

Mr
Roger Marshall
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Date
24/03/2016

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

Dear Mr Marshall

We would like to take 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. In general, we are supportive of EFRAG's proactive engagement on important financial reporting topics which rightly aim to shape the global standard-setting activities of the IASB from the EU perspective in an early stage. Furthermore, we also 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. However, as the DP mainly explores the specific characteristics of the statement of cash flows from the perspective of banks, it is problematic to engage with our members and to provide developed views from the insurance industry's perspective on that basis. We therefore notify that the title of the DP is considered to be unfortunate in that respect (irrespective of paragraphs 3.32 - 3.37). Consequently, we do not provide any specific comments to the particular questions in the DP.

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As a matter of principle, we generally continue to prefer the abolishment of the statement of cash flows for insurers. Nevertheless, and for the reason noted above, we do not express any preference with regard to both suggested alternatives in the DP at this point in time. German insurers firmly believe that any analysis, discussions or conclusions about the potential need for structural changes to the design of the statement of cash flows for insurers aiming to improve disclosures about their liquidity position should be postponed. They should only take place, once the ultimate International Financial Reporting Standard for Insurance Contracts ('IFRS 4 Phase II') is established and its disclosure requirements, and their interaction especially with IFRS 7 *Financial Instruments: Disclosures* are well understood.

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Hence, we fully agree with the tentative conclusion in paragraph 3.37 that it would be **premature to suggest any changes for insurers** as the outcome of the analysis in this DP.

We would greatly appreciate if EFRAG would express support for these views towards IASB when sharing the outcome of this consultation as a proactive contribution to IASB's activities related to the Disclosure Initiative.

If you would like to discuss our views further, please do not hesitate to contact us.

Yours sincerely,

Dr. Joerg von Fürstenwerth
(Chairman of the Management Board)



Thomas Ilka
(Member of the Management Board)