



Please use this template to comment on the [Exposure Draft of IAN 100 on the Application of IFRS 17 Insurance Contracts](#).

The IAA invites comments on this Exposure Draft, particularly on the questions set out below. **Comments are most helpful if they:**

- (a) Comment on the questions as stated;
- (b) Indicate the specific paragraph or group of paragraphs to which they relate;
- (c) Contain a clear rationale; and
- (d) Include any alternative that the IAA should consider, if applicable within the scope of the [Statement of Intent for IAN 100](#).

Identification and instructions		
Name of Individual:	Please indicate if your comments are personal, or represent your organization:	Lesley Thomson and Les Rehbeli, representing the Canadian Institute of Actuaries
Name of organization		Canadian Institute of Actuaries (CIA)
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	Not confidential
Instructions for filling in and sending the template	<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not write in the yellow shaded cells ⇒ Write in the white cells ⇒ When commenting on a specific paragraph: <ul style="list-style-type: none"> ○ Please use a separate row for each paragraph, sub paragraph, or bullet. ○ Please include the full reference in the first column such as “Introduction 3rd paragraph 2nd bullet” or “2.6.1.b.ii” ○ Please insert/append extra rows as needed. <p>Please send the completed template, renamed with the organization’s or individual’s name, attached in <u>Word Format</u>, to IAN100.comments@actuaries.org</p>	



	Specific Questions asked by the IAC	Response
Q1.	Is the IAN clear and unambiguous? If not, how should it be changed?	<p>Much of the IAN is clear and unambiguous. We have provided edits in the attached marked-up version that we believe are necessary to convey the intended meaning of the guidance.</p> <p>We have identified approximately 56 paragraphs where we believe that the IAN provides guidance that conflicts with the IFRS 17 standard itself, or where the guidance is more restrictive than IFRS 17 requires. The attached marked-up version of the IAN 100 includes comments for each of these identified areas. These comments begin with the word “Conflict”, to allow easy identification of these paragraphs, along with a brief rationale as to why we believe the guidance contradicts or restricts the application of IFRS 17.</p> <p>For ease of identification, the paragraph numbers and topics are listed below:</p> <p>Introduction:</p> <ul style="list-style-type: none"> • “How is the liability for an insurance contract determined” <p>Chapter 1: Classification of Contracts</p> <ul style="list-style-type: none"> • Para 1.2 • Para 1.15 • Para 1.16 <p>Chapter 2: Estimates of Future Cash Flows</p> <ul style="list-style-type: none"> • Para 2.37 <p>Chapter 3: Discount Rates</p> <ul style="list-style-type: none"> • Para 3.1 (Principle 5) • Para 3.10 • Para 3.14 (three issues noted, related to illiquidity) • Para 3.15 • Para 3.16 • Para 3.17 • Para 3.20 • Para 3.22 (three issues noted)



- Para 3.23
- Para 3.26
- Para 3.27
- Para 3.30 (two issues noted)
- Para 3.40 (two issues noted)

Chapter 4: Risk Adjustment

- Para 4.10
- Para 4.16
- Para 4.24

Chapter 5: Level of Aggregation

- Para 5.2 (specifically, Figure 5.1)
- Para 5.5
- Para 5.8
- Para 5.15

Chapter 6: Contractual Service Margin and Loss Component

- Para 6.10
- Para 6.17
- Para 6.19 (three issues noted)
- Para 6.21
- Para 6.26
- Para 6.34

Section B:

- Investment Contracts with DPF do not automatically qualify for VFA

Chapter 7: Premium Allocation Approach

- Para 7.5 (two issues noted in the table)

Chapter 8: Contracts with Participation Features and Other Variable Cash Flows

- Para 8.7
- Para 8.20



- Para 8.21
- Para 8.25

Chapter 9:

- Para 9.1
- Para 9.2
- Para 9.10
- Para 9.12 (two issues noted)
- Para 9.13
- Para 9.20

Chapter 12: Transition

- Para 12.36
- Para 12.43

Chapter 13: Embedded Derivatives

- Para 13.1
- Para 13.3

Chapter 14: Contract Modification

- Para 14.3
- Para 14.4

Chapter 15: Measurement, Presentation and Disclosure

- Para 15.1
- Para 15.12
- Para 15.16
- Para 15.29
- Para 15.31
- Para 15.34
- Para 15.36



