

# Due Process Compliance Statement: IFRS 17 endorsement project

The IFRS 17 project was initiated before the UKEB was established and the Due Process Handbook (DPH) was drafted. The project informed the development of the DPH. The project team undertook the equivalent due process steps under the oversight of the FRC-BEIS Accounting Framework Project Board (Project Board) and Technical Sub-Board until the UKEB was delegated its statutory function for adoption of IFRS Standards in May 2021. From that date, the UKEB has developed its due process in parallel with its work on the IFRS 17 endorsement and adoption project. Therefore, a consistent approach has been used to the extent that the Board had made a tentative decision on a due process step at the time it was relevant to the IFRS 17 project.

Endorsement process: IFRS 17 <i>Insurance Contracts</i>			
Step	Required <sup>1</sup> / Optional	Metrics or evidence	UKEB Secretariat comments
<b>IASB's due process document</b>			
IFRS 17 <i>Insurance Contracts</i>		Published: May 2017 (amended in June 2020 and December 2021) Effective date: 1 January 2023	The endorsement project relates to IFRS 17 <i>Insurance Contracts</i> , as amended in June 2020 and December 2021.
<b>Project preparation</b>			
Project preparation and Project Initiation Plan (PIP)	Subsequently required in the draft DPH	PIP draft with outline (background, scope, project objective) and approach for endorsement and adoption project (key milestones and timing) proportionate to the project	<b>Complete:</b> The project was initiated under the oversight of the FRC-BEIS Accounting Framework Project Board ('Project Board'). IFRS 17 project plans – including outreach plan and approach – were discussed by the Project Board in November 2019, January 2020, February 2020, May 2020, June 2020; and at the Technical Sub-Board in July 2020, December 2020; January 2021. The UKEB considered the project plan, including the extent of outreach carried out, at its meeting in May 2021.
	Subsequently required in the draft DPH	Outreach plan for stakeholders outlined and communication approach	<b>Complete:</b> The IFRS 17 project plans (referred to above) included the outreach plan and approach.

<sup>1</sup> The references in this document to 'required' information reflect requirements set out in the UKEB's [draft] Due Process Handbook published for public consultation in February 2022.

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	Subsequently required in the draft DPH	Resources allocated	<b>Complete:</b> resource allocation considered by Project Board as part of project planning (see above), including the need for specialist resource to be seconded to the IFRS 17 team in 2020.
	Subsequently required in the draft DPH	Assessment of whether to set up an ad-hoc advisory group	<b>Complete:</b> Insurance Technical Advisory Group (TAG) established June 2020. The set-up process was in line with the governance direction set by the Project Board at the time – public advert on the FRC website, interviews for the short-listed candidates before final appointments were made.
	Subsequently required in the draft DPH	Assessment of amount of fieldwork to undertake (i.e. surveys, field tests, workshops or interviews, public events)	<b>Complete:</b> IFRS 17 project plans discussed by the Project Board in November 2019, January 2020, February 2020, May 2020, June 2020; and at the Technical Sub-Board in July 2020, December 2020; January 2021. The UKEB considered the project plan, including the extent of fieldwork, at its meeting in May 2021.
	Subsequently required in the draft DPH	Assessment of whether to involve participation of IASB members or staff in UK outreach events	<b>Complete:</b> Plan to include IASB Board member in 1st outreach event (preparer webinar) discussed and agreed by Project Board. It was also discussed at the March 2021 Insurance TAG meeting and then agreed with UKEB Technical Director.
	Subsequently required in the draft DPH	UKEB Board public meeting held to approve PIP	<b>Complete:</b> The project was initiated under the oversight of the FRC-BEIS Project Board. The Project Plan was discussed and approved at UKEB meeting in May 2021.

