



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

30 November 2015

Ref: 15/60

Mr. Michel Prada
Chairman of the Trustees
IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

Re: Response to the IFRS Foundation Trustees' Review of Structure and Effectiveness

Dear Mr. Prada,

The International Association of Insurance Supervisors (IAIS) welcomes the opportunity to comment on the IFRS Foundation Trustees' Review of Structure and Effectiveness: Issues for the Review (the 'Review').

The mission of the IAIS includes the development and maintenance of fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability. The work of the IASB is of critical importance to the IAIS in achieving its objectives, and the IAIS believes that active participation in the governance arrangements of the IFRS Foundation through IAIS representation on the Monitoring Board, in a similar way that the Basel Committee on Banking Supervision is, would be of mutual benefit to both the IFRS Foundation and the IAIS.

Included in the accompanying Appendix are more detailed comments in relation to select questions set out in the Review.

If you have questions regarding this letter, please contact Markus Grund, Chair of the IAIS Accounting and Auditing Working Group (telephone: +49 228 4108 3671; email: markus.grund@bafin.de) or Mark Causevic at the IAIS Secretariat (telephone: +41 61 280 8323; email: mark.causevic@bis.org).

Yours sincerely,

Victoria Saporta
Chair, Executive Committee

Michael McRaith
Chair, Technical Committee

Appendix: Responses to select questions set out in the Review

Q1 Considering the consequences referred to above, what are your views on whether the IASB should extend its remit beyond the current focus of the organisation to develop Standards; in particular for entities in the private, not-for-profit sector?

As noted in the 2011 IAIS response to the IFRS Foundation Trustees' Strategy Review, the IAIS is of the view that the IASB should remain focussed on developing standards for the private, for-profit sector rather than extend to entities in the not-for-profit sector. The IASB is urged to prioritise the completion of the number of significant, on-going projects, in particular the standards on insurance contracts and leases, which affect entities with public accountability.

Q6 What are your views on what the Foundation is doing to encourage the consistent application of IFRS? Considering resourcing and other limitations, do you think that there is anything more that the Foundation could and should be doing in this area?

As noted in the 2011 IAIS response to the IFRS Foundation Trustees' Strategy Review, the IAIS recognises that with principles-based standards it is inevitable that there will be some divergence in application. In order to encourage consistent application and also as a means of offering preparers and other stakeholders the opportunity to discuss any implementation issues for new standards, particularly those with a degree of complexity, the IAIS would recommend that the IASB establish transition resource groups (TRGs). Once the standard on Insurance contracts is completed, the IASB should reflect on establishing an IFRS 4 TRG with suitable representation, similar to the IFRS 9 TRG.

Q7 Do you have any suggestions as to how the functioning of the three-tier structure of the governance of the Foundation might be improved?

The IAIS believes that the current three-tier structure is appropriate. However, the IAIS believes that the Monitoring Board's membership could be expanded to include IAIS as an observer. As noted in the 2011 IAIS response to the IFRS Foundation Trustees' Strategy Review, the IAIS believes that its role as a developer and setter of international standards for insurance supervision should be extended to include active participation in the governance arrangements of the IFRS Foundation through IAIS representation on the Monitoring Board, in a similar way that the Basel Committee on Banking Supervision is an observer.

Q12 Do you agree with the proposal to delete Section 27 and to amend the wording of Section 25 of the Constitution on the balance of backgrounds on the IASB?

The IAIS supports the IASB's proposal to amend the wording in the Constitution to broaden membership to market and/or financial regulators. The IAIS is of the view that the IASB could go further than this and extend membership beyond accounting related professionals and consider inclusion of experts in other areas, such as economists or actuaries with evidenced practical experience in accounting matters, in order to bring further insight and expertise from other disciplines to the Board's work.