



To: Ms Françoise Flores  
Chairman  
EFRAG  
35 Square de Meeûs  
1000 Brussels

Your  
reference: -

Our  
reference: ECO-FRG-14-103

Subject: EFRAG draft comment letter on ESMA [draft] Guidelines on Alternative Performance Measures

Brussels, 30 April 2014

Dear Ms Flores,

Insurance Europe welcomes the opportunity to comment on the EFRAG draft comment letter regarding the European Securities and Markets Authority (ESMA) consultation "Guidelines on alternative performance measures (APMs)". We would like to express our support for the views and general direction of the comments made by EFRAG.

In general we agree with ESMA's identification of the investors' need to have clearly understandable information about issuers' financial performance. It should always be clear what alternative performance measures (APMs) are used and why. However, we do not support ESMA issuing these guidelines as we do not believe the current requirements have been proven to be inadequate. Moreover, we strongly believe that the use of APMs have an equally important role as financial statement figures to explain our business.

In particular, we have significant concerns that the scope of application of the ESMA draft guidelines is too broad in terms of the definition of APMs and also the application to public documents such as press announcements, interim financial statements and prospectuses. The latter category is especially unclear to us as a European Directive already covers specific guidelines.

As commented earlier we share EFRAG's view expressed in paragraph 3 that ESMA has not provided evidence on why the existing CESR Recommendations on Alternative Performance Measures no longer provide adequate guidance. Furthermore, we also share EFRAG's position expressed in paragraph 20 that ESMA should clearly define the objective of the guidelines in a way that focuses on the usefulness of the resulting information for users.

Insurance Europe has also the view that the ESMA draft guidelines if implemented would contradict the efforts of the IASB's Disclosure Initiative which aims to make the disclosure requirements more effective.

Finally, we would recommend for EFRAG to add more weight on the arguments used in its final comment letter, particularly in relation to ESMA's Question 7 regarding reconciliation requirements. We believe it would be beneficial to make ESMA fully aware of certain impracticalities. Especially, the general requirement to separately explain each reconciling item (paragraph 22 of the [draft] Guidelines) would lead to a significant increase in disclosure requirements.



In the case of life insurers for example some APMs are focused on explaining the long-term value creation through Key Performance Indicators (KPI) which are not always reconcilable to IFRS figures such as "Value of new business" and "embedded value".

We will keep you informed of our final comment letter to ESMA as our views are still subject to further development.

Sincerely,

A handwritten signature in black ink, appearing to read "Olav Jones", is written over a horizontal line.

Olav Jones

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