

## PRESS RELEASE

### **AAE responds to possible delay in the delivery of EFRAG's endorsement advice on IFRS 17**

*Brussels, 7 June 2018:* The Actuarial Association of Europe ("AAE") presented its insights<sup>1</sup> on IFRS 17 to the Board of EFRAG on May 30. The AAE notes that the EFRAG Board has now decided to consider at a future meeting whether to request an extension of the delivery date for its endorsement advice to the European Commission into early 2019. The EFRAG Board was particularly concerned that constituents be given sufficient time to comment on the draft endorsement advice.

The AAE welcomes this consideration by EFRAG of an extension of the delivery date. The AAE has commented on the complexity of the regime and is of the view that the time spent in considering the issue of endorsement should be sufficient to allow all stakeholders to develop informed insights into the standard, its proposed introduction and its implications for insurance accounting.

The AAE has identified a number of areas where the standard is particularly complex. These include the following:

- Introduction of new accounting items in the form of Contractual Service Margin, Risk Adjustment and Present Value of Future Cash Flows
- Application of principles in identifying key parameters used in calculating the above items and their run off over time
- Requirement for extensive and detailed grouping of contracts, e.g. by year of issue and in onerous and profitable categories
- Differentiated treatment of direct insurance and reinsurance
- Extent and scope of disclosures
- Differing approaches for different types of business

The AAE encourages the European Commission to consider, in assessing the time to be made available for industry implementation of the standard, any delays in the finalisation of EFRAG's work and of the standard itself. The complexity which has been identified in the standard by EFRAG will make implementation a complex, time consuming and resource intensive process and the time available for implementation should not be reduced as a consequence of delays in ratification of the standard. The AAE recommends that EFRAG include a feasibility study in relation to time realistically likely to be required for implementation in its work, to ensure that implementation will be effective.

The AAE believes that actuaries, as leaders in insurance companies for all aspects of cash flow projection and discounting, which are key elements of IFRS 17, will play a leading role in the implementation of IFRS 17 and the preparation of IFRS 17 accounts.

We also believe that actuaries should have a formal responsibility for closing the accounts given this leading role. In preparation for this, the AAE and other actuarial professional bodies and associations are committed to preparing their members to play a leading role in IFRS 17.

- End of press release -

---

<sup>1</sup> The AAE presentation to EFRAG is available [here](#).

*Notes for editors*

1. For further information please contact Ad Kok, Chief Executive (tel. +32 2 201 60 21), [aamkok@actuary.eu](mailto:aamkok@actuary.eu)
2. Copies of all AAE press releases are available on the AAE website ([www.actuary.eu](http://www.actuary.eu))
3. The Actuarial Association of Europe (AAE) was established in 1978 under the name Groupe Consultatif to represent actuarial associations in Europe. Its primary purpose is to provide advice and opinions to the various organisations of the European Union - the Commission, the Council of Ministers, the European Parliament, the European Supervisors and their committees – on actuarial issues in European legislation. The AAE currently has 36 member associations in 35 European countries, representing over 23,000 actuaries. Advice and comments provided by the AAE on behalf of the European actuarial profession are totally independent of industry interests. The Actuarial Association of Europe is registered in the EU Transparency Register under number 550855911144-54