B, B119C-B119F and BC67-BC90)

Paragraph 66A proposes that an entity adjust the contractual service margin of a group of reinsurance contracts held that provides proportionate coverage, and as a result recognise income, when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous contracts to that group. The amount of the adjustment and resulting income is determined by multiplying:

a) The loss recognised on the group of underlying insurance contracts; and

b) The fixed percentage of claims on the group of underlying contracts the entity has a right to recover from the group of reinsurance contracts held.

Do you agree with the proposed amendment? Why or why not?

We agree in principle with the proposed amendments.

We would like to bring the following to the attention of the Board:

There are some reinsurance contracts which are not in the scope of the proposed amendments. A few examples of reinsurance contracts which we believe should be in the scope of the amendment, but which are currently potentially scoped out, are the following:

- Contracts where there is a fixed percentage per type of risk in the group of underlying insurance contracts and the rate/percentage of each risk differs.
- Contracts where there is a fixed percentage for claims incurred on groups of underlying contracts, but the total amount of claims is capped at a certain amount.
- Surplus treaties where the underlying policies are ceded as a percentage of both premium and claims and the percentage remains constant for the duration of the reinsurance contracts and for all the policies ceded to the reinsurer.

We believe that the proposed amendment should be worded, in such a manner, that these contracts are included in the scope of the proposed amendment.

In this regard, we recommend that the Board requires entities to proof a direct correlation between the reinsurance contract(s) and the underlying insurance contract(s). This could either be done through the Board requiring a reporter to meet a pre-determined minimum quantitative threshold for the correlation, or alternatively, requiring each entity to determine its own threshold but with disclosure as to what it regards as a direct correlation. The correlation assessment by the entity should only be performed on reinsurance recoveries after the insurer's individual or aggregate retention limits under the reinsurance contracts have been exceeded.

Some of our constituents do not support the recognition of a profit upfront for reinsurance contracts which have a net cost at initial recognition (sum of the expected outflows plus risk adjustment are larger than the expected inflows) (refer example 19 in the ED).

Question 5 – Presentation in the statement of financial position (paragraphs 78-79, 99, 132 and BC91-BC100)

The proposed amendment to paragraph 78 would require an entity to present separately in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are assets and those that are liabilities. Applying the existing requirements, an entity would present the carrying amount of groups of insurance contracts issued that are assets and those that are liabilities. The amendment would also apply to portfolios of reinsurance contracts held that are assets and those that are liabilities.

Do you agree with the proposed amendment? Why or why not?

We agree with the proposed amendments.

The proposed amendments will result in the presentation of insurance and reinsurance assets and liabilities at a higher level of aggregation. The higher level of aggregation would be less costly to comply with and less complex from an operational point of view.

Question 6 – Applicability of the risk mitigation option (paragraphs B116 and BC101-BC109)

The proposed amendment to paragraph B116 would extend the risk mitigation option available when an entity uses derivatives to mitigate financial risk arising from insurance contracts with direct participation features. That option would apply in circumstances when an entity uses reinsurance contracts held to mitigate financial risk arising from insurance contracts with direct participation features.

Do you agree with the proposed amendment? Why or why not?

We agree with the proposed amendments.

We believe the Board should extend the risk mitigation option to financial instruments classified as financial instruments at fair value through profit or loss that are used to mitigate the financial risk from the entity's share arising from direct participation contracts.
There could be an accounting mismatch between the insurance contracts with direct participation features and the instruments at fair value through profit or loss, because of the introduction of the variable fee approach.

Question 7 – Effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 (paragraph C1, [Draft Amendments to IFRS 4 and BC110-BC118)

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021. The amendments proposed in this Exposure Draft are such that they should not unduly disrupt implementation already under way or risk undue delays in the effective date.

a) The proposed amendment to paragraph C1 would defer the effective date of IFRS 17 by one year from annual reporting periods beginning on or after 1 January 2021 to annual reporting periods beginning on or after 1 January 2022.

Do you agree with the proposed amendment? Why or why not?

b) The proposed amendment to paragraph 20A of IFRS 4 would extend the temporary exemption from IFRS 9 by one year so that an entity applying the exemption would be required to apply IFRS 9 for annual reporting periods beginning on or after 1 January 2022.

Do you agree with the proposed amendment? Why or why not?

(a) Proposed deferral of effective date of IFRS 17

We generally agree with the proposed amendment to defer the effective date by one year.

Reasons for our support are set out below:

- Recent implementation experiences have indicated that preparers often require additional time during the last year of implementation, due to delays experienced in earlier years or unforeseen circumstances.
- Although the deferral of the effective date should result in higher implementation costs, we are of the view that the deferral would contribute towards the successful implementation of the standard.

A majority of our participants are of the view that the effective date should not be deferred beyond the one year due to the following:

- Many preparers have already factored the deferral of the effective date until 1 January 2022, into their implementation programs and as such the minimum extension that should be provided is one year.
- To balance the cost versus benefit equation and being cognisant that investors and analysts have been eagerly awaiting the effective date of the standard, the effective date should not be deferred any later than 1 January 2022.

