

European Financial Reporting Advisory Group
35 Square de Meeûs (5th floor)
Brussels, Belgium

26 August 2025

Joint response of the CFO Forum and Insurance Europe to EFRAG’s Draft Endorsement Advice (DEA) on IFRS 19 Subsidiaries without Public Accountability: Disclosures

Dear Mr. Klinz,

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

European insurers appreciate the opportunity to provide feedback on EFRAG’s Draft Endorsement Advice (DEA) on IFRS 19 Subsidiaries without Public Accountability: Disclosures, published on 23 May 2025.

Overall, the **CFO Forum and Insurance Europe acknowledge EFRAG’s support for endorsing IFRS 19 standard** and appreciate the thorough analysis and comments provided. We support the objective of IFRS 19 to simplify financial reporting for eligible subsidiaries by allowing them to apply IFRS Accounting Standards with reduced disclosure requirements.

However, we would like to reiterate two key concerns relevant for the insurance sector:

- Scope of IFRS 19 – Public accountability and fiduciary capacity

As noted in EFRAG’s DEA, most financial institutions and insurance companies are excluded from the scope of IFRS 19 because they are considered to have “public accountability,” particularly due to their fiduciary capacity in managing assets.

We would like to clarify that insurance companies hold assets in a fiduciary capacity not because they possess public accountability, but as part of their business model to manage policyholder funds. This fiduciary capacity is a normal operational practice and does not equate to the level of public accountability typically associated with banks. The difference lies in the nature and scale of operations. Banks, as financial intermediaries, manage public deposits and issue credit, directly influencing the financial system’s liquidity and stability. This role naturally subjects them to a higher degree of public accountability. Insurance companies, by contrast, focus on risk mitigation through the collection of premiums and payment of claims. While both industries involve fiduciary responsibilities, only banks exert a systemic influence that justifies their higher public accountability.

By automatically excluding insurance companies from the reduced disclosure benefits of IFRS 19 based solely on this fiduciary role, the standard imposes unnecessary reporting burdens on insurers. We support EFRAG’s observation in paragraph 73 that such exclusions may negatively affect comparability across industries.

Therefore, the European insurers suggest revising the definition of public accountability to reflect the specific nature of the insurance business and its subsidiaries. Insurance subsidiaries that hold assets in a fiduciary capacity, but do not engage in broader public financial intermediation, should be eligible for reduced disclosures under IFRS 19. This would ensure the standard accurately reflects the characteristics of insurance operations and avoids unnecessary complexity.

- Lack of reduced disclosures for IFRS 17

The European insurers welcome EFRAG’s comment in paragraph 120, which highlights the industry’s call for reduced disclosure requirements under IFRS 17. As it stands, IFRS 17 remains fully scoped out of the simplifications in IFRS 19, which represents a missed opportunity.

IFRS 17 introduces extensive and detailed disclosure requirements, and without any relief under IFRS 19, this continues to place a significant compliance burden on insurance companies. Allowing eligible entities, including insurance subsidiaries to benefit from reduced disclosures would significantly reduce their reporting burden while maintaining the necessary level of transparency and accountability. This would be

consistent with IFRS 19's core objective of simplifying financial reporting for subsidiaries without public accountability.

We therefore believe it is important for the industry to reaffirm its willingness to apply IFRS 19. We suggest that EFRAG further elaborate on paragraph 120, particularly with regard to the concepts of public accountability and fiduciary capacity and encourage the IASB to reconsider the current scope during its upcoming post-implementation review (PIR).

The CFO Forum has previously raised these concerns in our response to the IASB's Exposure Draft Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures. Addressing these two key concerns would significantly improve the relevance and usability of IFRS 19 for the insurance industry.

Furthermore, as per our understanding there appears to be a contradiction between paragraph 83 and 84 of the Draft Endorsement Advice. Paragraph 83 states that IFRS 19 addresses only disclosure requirements and leaves measurement, recognition, and presentation requirements unchanged, asserting that reduced disclosures have no impact on prudence. However, paragraph 84 suggests that requiring full disclosure for new standards such as IFRS 17 could be viewed as a prudent approach.

According to the IASB's Basis for Conclusions (BC83a-d), the reason not to reduce disclosures under IFRS 17 is not primarily about prudence but is instead aimed at:

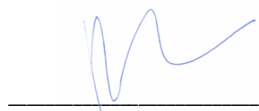
- facilitating users' understanding of this new model (BC83a);
- allowing the IASB to assess the effectiveness of the disclosure requirements before proposing reduced disclosure requirements (BC83b);
- helping insurance regulators in their enforcement activities (BC83d).

Therefore, the issue appears more closely related to transparency and knowledge-building rather than prudence. We therefore recommend clarifying this distinction in EFRAG's final endorsement advice.


In conclusion, the **CFO Forum and Insurance Europe acknowledge the endorsement of IFRS 19** and its goal of simplified financial reporting. However, insurers express concern about its actual impact on insurance companies since the majority of them is excluded from the scope of IFRS 19. Therefore, we encourage EFRAG as well as the IASB to consider the specific characteristics of the insurance sector. Adjusting the scope and including reduced disclosures for IFRS 17 will make the standard more effective and meaningful for a wider range of preparers.

We thank you for taking these comments into account and look forward to continued collaboration.

Yours sincerely,



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Chair
European Insurance CFO Forum



Thea Utoft Hoj Jensen
Director General
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About the European Insurance CFO Forum and its work

The European Insurance CFO Forum ('CFO Forum') is a high-level discussion group formed and attended by the Chief Financial Officers of major European listed, and some non-listed, insurance companies. Its aim is to influence the development of financial reporting, value-based reporting, and related regulatory developments for insurance enterprises on behalf of its members, who represent a significant part of the European insurance industry. The CFO Forum was created in 2002.

About the Insurance Europe and its work

Insurance Europe is the European insurance and reinsurance federation. Through its 39 member bodies, the national insurance associations, it represents insurance and reinsurance undertakings active in Europe and advocates for policies and conditions that support the sector in delivering value to individuals, businesses, and the broader economy.