

## IFRS 17

***The Actuarial Association of Europe (AAE) welcomes many aspects of the new regime including its market consistency, greater anticipated consistency and comparability across the accounts of different insurers and reinsurers, allowance for risk, and release of profits in line with the underlying earnings profile. The AAE however recognises many complexities in the new regime and calls for a prominent role for qualified actuaries in undertakings required to comply with IFRS 17.***

The AAE presented its views, as collated from a comprehensive survey of its Member Associations, at a recent meeting with the EFRAG Board. The presentation is attached. Concerns expressed by the AAE were as follows:

- The inconsistent treatment of direct insurance and reinsurance in the accounts of reinsurers;
- The complexity of the regime; and
- The level of interpretations required to be made across many different elements of the standard which could put the aims of consistency and comparability at risk.

The AAE also reflected in our presentation on the importance of actuarial involvement in implementation and ongoing preparation of IFRS17 accounts. Our intent is to prepare the profession for this, and the possibility of a regulatory requirement for actuarial involvement in closing the accounts.

The AAE considers that reconciliation between Solvency II and IFRS 17 balance sheets will be an important exercise for insurers and for regulators. Insurance undertakings will measure their wellbeing and performance by reference to both bases, and will take decisions which in part will be driven by IFRS 17. It will therefore be important that European regulators can identify how these decisions and their consequences will impact on the solvency and risk position of undertakings.

For further information, please contact:

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