Some of our constituents, while appreciative of the deferral of one year, would advocate for a deferral of two years due to the following uncertainties and challenges which are creating further pressure on the readiness for implementation:

- The standard remains subject to on-going change, with the final standard only expected to be finalised in mid-2020. This would mean that entities with a year-end of December would only have a six months before the comparative period for IFRS 17.
- The principles to be applied to the measurement of reinsurance contracts still have to be finalised (refer question 4)
- Unresolved challenges in respect of the treatment of tax cash flows (ie I-E taxes), applicable to jurisdictions with tax legislation which in substance collects taxation on behalf of policyholders. This has a fundamental impact on the measurement of the fulfilment cash flows (refer Appendix B).

In the event of the Board not agreeing to a further deferral of the effective date, as a compromise, our constituents recommend the removal of the mandatory requirement to present comparatives at transition in order to allow more time for implementation work. The details relating to this recommendation are set out in Appendix B.

(b) Proposed deferral of the effective date of IFRS 9

We agree with the proposed amendment.

The original decision to provide temporary exemption from applying IFRS 9 until IFRS 17 is effective, is still valid, due to the interplay between the standards on the classification and measurement of financial assets. The temporary exemption from applying IFRS 9 should be adjusted to be aligned to any deferral of the effective date of IFRS 17.

Question 8 – Transition modifications and reliefs (paragraphs C3(b), C5A, C9A, C22A and BC119-BC146)

a) Paragraph C9A proposes an additional modification in the modified retrospective approach. The modification would require an entity, to the extent permitted by paragraph C8, to classify as a liability for incurred claims a liability for settlement of claims incurred before an insurance contract was acquired.

Paragraph C22A proposes that an entity applying the fair value approach could choose to classify such a liability as a liability for incurred claims.

Do you agree with the proposed amendments? Why or why not?

b) The proposed amendment to paragraph C3(b) would permit an entity to apply the option in paragraph B115 prospectively from the transition date, rather than the date of initial application. The amendment proposes that to apply the option in paragraph B115 prospectively on or after the transition date, an entity would be required to designate risk mitigation relationships at or before the date it applies the option.

Do you agree with the proposed amendment? Why or why not?

c) Paragraph C5A proposes that an entity that can apply IFRS 17 retrospectively to a group of insurance contracts be permitted to instead apply the fair value approach to that group if it meets specified criteria relating to risk mitigation.

Do you agree with the proposed amendment? Why or why not?

a) Classification of a liability for settlement of claims incurred before an insurance contract was acquired

We agree that the insured event is the determination of the ultimate cost of settling these claims as included in paragraph BC120.

This amendment will provide practical relief and address some of the concerns on transition. We understand that the liabilities for settlement of claims incurred before the insurance contract was acquired should be classified as liabilities for incurred claims under the modified retrospective approach and that this will be an option under the fair value approach. Our concern is that this option under the fair value approach may be applied inconsistently in practise and may compromise comparability.

Paragraph 115 requires that the nature and significance of the methods used and judgements applied in determining the transitional amounts be disclosed. This will enable the users of the financial statements to understand the option chosen and the impact of this choice on measurement.

b) Prospective application of the risk mitigation option in paragraph B115 from the transition date

A majority of our constituents support the proposed amendment and agree that the amendment will ensure that relevant, comparable information will be provided without introducing the risk of hindsight in choosing which risk mitigation relationships are applicable.

A minority of our constituents do not agree with the proposed amendment. While these constituents recognise the Board's concern in respect of the risk of hindsight, they believe that prospective application of the risk mitigation option will result in inconsistent reporting of the contractual service margin pre- and post-transition. Furthermore, these constituents believe that the risk of hindsight could be reduced by enhanced criteria in the standard. For example risk mitigation should only be applied retrospectively where the entity can demonstrate that the requirements in B116 were met in prior periods for all insurance contracts affected.
If no comparatives are required when adopting IFRS 17 (see Appendix B), we recommend that the option should be applied from the date of initial application.

c) Application of fair value approach to group of contracts if it meets specified criteria relating to risk mitigation

We agree with this amendment as the information will be useful and the amendment will provide practical relief.

Question 9 – Minor amendments

This Exposure Draft also proposes minor amendments (see paragraphs BC147–BC163 of the Basis for Conclusions).

Do you agree with the Board's proposals for each of the minor amendments described in this Exposure Draft? Why or why not?

Except as listed below, we agree with the prosed minor amendments to IFRS 17.

1. Level of assessment of variable fee approach eligibility – proposed amendment to B107(b)

Par B107(b) of the exposure draft includes the following proposal:

"Assess the variability in the amounts in paragraphs B101(b) and B101(c):

(i) Over the duration of the ~~groups of~~ insurance contract ~~contracts~~ …"

Some entities may have interpreted the standard to indicate that the eligibility test for the variable fee approach should be done at a group of contracts level. The proposed amendment seems to suggest that the intention is that the test should be performed at an individual contract level. Where there are contracts with cash flows that affect or are affected by cash flows to policyholders of other contracts (paragraphs B67 to B71) the assessment of the variability needs to be done at group of contracts level and not at a contract level.