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	Optional	UKEB Education or initial assessment	<b>Complete:</b> Private education sessions held for the UKEB members in April 2021, May 2021 and January 2022.
<b>Communications</b>			
Communications	Required <sup>2</sup>	UKEB Board public meetings held to discuss technical project	<b>Complete:</b> Approach, key topics, and progress were all discussed at UKEB public Board meetings from May 2021 onwards.
	Required <sup>2</sup>	Board meeting papers posted and publicly available on a timely basis.	<b>Complete:</b> UKEB's meeting papers published on the UKEB website 'Latest Events' one week before public meetings and subscribers notified via UKEB News Alerts.  Meeting minutes and recordings made publicly available via the UKEB website and subscribers notified via UKEB News Alerts.
	Subsequently required in the draft DPH	Project website contains a project description with up-to-date information on the project	<b>Complete:</b> Project webpage updated regularly with the latest project status and materials.
	Subsequently required in the draft DPH	Update UKEB Website	<b>Complete:</b> Project webpage updated regularly, and News Alerts issued to subscribers with latest status and documents.
	Subsequently required in the draft DPH	Evidence that subscriber alerts have occurred	<b>Complete:</b> Subscribers alerted via email 5 days before each board meeting. This included the papers and an option to dial in to observe the discussion. DECA publication News Alert. IFRS 17 adoption News Alert.
	Optional	Project email address	<b>Complete:</b> An IFRS 17 specific project email was created and

<sup>2</sup> Required by the UKEB Terms of Reference adopted 26 March 2021.

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			used for outreach and correspondence purposes throughout the duration of the project.
	Optional	Number of webcasts and podcasts held to provide interested parties with high level updates or other useful information about the technical project	<b>Complete:</b> Two webinars were held – one aimed primarily at preparers and one aimed primarily at users of accounts. Both were made available to stakeholders on the project web page.
	Optional	Educational materials for UKEB made public and posted on website	<b>Complete:</b> UKEB education materials were not made public as they constituted material for private Board meetings and included extensive material from external contributors. Webinars included specifically targeted educational material for preparers and users.
<b>Desk-based research</b>			
Desk-based research	Optional	Identify relevant research sources and documents	<b>Complete:</b> Carried out over an extended period from start of project. Key sources included, but were not limited to: IASB Board papers for finalisation of standard; comment letters from stakeholders to IASB; guidance issued by audit firms; EFRAG documents.
<b>Outreach activities</b>			
<i>Advisory groups</i>			
Discussion with ad-hoc advisory group	Optional	Number of advisory group meetings, and evidence of substantive involvement in issues	<b>Complete:</b> 10 Insurance TAG meetings held, from July 2020 to July 2021 – meeting summaries made available on UKEB website
	Optional	Advisory group discussion of DECA	The Insurance TAG was extensively involved in discussing topic papers. The content of those papers and the outcome of

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			those discussions were reflected as appropriate in the DECA.
<i>Fieldwork undertaken</i>			
Public events, roundtables, workshops or interviews with specific groups of stakeholders	Optional	Number of meetings held and venues documented	<b>Complete:</b> Two webinars, one user roundtable, a user and preparer survey, multiple interviews with preparers, auditors, and regulators. ( <i>Refer to Feedback Statement</i> )
	Optional	Approach identified and brief to panellists/presenters	<b>Complete:</b> Approaches were developed with input from the Technical Director and panellists were briefed on the objectives and requirements of the events.
	Optional	Slides created and any other materials	<b>Complete:</b> Survey slide decks, webinar recordings and slide decks, economic reports and roundtable summary notes were all made available publicly on the project web page.
	Optional	Briefing for Technical Director/Chair	<b>Complete:</b> The Technical Director was briefed prior to and after each event.
Online survey	Optional	Number and results of surveys	<b>Complete:</b> User and preparer surveys were conducted. The summary results of each were posted on the project web page.
	Optional	Develop surveys and analyse survey results	<b>Complete:</b> The results of the Preparer survey were presented to the TAG and the results of the User survey to the user roundtable. Both surveys were published on the UKEB website. Key elements of stakeholder feedback were incorporated into the DECA.

