

## PRESS RELEASE

### **AAE responds to one-year deferral of IFRS 17 Insurance Contracts**

*Brussels, 21 November 2018:* On November 14th, the International Accounting Standards Board (IASB) recommended a one-year deferral of the effective date for IFRS 17, the new insurance contracts Standard, to 2022. The IASB has also decided to propose extending to 2022 the temporary exemption for insurers to apply the financial instruments Standard, IFRS 9, so that both IFRS 9 and IFRS 17 can be applied at the same time.

The Actuarial Association of Europe (AAE) agrees with the International Actuarial Association (IAA) that it is important for the actuarial profession and all stakeholders, including the insurance industry, that this deferral period should allow all stakeholders, including the European Commission, to develop informed insights into the standard and its implications for insurance accounting and is used effectively to consider improvements in the quality of the standard and implement it in a robust manner.

The AAE has already commented on 7 July 2018 on the complexity of the regime and 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 complexity which also has been identified in the standard by the European Financial Reporting Advisory Group (EFRAG) will make implementation a complex, time consuming and resource intensive process.

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 accounts under the new Standard.

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.

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#### Notes for editors

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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 24,000 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