

CPA Canada handbook – accounting, part I

highlight summary no. I.62

November 2020

(Note: Any changes to previously issued standards are identified in the effective date guidance in each affected standard.)

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

IFRS 4 *Insurance Contracts* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2020. For entities whose activities are predominantly connected with insurance, the amendments extend the temporary exemption from applying IFRS 9 *Financial Instruments* until 2023. Entities that defer the application of IFRS 9 continue to apply IAS 39 *Financial Instruments: Recognition and Measurement*.

Amendments to IFRS 17

IFRS 17 *Insurance Contracts* has been revised to incorporate amendments issued by the IASB in June 2020. The amendments are aimed at helping entities implement the standard and relate to the following topics:

- scope exclusions—credit card contracts and similar contracts that provide credit or payment arrangements;
- scope exclusions—specified contracts such as loan contracts with death waivers;
- insurance acquisition cash flows;
- the effect of accounting estimates made in interim financial statements;
- risk mitigation option using instruments other than derivatives;
- contractual service margin attributable to investment-return service and investment-related service;
- reinsurance contracts—recovery of losses on underlying insurance contracts;
- presentation in the statement of financial position;
- transition modifications and reliefs; and
- other minor amendments.

The amendments also defer the effective date of IFRS 17 by two years to annual periods beginning on or after January 1, 2023. Earlier application is permitted for entities that also apply IFRS 9. IFRS 17 supersedes the requirements in IFRS 4.

An entity shall apply the *Amendments to IFRS 17* when it applies IFRS 17.

IFRS 17 Non-authoritative Material

The Basis for Conclusions and Illustrative Examples include amendments made subsequently by the IASB for *Amendments to IFRS 17*. These amendments to the Basis for Conclusions and Illustrative Examples issued by the IASB in June 2020 that accompany, but are not part of, IFRS 17 have been added.

Other editorial changes and corrections introduced in November 2020