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Discussion with IASB, EFRAG and other NSS	Optional	Number of meetings held	<b>Complete:</b> A number of meetings were held with IASB, EFRAG and with other National Standard Setters, both at the project planning and issue identification stages and in respect of specific issues arising during the course of the project.
<b>Draft Endorsement Criteria Assessment (DECA)</b>			
DECA	Optional	Prepare skeleton and gain internal feedback	<b>Complete:</b> First draft skeleton of the IFRS 17 DECA was presented to the Board at the May 2021 meeting.
	Required in the draft DPH	UKEB sets comment period for response on DECA	<p><b>Complete:</b> At the May 2021 meeting the Board decided that the comment period for public consultation should not be shorter than 90 days and approved the overall project plan including the targeted endorsement decision date.</p> <p>During the UKEB October 2021 meeting, the Board approved the IFRS 17 DECA for public consultation. The Board agreed that the Secretariat should provide for a consultation period such that the final ECA (and related documents) would be presented to the Board at its March 2022 meeting.</p> <p>As noted below, the IFRS 17 DECA was published (DECA publication News Alert) on 11 November 2021, with a twelve-week comment period to accommodate the Board's direction at its October 2021 meeting.</p>

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	Required in the draft DPH	Full (draft) DECA drafted	<b>Complete:</b> The full IFRS 17 DECA was presented to the Board in October 2021.
	Required in the draft DPH	UKEB public meetings held for review and approval	<p><b>Complete:</b> May 2021 - Initial discussion of IFRS 17 project. The Board agreed to use an exceptions-based approach and that the comment period should be not shorter than 90 days.</p> <p>July 2021 - The Board discussed and approved (subject to an amendment) the tentative assessment of relative priority of technical issues and a revised structure and outline contents of the IFRS 17 DECA.</p> <p>July 2021 - The Board discussed technical papers on Discount rates and Contractual Service Margin. The Board also discussed the expected Exposure Draft on the 2021 Narrow-scope amendment to IFRS 17.</p> <p>September 2021 - The Board approved a change to the project plan, agreeing that the Board's September meeting should focus on the draft assessments of the remaining technical issues previously prioritised by the Board and other significant technical issues relating to IFRS 17 endorsement. The technical topics discussed were:</p> <ul style="list-style-type: none"> <li>• With-profits inherited estates.</li> <li>• Profitability buckets and annual cohorts.</li> <li>• CSM allocation for annuities.</li> </ul>

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			<ul style="list-style-type: none"> <li>• Other significant issues.</li> </ul> <p>In addition, the Board approved the Final Comment Letter to the IASB on the 2021 narrow scope amendment to IFRS 17.</p> <p>October 2021 - The Board discussed sections of the DECA separately (on the UK Long Term Public Good assessment and Technical Accounting Criteria assessment) before considering the DECA as a whole. The Board approved the DECA for publication (subject to some drafting amendments).</p> <p>December 2021 - The Board received an update on the ongoing consultation of the IFRS 17 DECA. It was noted that the ICAEW had submitted a paper to the IASB on the alternative approaches to the CSM allocation for annuity contracts. It was noted that further work was being carried out on issues related to reinsurance to close transactions in the Lloyd's market. The Board was informed that the IASB had finalised the 2021 narrow-scope amendment to IFRS 17, and it was agreed this would be incorporated within the wider IFRS 17 endorsement project.</p> <p>January 2022 - The Board was updated on the ongoing DECA public consultation. The Board noted that the CSM allocation for annuities issue was being considered by the IFRS Interpretations Committee. A</p>



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			<p>paper summarising the issues on the Reinsurance to close transactions at Lloyd's was presented.</p> <p>February 2022 - The Board agreed with the Secretariat's proposals for addressing the consultation feedback, including revisions to the Endorsement Criteria Assessment (ECA), and noted the revised IFRS 17 project timeline proposing that the final decision to adopt would be considered at its April 2022 meeting. The Board also received an update on the issues arising from the application of IFRS 17 to Lloyd's market RITC transactions. The Board considered information on the accounting effects and the potential scale of the economic impact as well as draft assessments of these elements. The Board approved the draft assessments for inclusion in the final IFRS 17 Endorsement Criteria Assessment (ECA).</p>
	Required in the draft DPH	DECA posted on UKEB Website for public consultation	<b>Complete:</b> The IFRS 17 DECA was published on the UKEB website in November 2021 with a 12-week comment period, ending on 3 February 2022.
	Required in the draft DPH	News Alert published to announce publication	<b>Complete:</b> The news alert announcing publication was issued to subscribers on 11 November 2021. In addition, the DECA was discussed by the UKEB Chair at an Association of British Insurers (ABI) event in December 2021.

