

Insurance Technical Advisory Group

Meeting Summary – 24 July 2020

Meeting held virtually

Attendees

Members

Jo Clube (Aviva plc)
Richard Crooks (Legal & General Group Plc)
Stuart Reilly (Direct Line Group Plc)
Danny Clark (KPMG)
Gail Tucker (PwC)
Kevin Griffith (EY)
Mark Spencer (BDO)
Dean Buckner (UK Shareholders' Association)
Tony Silverman (AM Best)
Sian Morgan (Columbia Threadneedle Investments)
Wijdan Yousuf (Aon)
Anju Bell (Willis Towers Watson)
Vasilka Bangeova (Guy Carpenter & Company Limited)
Andrew Spooner (Deloitte)

UK Endorsement Board

Seema Jamil O'Neill (Technical Director)	UK Endorsement Board secretariat (Chair)
Peter Drummond (Senior Project Director)	UK Endorsement Board secretariat
Caroline Federer (Project Manager)	UK Endorsement Board secretariat

1. Welcome and Introductions

- Members had the opportunity to introduce themselves to the rest of the group.
- The Chair noted that the composition of the group was aimed at bringing together the breadth of stakeholder and industry perspectives and experience, including that of adopting IFRS in Europe. The latter was to provide insight into the on-shored part of the decision-making process during the transition from EU to UK adoption of IFRS.
- The Chair clarified that the membership of the Insurance Technical Advisory Group (TAG) would be ratified by the UK Endorsement Board (UK EB), when established.

- The lack of policyholder representation was highlighted. The Chair welcomed input from members on how this could be addressed. A member noted that the regulators may be considered to cover policyholder interests. The Chair highlighted that the Endorsement Board (EB) secretariat has been in discussions with regulators about their involvement as observers at the meetings.

2. Terms of Reference

- A draft of the Terms of Reference (ToR) was presented to the members for their comments and suggestions.
- The following key elements were noted:
 - the TAG will perform an advisory role.
 - the TAG members are representative of particular stakeholder categories, however, they will be appointed in their personal capacity. Members are therefore not expected to act as delegates for their organisations' views or to promote their interests.
 - the TAG would have regard to the UK public good, including ensuring a high degree of transparency and the international comparability of financial statements.
 - all TAG meetings would be closed sessions. However, agendas and summaries of meetings would be published, initially on the FRC website, and once established, on the UK EB's website.
 - TAG members should treat as confidential all information, including papers, acquired in the exercise of their function as members.
- Confidentiality of papers was discussed and the Chair commented that, when established, the UK EB would be asked to consider whether TAG papers should be made publicly available.
- The presentation of the output from the TAG was discussed. The EB secretariat indicated that the initial focus of the TAG's work would be to advise on the drafting of a Draft Endorsement Criteria Assessment (DECA) for IFRS 17 *Insurance Contracts*, to be considered by the UK EB once constituted.
- The TAG agreed to the ToR.

3. Logistics in a Virtual Environment

- The Chair highlighted that given the current status of COVID-19 related lockdown in the UK, the expectation was that TAG meetings will be held virtually for the foreseeable future.
- The group agreed to consider the frequency and duration of meetings, to be finalised before the September meeting.

4. Introduction to Endorsement Criteria and UK Endorsement Work

- The EB secretariat introduced the IAS Statutory Instruments which establish the framework for UK endorsement of IAS (SI 2019/685) and the transition from EU-adopted IAS to UK-adopted IAS (SI 2020/335). Key points noted were:
 - the first SI on-shores the European legislation on adoption of IFRS and the related European Commission powers into UK law.
 - this on-shoring meant that, consistent with the process in the EU, the UK endorsement process would need to ensure any new or amended Standard: was not contrary to the principle that the accounts must give a true and fair view; was conducive to the long-term public good in the UK; and met the technical criteria of understandability, relevance, reliability and comparability.
 - the Commission powers to endorse and adopt IFRS will be conferred on the Secretary of State after the transition period, with the power to delegate the function to another body, expected to be the aforementioned UK EB.
 - guiding principles of the UK EB are expected to be set by the Secretary of State as accountability, independence, transparency and thought leadership.
- During the ensuing discussion, it was noted that:
 - with many views being brought together by TAG members, the group would arrive at an independent collective view.
 - whilst the IASB conceptual framework included different qualitative criteria, the expectation was that the criteria in the SI would be used for endorsement.
 - part of the long term public good assessment required a detailed impact assessment.
 - achieving international comparability should be key to the UK process. It was clarified that comparability is one of the four technical criteria and that international comparability would form part of the costs and benefits for a user.
- The components of the EB secretariat's planned outreach were discussed. The endorsement assessment needed to be based on evidence, supported by good practical examples. Members agreed that a focused, streamlined endorsement criteria assessment document is preferable and agreed to a more concise and exceptions-based approach compared with EFRAG's. The UK EB will be asked to consider and ratify this approach.
- An illustrative timeline for the endorsement assessment was discussed by the TAG. The plan includes consideration of the technical criteria and long term public good assessment to be considered until Q4 2020, with drafting and consultation on the endorsement criteria assessment (ECA) expected during 2021. A formal timetable remains uncertain and would be discussed with the UK EB.
- A member asked whether TAG members will be asked to vote on the endorsement assessment. The Chair indicated that the TAG, as an advisory group, would be expected to move forward by consensus. The Chair noted that the UK EB would be the decision-making body.

5. Initial list of key IFRS 17 technical issues for discussion

- A provisional list of technical topics to be discussed by the group at forthcoming meetings was considered. The list is to be further developed and prioritised with help from members over the coming weeks. It was noted that:
 - given the time constraints, the prioritisation of issues will be a challenge. The TAG would need to be disciplined to focus only on UK issues.
 - meetings may extend beyond December as there were likely to be remaining topics to discuss.
 - the technical topics in the list needed to be prioritised in terms of their scale and impact in the UK without being too narrow. For example, UK entities which are owned by international groups will have other considerations that may be important to cover.
 - the TAG should not focus on re-debating topics, but instead on the UK impacts of those issues and the implications for UK endorsement.
- Members were invited to submit comments on potential technical topics by email to the EB secretariat for further consideration.

6. Online survey

- The EB secretariat highlighted their intention to launch an online survey for preparers later in the summer. The survey will further develop the evidence base necessary for the UK adoption assessment by gathering information on:
 - implementation status
 - prevalence of policy choices and types
 - known issues
 - costs and benefits
- TAG members agreed to provide input and encourage preparers to complete the survey.

7. AOB

- Dates for the future TAG meetings will be announced in due course.

End of meeting