

To: Economics and Finance Committee, Financial Reporting Working Group  
From: Olav Jones  
cc:  
Date: 27 September 2018  
Reference: ECO-18-088  
  
Subject: Insurance Europe position on IFRS 17

Dear members of the Economics & Finance Committee, Financial Reporting Working Group,

Please find below the Insurance Europe position on IFRS 17 agreed today at Executive Committee meeting.

Yours sincerely,

Olav Jones

## Insurance Europe Positions agreed by ExCo

### ***IFRS 17 position***

1. The insurance industry remains committed to a high-quality standard for insurance contracts which improves insurers' financial reporting. We therefore support IFRS 17 and are engaging considerable resources into preparation and implementation.
2. However, as confirmed by the EFRAG case studies, significant issues, with potential impacts on the depiction of our performance and on our business model, must be resolved prior to the IFRS 17 endorsement. IFRS 17 needs to be good enough – and it isn't yet.
3. IFRS 17 therefore needs to be reopened and the 11 issues identified during EFRAG's testing addressed.
4. A delay of 2 years is needed, to make the necessary improvements, but also to allow appropriate time for the wide range of companies affected to implement the standard.
5. The decision to re-open IFRS 17 should be made as soon as possible and as much clarity as possible given on the impact on the application date to allow companies to plan accordingly. However, there is no expectation that a delay will result in companies pausing implementation projects, rather it will deal with operational constraints (such as current lack of software solutions), allow for implementation of suitable quality and reliability, and allow for better management and user understanding and education about the potentially very different new financial reporting figures.
6. The industry recognises its responsibility for proposing credible solutions to the 11 issues it has raised and is working hard and making good progress to deliver these on a timely basis.

### ***IFRS 9 positions***

*We include this clarification of the IFRS 9 position for completeness. Both of these points are agreed and in line with already agreed positions. This ensures Insurance Europe has a clear answer if asked its position on the link between IFRS 9 and IFRS 17 timing. However, these points are not intended to be included directly in secretariat current proactive lobbying on IFRS 17.*

1. There is a need to allow recycling for equities measured at FVOCI under IFRS 9 as it the only way to ensure the profit and loss account correctly reflects financial performance of long-term investors.
  - a. We recognise that impairment rules would be needed as part of this and we are in favour of an impairment model similar to IAS 39, not a revaluation model.
  - b. The recycling rules should also apply to equity-like investments such as UCITS.
2. Insurance Europe has for many years called for alignment of application dates for IFRS 9 and IFRS 17. The need and rationale to align fundamental changes to reporting of our assets with fundamental change to reporting of our liabilities remains. Therefore, the current optional IFRS 9 deferral for insurers will need to be adjusted so that it remains consistent with changes to the IFRS 17 time-line.