

International Accounting Standards Board (IASB)
Attn: Dr Andreas Barckow
Columbus Building
7 Westferry Circus
London, UK E14 4HD

Sent by email

5 December 2022

Subject: IASB Board's decision on IFRS 9 PIR Classification and Measurement – Recycling issue

Dear Dr Barckow

This letter has been drafted by the European Insurance CFO Forum (“CFO Forum”), a body representing the views of 23 of Europe’s largest insurance companies, and Insurance Europe, representing 95% of the premium income of the European insurance market. Accordingly, it represents the consensus view of the European insurance industry.

This letter follows the IASB October Board decision on the IFRS 9 Post-Implementation Review (PIR) covering classification and measurement. On the topic of equity instruments and Other Comprehensive Income (OCI), we are **disappointed that the Board decided not to consider, at this time, the introduction of recycling for equity instruments measured at Fair Value through OCI (FVOCI).**

Recycling of realised gains or losses on FVOCI equity instruments remains an important issue for insurers. The insurance industry spent a significant amount of effort to convey its concerns to the IASB over the years. During this process, we have also sought to address any concerns raised, for example, by **proposing a robust impairment model** to accompany the recycling of equity instruments. Contrary to the assessment set out in the Agenda Paper 3A from October 2022, we continue to believe that recycling of FVOCI equity instruments would bring IFRS 9 further in line with the Conceptual Framework for Financial Reporting.

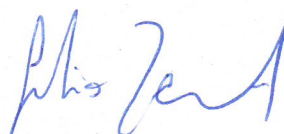
We appreciate that the IASB acknowledged in the October 2022 Agenda Paper that sufficient evidence is not yet available on the effects of the IFRS 9 requirements on insurance entities and how these requirements might impact insurers’ investment decisions as most insurers have deferred their IFRS 9 implementation until 1 January 2023.

We understand and appreciate that the IASB remains open to reconsider its decision as new information and further evidence becomes available from insurers’ simultaneous application of, and the interaction between, IFRS 17 and IFRS 9 as of 1 January 2023. In this context, we hope to continue our open and constructive dialogue going-forward, including on other concerns about the interaction between IFRS 17 and other Standards, impacting performance reporting of insurers.

Yours sincerely,



Olav Jones
Deputy Director General
Director Economics and Finance, Insurance Europe



Giulio Terzariol
Chair
European Insurance CFO Forum