

To: Mr. Hoogervorst Esq
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Ref: ECO-ACC-11-385

Subject: IASB Agenda Consultation

14 November 2011

Dear Mr. Hoogervorst,

This letter has been drafted by the CEA which is the European insurance and reinsurance federation. Through its 34 member bodies — the national insurance associations — the CEA represents all types of insurance and reinsurance undertakings, e.g. pan-European companies, monoliners, mutuals and SMEs.

The CEA, 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 generate premium income of over €1 100bn, employ nearly one million people and invest almost €7 500bn in the economy. Insurance companies are not only preparers but are also some of the largest institutional investors, hence users of financial statements.

We welcome the IASB's request for views from constituents on their agenda for the next three years. Please find below our comments with respect to the *ED: IASB Agenda Consultation*.

Strategic priorities (Q1)

It is important to the European insurance industry that the IASB puts a maximum emphasis on finalising its current key projects, especially Insurance Contracts and Financial Instruments. We strongly encourage the IASB to continue developing those projects until completion.

We are concerned on the feasibility for certain projects to be completed in a reasonable timeframe. In this respect, we give greater emphasis to the need for a high-quality standard to replace IFRS 4 (e.g. because it allows such diversity in practice) rather than to convergence. We invite the IASB to give this priority in its decision making considering the importance of a much needed solution to users of IFRS financial statements.

Once these projects are finalised, we suggest that the Board should give priority to the Conceptual Framework project (including presentation and disclosure) and to the projects that are particularly closely related, such as OCI, financial statement presentation. This may be the best way to tackle a number of cross-cutting issues that have bedeviled a number of projects in recent years. We suggest that advances made in the IFRS 4 Phase 2 project may help with these conceptual developments, but we strongly caution against the finalising of IFRS 4 Phase 2 being made in any way contingent on developments in the conceptual framework project or related projects, as that would delay Phase 2 significantly and to the detriment of the European insurance industry.

In parallel, we agree that it is important to maintain standards and ensure that they work properly. We believe that the IASB should carry out post implementation reviews and amend the standards where needed. However, we suggest that, as well as focusing on consistency of application, such reviews should also aim to identify quality issues, - and in particular, whether the desired benefits are being attained from a user's perspective.

Most pressing financial reporting needs (Q2)

Taking into account the constraint on resources and the complexity of developing an IFRS, it is better to complete a short list of projects in a reasonable time frame compared to an overload of subjects. The most pressing financial reporting needs have been noted above. Priorities might however change over time and thus the IASB agenda should be reassessed on a regular basis to reflect current needs. While other projects, research and XBRL are important elements to consider, we believe that they should be given limited priority in the IASB agenda over the coming three years.

We also propose that some project suggestions should not be pursued at this stage, particularly where previous extensive work on them has already shown that they are unlikely to yield sufficient benefits for some years to come, such as "Intangible Assets", or that the potential benefits are low, such as "Financial Instruments with Characteristics of Equity"

We strongly support the IASB's aim to provide a complete suite of global high-class standards. A major bar to achieving this is IFRS 4. To conclude, we suggest that the completion of Phase 2 should be given the highest priority in the IASB's agenda.

Do not hesitate to contact us for any further information.

Yours sincerely,



Olav Jones
CEA Deputy Director General / Director Economics & Finance