We believe that the Board should clarify its intention with regards to the level at which the variable fee eligibility test should be performed at.

2. Treatment of changes in underlying items – proposed amendment to B128(c)

Paragraph B128(c) refers to paragraph 87, which discusses the requirements for insurance finance income and expense for all contracts. The reference to underlying items in paragraph B128(c) is confusing as the underlying items are not relevant to contracts in the general measurement model. We believe that the Board should clarify the proposed amendment.

3. Financial guarantee contracts – proposed amendments to IFRS 9.2.1(e)

The proposed amendment deletes, "other than an issuer's rights and obligations arising under an insurance contract that meets the definition of a financial guarantee contract".

The proposed amendment to IFRS 7.3(d) and IAS 32.4(d) did not delete the reference to the issuer of financial guarantee contracts. We propose that the Board remove the deletion in IFRS 9.

Question 10 – Terminology

This Exposure Draft proposes to add to Appendix A of IFRS 17 the definition 'insurance contract services' to be consistent with other proposed amendments in this Exposure Draft.

In the light of the proposed amendments in this Exposure Draft, the Board is considering whether to make a consequential change in terminology by amending the terms in IFRS 17 to replace 'coverage' with 'service' in the terms 'coverage units', 'coverage period' and 'liability for remaining coverage'. If that change is made, those terms would become 'service units', 'service period' and 'liability for remaining service', respectively, throughout IFRS 17.
Would you find this change in terminology helpful? Why or why not?

This Exposure Draft also proposes minor amendments (see paragraphs BC147–BC163 of the Basis for Conclusions).

Do you agree with the Board's proposals for each of the minor amendments described in this Exposure Draft? Why or why not?

We agree with the proposed amendments.

APPENDIX B: OTHER MATTERS

(a) Interim reporting

View of the majority of constituents: We support the inclusion of paragraph B137. Deletion of this paragraph will disrupt insurers.

Minority of constituents believe that the exception in paragraph B137 should be removed from IFRS 17, for the following reasons:

- The exception has the consequence, intended or otherwise, that it is easier, from an operational perspective, for entities to match cohorts to interim reporting period (i.e. entities that report half-yearly will use cohorts of 6 months, while entities that report quarterly will use cohorts of 3 months), compared to treating changes in estimates differently in the interim and full-year reporting.
- The unintended consequence of the exception in paragraph B137 will reduce comparability across the industry.
- Paragraph B137 creates an exception that is not in line with IAS 34 principles.
- In a group scenario, where only the ultimate holding company has to prepare interim reports, the subsidiaries in the group would have to calculate two contractual service margins – one for group reporting (with say using 6 months as reporting period) and one for its own statutory separate financial statements (using 12 months as the reporting period).

If the Board prefers to not remove the exception, we believe that the exception should be optional and not mandatory.

Alternatively, we recommend that relief should be provided when applying the modified retrospective approach by not having to apply paragraph B137. This will ensure that the estimates made in the interim financial statements before financial year-ends beginning on or after 1 January 2022 need not be changed in the annual financial statements.

(b) Comparative information

IFRS 17 requires the restatement of comparative information for the reporting period when the standard is first applied. The restatement will be relevant to the primary financial statements as well as the notes to the primary financial statements. Recent implementation experiences highlighted the challenge in ensuring that detailed note disclosures can be provided for both the current and the comparative period. For this very reason entities had the option to not present restated comparative information for IFRS 9 *Financial Instruments,* IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*.

Entities preparing interim financial statements in terms of IAS 34 face a similar challenge. While IAS 34 requires limited disclosure for the comparative or current interim reporting period, the fact that less time is available (compared to annual reporting) to finalise and obtain audit clearance on transition, interim amounts and disclosures, will place significant pressure on preparers of financial statements.

To this extent we would like to propose the following options regarding restatement of comparative information:

- *Option 1: Comparative information included in interim and annual financial statements during the first financial year of application is not restated*

  Comparative information is prepared in terms of existing IFRS 4 accounting policies.

  Preparers should present a reconciliation between total comprehensive income and total equity prepared in terms of IFRS 4 and total comprehensive income and total equity prepared in terms of IFRS 17 for the comparative period. Preparers should provide an explanation for each reconciling item.

- *Option 2: Optional disclosure of comparative information in notes to the financial statements*

  Disclosure of comparative information for the notes to the primary financial statements is optional in the interim and annual financial statements published during the first annual reporting period.

  This approach is similar to the relief provided in IFRS 17.C26.

For each of the suggested options, preparers of financial statements should have the option to provide full comparative information in the interim and annual financial statements published for the first annual reporting period.

(c) Tax related to the fulfilment of insurance contract services and IFRS 17

A separate letter has been submitted to the Board: "Tax related to the fulfilment of insurance contract services and IFRS 17". SAICA and ASISA, the representative body for the life industry in South Africa, endorse the letter.

We urge the Board to resolve the I-E tax matter before the finalisation of the standard so that SA insurers can meet the implementation deadline.

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