



To: Ms Françoise Flores
Chairman
EFRAG
35 Square de Meeûs
1000 Brussels

From: Economics & Finance department

Date: 20 December 2012

Reference: ECO-ACC-12-394

Subject: Discussion Paper: Towards a Disclosure Framework for the Notes

Dear Ms Flores,

Insurance Europe welcomes the opportunity to comment on the discussion paper "Towards a Disclosure Framework for the Notes" issued by the European Financial Advisory Group (EFRAG), the French Autorité des Normes Comptables (ANC) and the UK Financial Reporting Council Accounting Committee (FRC) in July 2012 ('Disclosure Framework'). Although we do not refer to specific questions asked in the discussion paper we would like to give our general remarks and express our appreciation for the huge efforts which have been undertaken during this project.

The European insurance industry strongly favours transparent and meaningful entity-specific disclosures

We strongly support the EFRAG's proactive project which stimulates and contributes to the discussion how to design and structure financial statements to become more meaningful for users and less burdensome for preparers. We also share the view that the continuous increase in length of the notes has done little to improve the quality of information (for users or regulators). Moreover, it may have decreased the information quality because of the information overload. We seriously doubt if the targeted users of the provided information are under such circumstances always able to process them in an efficient way. Thus, improvements are obviously needed. For the European insurance industry the challenge for meaningful disclosures is an acute and growing problem because insurers are highly regulated entities and are challenged with an increasing rate for additional disclosure requirements from regulators and due to political pressures.

A "case-by-case" approach has been proved to be unsuccessful

Insurance Europe is strongly in favor of reducing the general overload of disclosures requirements. We believe that only relevant and material information should be disclosed. Furthermore, we believe that there should be an appropriate balance between the utility of financial information and the volume of disclosures. In our view, the main reason for currently not satisfying the disclosure requirements in the notes to the financial statements is that they have largely been developed by the IASB on a standard-by-standard basis without an overall underlying conceptual basis.

We are convinced that a holistic and principle based approach, indeed a conceptual disclosure framework, is much needed. We are concerned that any other approach might not be successful in attempting to rationalize the disclosure requirements or to address the problem of information overload. Thus, we much appreciate and strongly welcome the contribution and the analyses fulfilled by the EFRAG, ANC and FRC as a very important contribution for further deliberations on this critical issue.

A principle based approach/framework is needed to ensure a consistent level of disclosure requirements

Insurance Europe shares the view that only a holistic approach can help to ensure a consistent level of effective disclosure requirements across the IFRSs. The proper starting point should be to clarify the purpose(s) of the notes as an integral part of the financial statements. Thus, we are strongly in favour of making a clear distinction between financial statements (balance sheet, income statement and notes) and any other reporting frameworks (e.g. forward looking management commentary) or objectives. Nevertheless, it seems to be unavoidable that the IASB might be obliged to undertake a review of existing disclosures requirements on a regular basis. The undertaken and appreciated efforts cannot stop at the creation level of the disclosure framework.

The disclosure framework has to be a part of the conceptual framework and remain a single IASB responsibility

Although the materiality concept will always remain a matter of judgment, we have the strong view that it is important for preparers, users, auditors, regulators and all other stakeholders to have a common understanding of materiality and disclosure objectives within the notes as a part of the financial statements. However, we believe that the IASB is the most suitable organisation to set the principles in IFRS and the corresponding application guidance that helps to define consistent and enforceable disclosure requirements. We would encourage the EFRAG being an advisor to them in that respect and providing the IASB with the results of this consultation. Especially the proposed sets of indicators for judgment, if disclosures are needed, are in our view a suitable starting point for an efficient exchange of views with the IASB during its future deliberations on the Conceptual Framework which is planned to be finalised by September 2015. However, the IASB aims in a first step to publish a Discussion Paper on the Conceptual Framework in June 2013; in our view it might be suitable to communicate the main results ahead of this consultation.

Finally, we acknowledge that this Discussion Paper as the outcome of the proactive project has a narrow scope and is targeting only the quality of information disclosed in the notes. However, we encourage EFRAG and the supporting standard setters the ANC and the FRC to continue the project on a broader basis. We strongly hope that the publication of this discussion paper will not be the last action in this important discussion.

Please do not hesitate to contact us if you would like to discuss any aspect of our comments in more detail.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Olav Jones", with a horizontal line underneath.

Olav Jones

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