

Press release

Press enquiries:
+41 61 280 8138
Joe.Perry@fsb.org

Ref: 30/2017

17 July 2017

FSB welcomes new insurance accounting standard

On 18 May, the International Accounting Standards Board (IASB) issued International Financial Reporting Standards (IFRS) 17, setting out a single, consistent approach to the accounting for insurance contracts. The Financial Stability Board (FSB) welcomes the final publication of this standard, which was identified as a high priority at the FSB Plenary meeting of 25 September 2015.

Subject to the relevant endorsement or adoption procedures in IFRS jurisdictions, the standard will become effective on 1 January 2021, which provides enough time for insurers to adapt processes, systems and organisational structures. Nevertheless, the FSB encourages firms to start the implementation efforts as soon as possible, and to engage in open dialogue with the IASB on the ways in which the standard's application can generate the most relevant information. Insurance regulators should be part of this dialogue, and may consider how best to support consistent and practical application of the standard.

Enhanced dialogue with auditors and market authorities during the implementation stage will also be important. Investors need certainty around the degree of reliance they can attach to estimates of insurance contract liabilities. Relevant disclosures from reporting entities should aid in the understanding of the methodologies and assumptions used in developing those estimates.

Notes to editors

[IFRS 17](#) is the international IFRS Standard for insurance contracts. Once it becomes effective, it will help better understand insurers' risk exposure, profitability and financial position. IFRS 17 introduces a consistent approach applicable to all insurance contracts in jurisdictions applying IFRS. Insurance obligations will be accounted for using current values, instead of historical cost, benefiting both investors and insurance companies. The information will be updated regularly, providing more useful insight to users of financial statements.

The IASB is the standard-setting body of the IFRS Foundation, a not-for-profit, public interest organisation established to develop a single set of high-quality, understandable, enforceable and globally accepted accounting standards (the IFRS standards) and to promote and facilitate their adoption. IFRS Standards are currently required in over 125 jurisdictions and permitted in many more. They are among the Key Standards for Sound Financial Systems defined by the FSB, and the IASB is a member of the FSB.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with 65 other jurisdictions through its six regional consultative groups.

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the IASB and the IFRS Foundation, visit the IFRS website, www.ifrs.org.

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