

To: Mr Jean-Paul Gauzes
EFRAG Board President
EFRAG
Square de Meeûs 35 – 1000 Brussels

From: Insurance Europe

Date: 7 December 2017

Reference: ECO-FRG-17-136

Subject: EFRAG draft comment letter on IASB ED ED/2017/5

Dear Mr Gauzès,

We welcome the opportunity to comment on the EFRAG's draft comment letter on IASB's Exposure Draft "Accounting Policies and Accounting Estimates: Proposed amendments to IAS 8" (ED/2017/5).

We support the objective of EFRAG's draft comment letter to improve the IASB's proposed amendments. However, we are not in agreement with the following elements of EFRAG's draft comment letter:

- a. *Request for additional guidance and examples (IASB questions 1 & 2):* We do not agree with the EFRAG's suggestion that the IASB should include additional guidance and examples. We consider that IAS 8 works best if it is kept as a principles-based standard. Additional guidance and examples are likely to give rise to more interpretation issues rather than reduce them. If the IASB were, however, to proceed with the EFRAG's suggestion, we consider it essential that the IASB consult formally on any such new material to ensure that it achieves its aims;
- b. *A specific rule for inventory accounting (IASB question 4):* We agree with the EFRAG's description of the IASB proposed amendment as a rule and that, as such, the amendment is inappropriate for IAS 8 as a principles-based standard. However, we conclude that this amendment should be made only in IAS 2, and not in IAS 8 as well. Such a specific rule may have unintended consequences if made in IAS 8, whereas in IAS 2 it would deal with the specific problem which the IASB has identified.

We also have two additional concerns about the IASB's ED which are not raised in the EFRAG's draft comment letter. We do not agree with the IASB's proposed definition of accounting estimate (ED question 2). We suggest that it is unnecessary, and potentially confusing, to introduce a dependence on 'accounting policy' into this new definition. Likewise, we do not agree with the introduction of a reference to 'accounting policy' in the proposed explanatory text in paragraph 32b (ED question 3). Further details of these concerns are given in the attached copy of our response to the IASB's ED.

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

Yours sincerely



Olav Jones,
Deputy Director General & Director ECOFIN