PBE IFRS 4 Insurance Contracts – Differences to NZ IFRS (PBE)

	NZ IFRS 4 (PBE)	PBE IFRS 4	Difference
1	NZ IFRS 4 (PBE) provides guidance on accounting for insurance contracts. NZ IFRS 4 permits financial guarantee contracts to be accounted for as insurance contracts only so long as the insurer has previously asserted explicitly in their financial statements that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts. NZ IFRS 4.4(d)	PBE IFRS 4 provides guidance on accounting for insurance contracts and is based entirely on NZ IFRS 4 (PBE). However, there is a scope difference between the two standards. A PBE is able to apply PBE IFRS 4 *Insurance Contracts* to financial guarantee contracts if: (a) the entity has previously applied accounting applicable to insurance contracts to financial guarantee contracts; or (b) the entity elects to treat financial guarantee contracts as insurance contracts as allowed by PBE IPSAS 28. The election may be made on a contract by contract basis, but the election is irrevocable. Refer also PBE IPSAS 28. PBE FRS 4.4(d) and PBE IPSAS 28 AG 8	An explicit assertion that the entity considers financial guarantee contracts as insurance contracts in the entity's financial statements is no longer required to enable those financial guarantee contracts to be accounted for under PBE IFRS 4 if an entity chooses to do so. Also, entities may use the transition to the new PBE standards as an opportunity to review the current treatment of financial guarantee contracts.