
Brasília, May 19, 2023

**IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom**

REF: IFRS IC Tentative Agenda Decisions reached in the March 14 and 15, 2023 meetings

Dear Board Members,

The “Group of Latin American Standards Setters”¹ (GLASS) appreciates the opportunity to comment on the following Tentative Agenda Decision (TAD) reached by the IFRS IC during its meetings on March 14 and 15, 2023, which included the following topic:

- **Premiums Receivable from an Intermediary (IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*)**

This response summarizes the points of view of the members of the different countries that comprise GLASS, pursuant to the following due process.

Due process

The discussions regarding the Tentative Agenda Decision (TAD) of IFRS IC were held within a specified Permanent Technical Commission (PTC) created in December 2020. All GLASS country-members had the opportunity to appoint at least one member to participate in this PTC. Each standard setter represented in GLASS has undertaken different tasks in their respective countries (e.g., surveys, internal working groups). All results were summarized, and this summary was the platform for GLASS discussion process.

GLASS discussed the different points of view included in the summary through emails exchanged among its members. In those emails GLASS developed a final document on the basis of the consensual responses and the technical points of view of its members. Finally, the GLASS document was submitted to and approved by the GLASS Board.

Comments

In relation to the request received by the Committee on the standards (IFRS 9 or IFRS 17) that should be applied in the case at hand, that is, a balance receivable by an insurance company from an intermediary, which does not entitle the entity to claim it from the policyholder or to cancel the insurance coverage, GLENIF shares the conclusions reached by the Committee in relation to its proposal to answer through an Agenda Decision and not to include the issue in its own workplan.

The fact pattern

In the fact pattern described in the application, an intermediary acts as a liaison between an insurer and a policyholder to enter into an insurance contract between them. The policyholder has paid the premiums in cash to the intermediary, but the insurer has not yet received the premiums in cash from the intermediary. The agreement between the insurer and the intermediary allows the intermediary to collect premiums from the insurer at a later date.

¹ The overall objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions with respect to all Exposure Drafts, Requests for Information and Discussion Papers issued by the IASB, ISSB and Tentative Agenda Decisions issued by the IFRS IC. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Board), Bolivia, Brazil (Chairman), Chile (Board), Colombia (Deputy Chairman), Costa Rica (Board), Dominican Republic, Ecuador, Guatemala, Honduras, Mexico (Board), Panama, Paraguay, Peru (Board), Uruguay (Board) and Venezuela (Board).

When the policyholder paid the premiums to the intermediary, the policyholder fulfilled his obligation under the insurance contract and the insurer is obligated to provide the insurance contract services to the policyholder. If the intermediary does not pay the premiums to the insurer, the insurer has no right to recover the premiums from the policyholder, nor to cancel the insurance contract.

GLASS opinion

GLASS agrees with the analysis carried out by the Committee in relation to the fact that there is no definition in IFRS that requires treatment by either of the two alternative applicable standards but expresses its marked preference for its treatment as a financial asset, independent of the cash flows attributed to insurance contracts, thereby applying IFRS 9.

The risk inherent in the recovery of the receivable balance is more clearly associated with the respective intermediary than with the joint cash flows attributable to the insurance contracts pending collection.

This opinion does not imply that the alternative treatment proposed by vision 1 in the description of the topic is incorrect, but rather that GLASS believes that the alternative proposed by vision 2 of the working paper provides a better solution between the two acceptable alternatives.

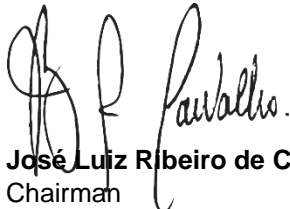
GLASS shares the Committee's reasoning that the inclusion of a project in its work plan would not result in an improvement in financial reporting sufficient to offset the costs of the process. Therefore, GLASS agrees with the Committee's decision not to add a standard-setting project to its work plan.

GLENIF also agrees that it is appropriate for a response to be made through the Agenda Decision procedure on the reasoning to be used and, therefore, the description of the proper application of the accounting treatment that must be given to this issue.

Contact

If you have any questions about our comments, please contact glenif@glenif.org.

Sincerely yours,



José Luiz Ribeiro de Carvalho
Chairman

Group of Latin American Accounting Standard Setters (GLASS)