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<b>Project Closure</b>			
Final Endorsement Criteria Assessment (ECA)	Required <sup>3</sup>	Public responses on DECA assessed and posted on website	<p><b>Complete:</b> All responses received to our Invitation to Comment to our IFRS 17 Draft ECA were published on the UKEB website, except for two where the submitters requested confidentiality.</p> <p>All responses received were assessed, reflected as appropriate in the ECA and summarised in the IFRS 17 Feedback Statement.</p>
	Required in the draft DPH	Final ECA approved by UKEB in public meeting	<p><b>Complete:</b> A draft of the final IFRS 17 ECA was presented to the Board at the March 2022 Board public meeting. The Board approved the draft final ECA, subject to minor editorial changes and amendments needed to reflect developments in respect of the allocation of CSM for annuities.</p> <p>Final ECA was approved at the April 2022 Board meeting, subject to suggested amendments.</p>
	Required in the draft DPH	Publish final ECA on UKEB website	<b>Complete:</b> Final ECA published on 17 May 2022.
	Required in the draft DPH	News Alert published to announce publication	<b>Complete:</b> News Alert announcing adoption of IFRS 17 published on 17 May 2022.
Feedback Statement	Required in the draft DPH	Feedback Statement approved by UKEB in public meeting	<b>Complete:</b> A Draft Feedback Statement was presented to the Board at the March 2022 public meeting. It was noted that the outcome of the Board's further consideration of the CSM allocation for annuities issue would be reflected in the final

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			<p>Feedback Statement. The Board approved the Draft Feedback Statement subject to minor editorial changes and any amendments needed to reflect the Board's final position in relation to the CSM allocation for annuities.</p> <p>Final Feedback Statement was approved at the April 2022 Board meeting, subject to suggested amendments.</p>
	Required in the draft DPH	Feedback Statement posted on UKEB Website	<b>Complete:</b> Feedback Statement published on 17 May 2022.
	Required in the draft DPH	News Alert published to announce publication	<b>Complete:</b> News Alert announcing adoption of IFRS 17 published on 17 May 2022.
Due Process Compliance Statement	Required in the draft DPH	Due Process Compliance Statement approved by UKEB in public meeting	<p><b>Complete:</b> A Draft Due Process Compliance Statement was presented to the Board for consideration at the March 2022 public meeting. In April 2022 the Board approved the Draft Due Process Compliance Statement subject to minor editorial changes.</p> <p>Updated versions of the Due Process Compliance Statement were presented to the Board for noting on 9 May and 23 June 2022.</p>
	Required in the draft DPH	Due Process Compliance Statement posted on UKEB Website	<b>Complete.</b> Final Due Process Compliance Statement published on UKEB website after having been noted by the Board in June 2022.
Adoption Statement	Required in the draft DPH	Content of Adoption Statement approved by UKEB in public meeting	<b>Complete:</b> Adoption Statement was tentatively approved on 9 May 2022, followed by written vote on 16 May 2022.

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	Required in the draft DPH	Adoption Statement posted on UKEB Website	<b>Complete:</b> Adoption Statement published on 17 May 2022.
	Required in the draft DPH	News Alert published to announce publication	<b>Complete:</b> News Alert announcing adoption of IFRS 17 published on 17 May 2022.
<b>Voting</b>			
Vote on Adoption Package	Required <sup>4</sup>	Evidence of written vote (in paper or electronic form).	<b>Complete:</b> Voting was finalised on 16 May 2022.
	Required <sup>4</sup>	News Alert published to announce the outcome of the vote to adopt IFRS 17 <i>Insurance Contracts</i> .	<b>Complete:</b> News Alert announcing adoption of IFRS 17 published on 17 May 2022.
<b>Conclusion</b>			
<i>This document sets out the main due process activities performed as part of the UKEB's IFRS 17 Insurance Contracts endorsement assessment project. Overall, the conduct of this project complied with appropriate due process consistent with the decisions made when developing the [draft] Due Process Handbook.</i>			

<sup>4</sup> Required by the UKEB Terms of Reference adopted 26 March 2021.