

Response to IASB third agenda consultation

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Question 1—Strategic direction and balance of the Board’s activities

The Board’s main activities include:

- developing new IFRS Standards and major amendments to IFRS Standards;
- maintaining IFRS Standards and supporting their consistent application;
- developing and maintaining the *IFRS for SMEs* Standard;
- supporting digital financial reporting by developing and maintaining the IFRS Taxonomy;
- improving the understandability and accessibility of the Standards; and
- engaging with stakeholders.

Paragraphs 14–18 and Table 1 provide an overview of the Board’s main activities and the current level of focus for each activity. We would like your feedback on the overall balance of our main activities.

(a) Should the Board increase, leave unchanged or decrease its current level of focus for each main activity? Why or why not? You can also specify the types of work within each main activity that the Board should increase or decrease, including your reasons for such changes.

(b) Should the Board undertake any other activities within the current scope of its work?

The current level of focus on the IASB’s main activities, as described in the Request for Information document, **is considered by European insurers to be appropriate** to achieve the IASB’s main objective of maintaining the high quality of IFRS standards.

Insurance Europe agrees with the IASB’s intention to continue the work on the projects described in Appendix A as they have been identified as important through the usual IASB due process.

However, it suggests to holistically reassess the feasibility of fully completing all the projects in the current work plan (Table 4, Appendix A of the RfI document) in the foreseeable future.

The IASB should therefore consider re-prioritising some of the current projects on the work plan, with a particular focus on the Post Implementation Reviews which constitute an essential task as they permit the collection of



views from all stakeholders and the assessment of whether standards are working as initially intended by the Board and whether they are cost-effective for preparers.

From Insurance Europe's perspective, these Post-Implementation Reviews will be one of the main activities in the period 2022–2026, after the finalisation of the major standard-setting projects already started (ie, IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, IFRS 16 Leases, IFRS 17 Insurance Contracts), including the follow-up work on IFRS 17 Insurance Contracts and the ongoing work on the comparative issue under IFRS 9 when adopting IFRS 17 for the first time.

Another important aspect of the IASB's work is its ability to respond swiftly to important emerging issues, for instance when important new standards (eg, IFRS 17 Insurance Contracts, IFRS 9 Financial Instruments) are implemented for the first time and when economic or environmental conditions change in an unexpected and/or rapid way creating operational challenges for reporting entities (eg, IFRS 16 Leases, IFRS 9 Financial Instruments or financial reporting issues related to IBOR reform). Important issues are also sometimes identified by stakeholders and submitted to the IFRS Interpretations Committee (IFRS IC) and cannot be solved by the Committee itself because swift standard-setting is required.

Question 2—Criteria for assessing the priority of financial reporting issues that could be added to the Board's work plan

Paragraph 21 discusses the criteria the Board proposes to continue using when assessing the priority of financial reporting issues that could be added to its work plan.

- (a) Do you think the Board has identified the right criteria to use? Why or why not?
- (b) Should the Board consider any other criteria? If so, what additional criteria should be considered and why?

While Insurance Europe believes that **the Board has identified the right criteria for assessing the priority of financial reporting issues**, the priority of any project should primarily be driven by its relevance and urgency for the stakeholders impacted.

Question 3—Financial reporting issues that could be added to the Board's work plan

Paragraphs 24–28 provide an overview of financial reporting issues that could be added to the Board's work plan.

- (a) What priority would you give each of the potential projects described in Appendix B—high, medium or low—considering the Board's capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs 27–28)? If you have no opinion, please say so. Please provide information that explains your prioritisation and whether your prioritisation refers to all or only some aspects of the potential projects. The Board is particularly interested in explanations for potential projects that you rate a high or low priority.
- (b) Should the Board add any financial reporting issues not described in Appendix B to its work plan for 2022 to 2026? You can suggest as many issues as you consider necessary taking into consideration the Board's capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs 27–28). To help the Board analyse the feedback, when possible, please explain:
 - (i) the nature of the issue; and
 - (ii) why you think the issue is important.

Insurance Europe believes that the following **three key projects**, as set out in Table 5 (p31 of the RfI document), should be tackled by the IASB as a priority:



- No. 2 **Climate-related risks** (a large project, B11 (c) and/or (d))
- No. 4 **Cryptocurrencies and related transactions** (a large project, B15 (d))
- No. 14 **Intangible assets** (a large project, B52 (c))

Topics 4 and 14 have already been the subject of intensive work by EFRAG at EU level, so the IASB could use the outcome of these valuable research initiatives as the basis for its own work.

The comments above notwithstanding, Insurance Europe believes that any project planning at IASB level should not reduce the Board's **capacity to react swiftly to emerging issues when necessary**. The IASB's ability to react swiftly to emerging issues is key to maintaining a high level of acceptance by stakeholders and to ensuring the high quality of the IASB's work in the field of the financial reporting.

Finally, the IASB should start assessing and planning for the Post-Implementation Review of IFRS 17 Insurance Contracts. This is particularly relevant in the context of the upcoming finalisation of the EU endorsement process.

As an outcome of the EU endorsement process, the European Commission's regulation will most likely contain an optional carve-out solution for the annual cohorts' requirement in IFRS 17 for some contracts with mutualisation features. The Commission's regulation will require a review of this optional carve-out solution by 31 December 2027. The IASB should aim for an alignment of its timetable for the Post-Implementation Review with the review by the Commission of the EU carve-out. The most desirable outcome would be to replace the European carve-out solution with a pragmatic global solution at IASB level.

Question 4—Other comments

Do you have any other comments on the Board's activities and work plan?

Appendix A provides a summary of the Board's current work plan.

The costs of providing any additional disclosures should be evaluated against their potential benefits when developing further disclosure requirements. Insurance Europe recognises that users of financial statements generally request increased number of disclosures and/or to significantly increase the granularity of the existing disclosure requirements but a careful cost-benefit analysis should be conducted before implementing any new disclosure requirements for reporting entities.

Finally, the move towards further digitalisation in the field of financial reporting should not lead to technology driving the content of the standards but should still be properly considered along the standard-setting process.

Insurance Europe is the European insurance and reinsurance federation. Through its 37 member bodies — the national insurance associations — it represents all types and sizes of insurance and reinsurance undertakings. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers pay out almost €1 000bn annually — or €2.7bn a day — in claims, directly employ nearly 950 000 people and invest over €10.4trn in the economy.