

18 May 2023

IFRS Interpretations Committee
7 Westferry Circus,
Canary Wharf
London E14 4HD
United Kingdom

RE: IFRS IC Tentative Agenda Decision – Premiums Receivable from an Intermediary (IFRS 17 & 9)

The Saudi Organization for Chartered and Professional Accountants (SOCPA) appreciates the efforts of the IFRS Interpretations Committee (Committee) and welcomes the opportunity to comment on the Tentative Agenda Decision – *Premiums Receivable from an Intermediary (IFRS 17 & 9)*.

The insurance companies in Saudi Arabia performed several “dry runs” in order to ensure the smooth transition to IFRS 17 under the supervision of a working group that was set up to provide support for those companies in resolving issues that may arise during the transition journey. Based on this experience, several matters were identified by the working group and accounting for “premiums receivable from an intermediary” was a matter that has been discussed in detail. Subsequently, it was concluded that currently there is no consensus between insurance companies in Saudi Arabia, if premiums receivable from an intermediary are future cash flows within the boundary of an insurance contract and should be included in the measurement of the group of insurance contracts applying IFRS 17 or are a separate financial asset applying IFRS 9.

SOCPA therefore agrees with the IFRS Interpretations Committee’s conclusion that because IFRS 17 is silent on when future cash flows within the boundary of an insurance contract are removed from the measurement of a group of insurance contracts, an insurer could account for premiums paid by a policyholder and receivable from an intermediary applying either IFRS 17 or IFRS 9.

However, SOCPA along with the involvement of all stakeholders in Saudi Arabia will continue to review this matter and will evaluate based on future experience if standardization in the Saudi Arabia insurance sector on this matter is deemed necessary.

Please feel free to contact Dr. Abdulrahman Alrazeen at (razeena@socpa.org.sa) for any clarification or further information.

Sincerely,

Dr. Ahmad Almeghames
Chief Executive Officer

