



The UK Endorsement Board
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10 January 2022

UKEB Draft Endorsement Criteria Assessment (DECA) for IFRS 17 'Insurance Contracts'

Dear UK Endorsement Board,

We are responding on behalf of PricewaterhouseCoopers LLP to your invitation to comment on the DECA for IFRS 17.

We have long been supporters of global financial reporting standards and believe that the use of IFRS as a common language has contributed to the strength of the capital markets. We are of the view that IFRS Standards are helpful for listed companies in the UK as they improve quality, comparability and reliability of financial information. Regional modifications to IFRS Standards would add more accounting frameworks that may result in a lack of global comparability and could increase confusion to users of financial statements. We continue to support globally consistent standards without any regional modifications.

As we have previously noted in our responses to IASB and EFRAG consultations on the accounting for insurance contracts over the years, the development of a global, comprehensive standard for insurance contracts is essential because of the current lack of transparency and comparability of insurers' financial statements under IFRS 4. The existing accounting for insurance contracts lacks a consistent measurement approach which users of financial statements demand. While we recognise that the implementation of IFRS 17 is operationally complex for many insurers, we also recognise the efforts made by the IASB over time to engage stakeholders and to support implementation.

We note that the UKEB is seeking input on a number of technical accounting issues including the amortisation of the contractual service margin for annuities and the accounting for reinsurance-to-close transactions. We recognise that these topics have been subject to a lot of discussion. However, we believe that these topics should not detract from the conclusion that IFRS 17 as a whole is an improvement over existing requirements, given the unsatisfactory nature of IFRS 4. Timely endorsement is important to provide clarity and certainty to preparers.

Although the UKEB's consultation is directed towards UK stakeholders, we note that there are global consequences if IFRS 17 were not to be endorsed in the UK, or if there were to be any UK-specific modification to it. In the context of our support for globally consistent standards without regional modifications, we do not support such an outcome.

If you have any questions in relation to this letter please do not hesitate to contact Jessica Taurae, PwC UK IFRS Financial Instruments Leader (+44 (0) 7740 166459), or Satya Beekarry, PwC UK Insurance technical lead (+ 44 (0) 7483 440076).

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Yours faithfully,

PricewaterhouseCoopers

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