Q2.	Is the IAN sufficient and appropriate in dealing with the Chapter headings? If not, how should it be changed?	<p>Yes, the IAN is generally sufficient in addressing each of the chapter headings.</p> <p>We have identified a number of additional questions that would be useful to address as part of IAN 100. Please refer to the comments included in the attached markup to the IAN 100 draft. Comments beginning with the word “Missing” indicate where an additional question would be helpful. In most of these cases, we have also suggested a response.</p> <p>A brief summary of these is included below:</p> <p>Chapter 1: Classification</p> <ul style="list-style-type: none">• It would be helpful to include a section or a few questions to address the definition and identification of investment components, and premium refunds, per the April 2019 TRG meeting.• When should contracts be separated for measurement purposes? <p>Chapter 2: Estimates of Future Cash Flows</p> <ul style="list-style-type: none">• It would be helpful to add a question about how to account for costs related to disputes, in the measurement of cashflows. <p>Chapter 3: Discount Rates</p> <ul style="list-style-type: none">• How is the OCI option applied for groups of insurance contracts with direct participation features?• If using a weighted average locked-in curve, what discount rate curve should be used for a reporting date when the group is still open to new contracts? <p>Chapter 6: Contractual Service Margin and Loss Component</p> <ul style="list-style-type: none">• Para 6.5: it would be helpful to add a question or example related to how the value of currency exchange differences are accounted for in the movement of CSM over time.• Para 6.29: although not specified in IFRS 17, it would be helpful to note that locked-in discount rates would be used for present value calculations (consistent with CSM). <p>Chapter 11: Business Combinations and Portfolio Transfers</p> <ul style="list-style-type: none">• It would be helpful to add a question about how to identify the portion of the consideration paid for a business combination that applies to the insurance contracts.
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		<p>Chapter 15: Measurement, Presentation and Disclosure</p> <ul style="list-style-type: none"> • Para 15.09: it would be helpful to add a question related to the disclosure of experience rating refunds on group contracts, per AP03 of the September 2018 TRG meeting. • Para 15.39: please add a question on special disclosure requirements for new business (reinsurance contracts held). • Para 15.40: it would be helpful to include references to IFRS 17 paragraphs 114–115 and C3(b) for completeness.
<p>Q3.</p>	<p>Is the IAN at the right level of detail? If not, how should it be changed?</p>	<p>Generally yes, the IAN is at the right level of detail.</p> <p>There are a few instances, in the attached marked-up version of the IAN 100 draft, where we believe that a topic should be discussed in a different paragraph number within the chapter or in the introduction, to allow for ease of understanding. We have also suggested some reordering and renumbering of some questions.</p> <p>In addition, we have suggested a number of wording changes throughout the document, which would add greater clarity to the guidance.</p> <p>We note that some chapters include guidance on other IFRS standards. In our opinion, this guidance could be removed from IAN 100. In particular, we recommend:</p> <ul style="list-style-type: none"> • Delete the appendix to chapter 11. This appendix provides details about IFRS 3. Although it is helpful guidance, it is not relevant to IFRS 17. • Delete the appendix to chapter 15, and instead include relevant portions as stand-alone questions in chapter 15. <p>Finally, we have added several sentences throughout to offer additional guidance on the question. Please refer to the comments included in the attached markup to the IAN 100 draft. Comments labelled “Added for Completeness” indicate that we have suggested additional sentences to provide additional clarity/guidance.</p>
<p>Q4.</p>	<p>Where guidance is still ambivalent (awaiting further interpretation of IFRS 17) is there preferred guidance?</p>	<p>We have not suggested potential guidance in these areas. To be helpful, we have identified all the paragraph references that will, in our opinion, require amendment. Comments in the attached marked-up draft to IAN 100 that are labelled as “Amendment” indicate those references.</p>



Q5.	Are there any other matters that should be included in this IAN?	Each chapter includes a reference to other IAA guidance on the topic. It would be helpful to note any limitations of these documents. For example, risk adjustment or discount rate monographs are not guaranteed to comply with the final version of IFRS 17, and this should be noted, to avoid conveying the impression that following such guidance will ensure compliance.
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General Comments on the IAN 100 Exposure Draft	
This is a comprehensive document that provides helpful guidance to actuaries. The CIA commends the authors of this document for the significant effort involved in producing it. We hope that our comments will be helpful to the final work product.	

Comments on specific paragraphs of the IAN 100 Exposure Draft		
Full Chapter/paragraph reference	Change proposed to the paragraph (markup preferred)	Reason the change is needed (can be kept very brief or left blank if obvious from the change)
	See the attached markup of IAN 100 draft exposure draft for our detailed comments. [This document is available upon request from the CIA Head Office .]	