

PRESS RELEASE

30 July 2010

IASB proposes improvements to insurance accounting

The International Accounting Standards Board (IASB) today published for public comment an exposure draft of improvements to the accounting for insurance contracts. The exposure draft proposes a single International Financial Reporting Standard (IFRS) that all insurers, in all jurisdictions, could apply to all contract types on a consistent basis.

When the IASB was established in 2001 there were no international financial reporting requirements for insurance contracts. In 2004 the IASB introduced IFRS 4 *Insurance Contracts* as an interim standard that permitted many existing international accounting practices to be retained, whilst beginning a more comprehensive review of insurance accounting as a second phase of the project. The proposals published today are the result of that review.

The IASB launched its public consultation when it published a discussion paper, *Preliminary Views on Insurance Contracts*, in 2007. In developing the proposals released today, the IASB considered more than 160 comment letters received on the discussion paper, as well as feedback from interested parties through an extensive outreach programme, including interaction with the IASB's Insurance Working Group and a targeted field test with preparers. The IASB will undertake further outreach during the exposure draft's comment period, including a second round of field tests, to ensure that the IASB considers the views of all interested parties before it issues an IFRS.

Commenting on the exposure draft, Sir David Tweedie, chairman of the IASB, said:

A fundamental review of insurance accounting was long overdue, with current practice resulting in financial information that is impenetrable to all but the most expert of users.

The publication of this exposure draft marks an important milestone in this review process.

The proposed standard better reflects the economics of insurance contracts, and would result in more relevant, understandable and comparable information being available to investors.

The exposure draft *Insurance Contracts* is open for comment until 30 November 2010 and can be accessed via the 'Comment on a Proposal' section of www.ifrs.org

To find out more, visit the Insurance Contracts section of the IASB website via http://go.ifrs.org/insurance_contracts. Materials available on the website include a podcast introduction to the proposals by Warren McGregor, member of the IASB, as well as a high level executive summary of the proposals (Snapshot).

An interactive webcast introducing the proposed standard will be held at 10.00am London time on Friday 6 August, and repeated at 3.00pm London time on the same day for the benefit of interested parties in different time zones.

To register, go to <http://www.ifrs.org/Meetings/Live+webcast+Insurance+accounting.htm>

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Notes for editors

About the IASB

The IASB was established in 2001 and is the standard-setting body of the IFRS Foundation, an independent private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. The IASB currently has 14 full-time members drawn from ten countries and with a variety of professional backgrounds. By 2012 the IASB will be expanded to 16 members. IASB members are appointed by and accountable to the Trustees of the IFRS Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities.