

UK Endorsement Board
8th Floor
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London EC2Y 5AS

27 January 2022

Dear UK Endorsement Board (UKEB)

Subject: UKEB Draft Endorsement Criteria Assessment for IFRS 17 Insurance Contracts

Ernst & Young LLP welcomes the opportunity to offer its views to your invitation to comment on the UKEB Draft Endorsement Criteria Assessment (DECA) for IFRS 17 *Insurance Contracts*.

In May 2017, the International Accounting Standards Board (IASB) issued IFRS 17 *Insurance Contracts* (IFRS 17) and, in June 2020, it issued amendments to that standard. IFRS 17 will have a profound impact on the accounting for insurance contracts and is also expected to have a significant operational impact on the insurance industry globally.

Given the importance of IFRS 17, which will greatly affect users and other stakeholders including market regulators, some supervisors and auditors in the UK, we appreciate the extensive efforts the UKEB has undertaken in preparing its DECA.

We acknowledge that the UKEB is seeking input on a number of significant technical accounting issues. Acknowledging the legitimate concerns that have been raised, we believe that the advantages to all stakeholders, including insurance companies and users of financial statements, of having a globally consistent accounting standard for insurance contracts outweighs the concerns identified in these technical papers. In particular, we observe that the issue of amortisation of the contractual service margin for annuity contracts, which was the most significant technical issue identified by those contributing to the UKEBs deliberations, has been referred to the IFRS Interpretations Committee, which we consider is an appropriate global forum to debate complex matters of this type rather than contemplate a UK-only solution. Ultimately, we believe that all stakeholders, from both within and outside the UK, would benefit from a globally consistent principles-based IFRS standard for insurance contracts, which would call for the UKEB to endorse IFRS 17 as issued by the IASB without introducing any changes as part of its endorsement process.

As we have already commented on the technical aspects of IFRS 17 to the IASB throughout the various due process stages of its insurance contracts project, we have not provided any further responses to the questions included in UKEB's invitation to comment.



Yours sincerely

United Kingdom