

IRDAI decides to defer implementation of IndAS in insurance sector

22nd January, 2020, [Business Standard](#)

The Insurance Regulatory and Development Authority of India (Irdai) has decided to defer the implementation of IndAS (Indian Accounting Standards) in the insurance sector until the International Accounting Standards Board (IASB) issues final amendment to International Financial Reporting Standard 17 (IFRS 17).

The regulator had planned to implement IndAS 117, which is an equivalent of IFRS 17, and IndAS 109 from April 1 onwards, but the IASB decided to amend IFRS 17.

“While the insurance sector was preparing to implement IndAS, it was noted that the IASB has taken a considered view to amend IFRS 17. The IASB has indicated that it aims to issue the final amendments in mid-2020,” the regulator said.

While the equivalent standard of IFRS 17 is yet to be notified in India, after the final standard is notified by the IASB, the corresponding standard in India will have to be notified by the Ministry of Corporate Affairs (MCA).

“Once the standard equivalent to IFRS 17 is notified in India, Irdai will be in a position to notify the regulations on the preparation of IndAS-compliant financial statements. Several other regulations that may be impacted because of the implementation of IFRS 17 may also have to be modified appropriately”, Irdai said.

Earlier, there was a discussion to slowly move towards the implementation of IndAS 117 by first implementing IndAS 104. IndAS 104 is an equivalent of IFRS 4. But IFRS 4 shall be replaced by IFRS 17 once the final standard is effective. “Hence, implementing its equivalent (IndAS 104) in the insurance sector in India at this juncture would involve avoidable costs and efforts. It may, therefore, not be desirable to implement IndAS 104 in the insurance sector as an interim measure. The implementation of IndAS 109 before the implementation of IFRS 17 equivalent may cause volatility in financial statements because of asset-liability mismatch” Irdai said.

Therefore, the regulator in its meeting last month decided to implement IndAS 109 and IndAS equivalent of IFRS 17 simultaneously, along with all other applicable IndAS. “The effective date of implementation shall be decided after the finalisation of IFRS 17 by IASB,” Irdai said.