



03 February 2022

UKEB
8th Floor
125 London Wall
London

Via email: ifrs17@endorsement-board.uk

Dear Sir/Madam,

UKEB [Draft] Endorsement Criteria Assessment: IFRS 17 Insurance Contracts

The Corporate Reporting Users' Forum (CRUF) welcomes the opportunity to respond to the UKEB on the draft endorsement criteria assessment for IFRS 17.

Background

CRUF members have already engaged directly with the UKEB on IFRS 17, either individually – in one case as a member of the UKEB's IFRS 17 Technical Advisory Group - or, most recently, at a meeting of CRUF Insurance on 18 January 2022.

In the very long period of IFRS 17's development CRUF engaged in deep detail with preparers, auditors, the IASB, EFRAG and FASB. This engagement history includes comment letters that may be found on our website¹.

Our response

The CRUF commends the substantial effort including investor outreach that has been put into the preparation of the endorsement criteria assessment for IFRS 17. We acknowledge the importance of addressing in depth and in detail the specific criteria that apply for endorsement in the UK. Given the long history of our engagement with this major issue, the brevity of this response should not be misinterpreted. Looked at from a user perspective, CRUF had already reached a settled view reflected in our response to EFRAG in December 2020 that IFRS 17 should be endorsed and implemented in the EU. In that response we wrote:

"We support endorsement. It is the unanimous view of the CRUF members who have discussed the issue that IFRS 17 is an important step towards a common standard for the accounting of insurance liabilities. It is needed to replace a current IFRS 4 which is a standard in name only.

There are many points of detail in IFRS 17 upon which opinion differs. There are reservations about the opportunities for differences of application in the standard that have emerged as a result of compromises made in the setting process. Transitionals could create complexity in assessing financial performance for a prolonged period of time.

¹ https://cruf.com/our-views/comment-letters?sfm_year=2005+2022



But we are persuaded by the level of due diligence that the standard creating process has involved and by the urgency of making a major step towards a common accounting policy.

Whilst this may not be desirable given the lengthiness of the creation process, we think it should be acknowledged that such a major accounting change may need adjustment based on experience after an appropriate period.”

We would repeat that response now with regard to the UK and UKEB’s work on IFRS 17: we support the Adoption Decision on page 127 of the Assessment as drafted.

We acknowledge, as we discussed with the UKEB on 18 January 2022, that there will be areas of difficulty for an industry as complex and varied as insurance. But insurance is not unique in that respect and the same mitigant is available as it is to any other industry with any other standard that does not always quite fit: disclosure and explanation.



About the Corporate Reporting Users' Forum (CRUF)

The CRUF was set up in 2005 by users of financial reports to be an open forum for learning about and responding to the many accounting and regulatory changes that affect corporate reporting. In particular, participants are keen to have a fuller input into the deliberations of accounting standard setters and regulators. CRUF participants include buy and sell-side analysts, credit ratings analysts, fund managers, investors and corporate governance professionals. Participants focus on equity and fixed income markets. The Forum includes individuals with global or regional responsibilities and from around the world, including Australia, Canada, France, Germany, Hong Kong, India, Japan, New Zealand, South Africa, UK and USA.

The CRUF is a discussion forum. Different individuals take leadership in discussions on different topics and in the initial drafting of representations depending on their area of interest or expertise. In our meetings around the world, we seek to explore and understand the differences in opinions of participants. The CRUF does not seek to achieve consensus views, but instead we focus on why reasonable participants can have different positions. Furthermore, it would not be correct to assume that those individuals who do not participate in a given initiative disagree with that initiative. Also, it would not be correct to assume that nonparticipants agree with the initiative. This response is a summary of the range of opinions discussed at the CRUF meetings held by the insurance subgroup and provided by participants in drafting the response. Differences of opinion are noted where applicable.

Participants take part in CRUF discussions and joint representations as individuals, not as representatives of their employer or other organisations they are a member of or associated with. Accordingly, we sign this letter in our individual capacity as participants of the Corporate Reporting Users' Forum and not as representatives of our respective employer or other organisations. The participants in the CRUF that have specifically endorsed this response are listed below.

Signatures