

PRESS RELEASE

9 December 2015
For immediate release

IASB proposes amendments to the current Insurance Contracts Standard to provide temporary reliefs for insurers

The International Accounting Standards Board (the Board) has today published for public comment proposals to amend the existing insurance contracts Standard, IFRS 4. This is to address the temporary consequences of the different effective dates of IFRS 9 *Financial Instruments* and the new insurance contracts Standard.

Both IFRS 9 (which was issued in July 2014 and has an effective date of 1 January 2018) and the new Insurance Contracts Standard (which will replace IFRS 4 and have a later effective date) are relevant to companies that issue insurance contracts. Some of those companies have expressed concerns about the need to implement two significant changes in accounting on different dates. They have also highlighted that potential increased accounting volatility could arise in profit or loss if the new requirements for financial instruments were to be applied before the new requirements for insurance contracts.

In order to balance meeting the needs of those stakeholders with the needs of users of financial statements, the Board has proposed the following amendments to IFRS 4. These proposals supplement existing options within IFRS 4 that could be used to address any accounting volatility that may arise:

- the **overlay approach**: an option for a company that issues insurance contracts to remove from profit or loss the incremental volatility in profit or loss caused by changes in the measurement of financial assets upon application of IFRS 9. This approach would be in place until the new Insurance Contracts Standard comes into force; and
- the **deferral approach**: an optional temporary exemption from applying IFRS 9 that would be available to companies whose predominant activity is to issue insurance contracts. Such a deferral would be available until the new Insurance Contracts Standard comes into effect (but it could not be used after 1 January 2021).

Hans Hoogervorst, IASB Chairman, commented:

“The IASB is in the final stages of developing the new Insurance Contracts Standard. Until it is in place, we believe the proposed changes balance meeting the needs of insurers with meeting the needs of users of financial statements.”

A 'Snapshot' explaining the two proposed amendments in more detail, can be accessed [here](#).

The deadline for comments on the Exposure Draft is 8 February 2016.

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Notes to editors:

- The Exposure Draft can be accessed [here](#)
- Further information about the [Insurance Contracts project](#).

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About the IFRS Foundation

The IFRS Foundation is an independent, not-for-profit organisation, overseen by a Monitoring Board of public authorities. Its vision of a single set of global accounting standards is supported by G20 leaders and other international organisations with responsibility for the global financial system.

The mission of the IFRS Foundation is to develop IFRS Standards that bring transparency, accountability and efficiency to financial markets around the world, fostering trust, growth and long-term financial stability. The International Accounting Standards Board (IASB) is the standard-setting body of the IFRS Foundation, made up of independent experts from diverse professional and geographical backgrounds. IFRS Standards are adopted by more than 100 countries globally.

For detailed information on the organisation's structure, the standard-setting process and the spread of IFRS Standards, visit www.ifrs.org.

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