



To: Mr Roger Marshall
Acting President of the Board
European Financial Reporting Advisory Group
35 Square de Meeûs
B-1000 Brussels

From: Economics & Finance department

Date: 31 March 2016

Reference: ECO-FRG-16-051

Subject: EFRAG Short Discussion Series "*The Statement of Cash Flows: Issues for Financial Institutions*"

Dear Mr Marshall,

We welcome the opportunity to provide our comments on EFRAG's Discussion Paper *The Statement of Cash Flows: Issues for Financial Institutions* ('DP'), as published by EFRAG in July 2015 for public consultation. This letter has been drafted by Insurance Europe, the European insurance and reinsurance federation.

Insurance Europe fully supports EFRAG's proactive activities which aim to influence future IASB standard-setting developments by providing timely and effective European input at an early stage. Furthermore, we generally agree with the main underlying assumption of the DP that the statement of cash flows is of limited relevance from the perspective of the insurance industry.

We welcome EFRAG's recognition of insurer's special characteristics and specific business model in paras 3.32-3.37, especially with regard to the exposure to liquidity risk which differs significantly from the liquidity position in the banking industry. Accordingly, we are not in a position to express our views on the suggested proposals in the DP as they seem to be geared towards banks. We also believe that the title of the DP is misleading in that respect.

Furthermore, Insurance Europe strongly believes that any discussions about relevant changes to be made to the existing statement of cash flows for insurers should be postponed until the new insurance contracts Standard ('IFRS 4 Phase II') is published and its disclosure requirements, together with their interaction with *IFRS 7 Financial Instruments: Disclosures* are well understood. Hence, we fully agree with the tentative conclusion in paragraph 3.37 of the DP that it would be premature to suggest any changes for insurers as the detailed effective outcome of the insurance contracts project is not yet known.

Insurance Europe would greatly appreciate if EFRAG would convey such a message to the IASB when sharing the outcome of this consultation as a proactive contribution to IASB's activities related to the Disclosure Initiative.

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", written over a horizontal line.

Olav Jones
Deputy Director General / Director Economics & Finance

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