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Date  
10.09.2021

**EFRAG's Joint Consultation on the IASB's Third Agenda  
Consultation and on EFRAG's Proactive Research Agenda**  
EFRAG Consultation (May 2021)

Dear Mr Gauzès

On behalf of the German Insurance Association (GDV) we appreciate the opportunity to respond to EFRAG's consultation regarding the IASB's Third Agenda Consultation and EFRAG's Proactive Research Agenda. We are fully supportive of the public agenda consultations conducted on a regular basis by the IASB on its work plan and by EFRAG on its proactive research activities respectively. They allow for an involvement and a direct impact of interested stakeholders on the strategic direction of the IASB's standard setting work and EFRAG's proactive research work in this regard. We continue to believe that the full transparency of the procedures and decision-making processes is an essential attribute of the IASB's due process; it ensures a high level of stakeholders' support and hence the global acceptance of the IFRS. The same assessment applies to the well-established EFRAG, specifically because of the high-quality outcome of its technical work on its research projects conducted as hitherto. We believe that EFRAG can only continue to be successful with its objective to influence the work of the IASB when it maintains the quality of its work at the highest level possible. In this regard we believe that any changes in its organizational structure should not reduce the current capability of EFRAG to continue its successfully engagement with the IASB in the field of financial reporting.

Regarding the views of the German insurers on the questions raised in the **IASB's Third Agenda Consultation** we refer to our detailed comments we have provided as response to IASB's Request for Information (attached).

Considering **EFRAG's draft response** we would like to highlight our general support for EFRAG's tentative positions. Like EFRAG we believe that the overall balance of the IASB's main activities is appropriate and does not

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need substantial modifications over the 2022-2026 period. Similarly, we agree with the proposed suggestion that the priorities for the IASB should be to focus on finalising the projects in its currently **active work plan**. Nevertheless, we would indeed suggest that EFRAG encourages the IASB to undertake a **holistic reassessment** (based on the criteria set proposed) whether it is realistically feasible to successfully complete all the projects on the IASB's current work plan in the foreseeable future.

The outcome of such assessment and potential refocusing of the standard setting activities might free up some resources to better ensure that the upcoming Post-Implementation Reviews (PIR) of the major standards issued recently, including IFRS 17 Insurance Contracts, are conducted on a timely basis, inclusive the follow-up activities potentially necessary. Specifically, the **PIR on IFRS 17** needs to be firmly included in the timetable of Board's activities to allow for an alignment with the carve out-review to be conducted by the Commission at EU level foreseen to be finalised by 31 December 2027. Our detailed rationale is provided in the GDV's response to the IASB.

Regarding **EFRAG's tentative recommendation on projects the IASB should focus on** with the highest priority (six) respectively the high priority (seven) we are of the view that additional analysis should take place to review and **narrow down the priorities further**. Specifically, the mere number of projects identified is not aligned with the need for a strictly focused and pragmatic approach, i.e., new projects should only be added to an active IASB's agenda if a successful outcome might be reasonable expected in the foreseeable future. In addition, the necessary resources of interested stakeholders to engage are limited as well. For these reasons we respectfully recommend to revisit and significantly shorten the number of high priority projects identified in paragraphs 33 and 34 in EFRAG's draft response.

Finally, we support EFRAG's recommendation that the IASB should continue to build on the work of other organisations to create synergies. It will further increase their constructive involvement and strengthen their commitments while avoiding double efforts where reasonable.

Our response to the specific questions in EFRAG's consultation document **Part B** are provided in the annex of this letter. If you would like to discuss our comments further, please do not hesitate to contact us.

Yours sincerely,

German Insurance Association (GDV)

Annex

**Part B – EFRAG’s Request for Input on Its Proactive Research Agenda**

**Questions to constituents**

- 9     Do you agree that the most important projects for which EFRAG should perform proactive activities, would be those:
- a) European constituents consider most important to address in relation to the IASB’s agenda consultation (that is the projects listed in Attachment A (on page 18 above) and in Attachment B (on page 21 above); and/or
  - b) Those projects that are considered important by European constituents and for which European input is particularly important.
- If you do not agree, how should EFRAG select the projects for its proactive agenda?
- 10    Do you agree with the list of projects in paragraph 4(b) above that are particularly important to provide European input on? If not, what four projects would you include on the list?
- 11    Do you agree that EFRAG should follow the procedure described in paragraphs 4-7 when selecting projects to be included on its proactive agenda? If not, why?
- 12    On average, what do you think the ratio between resources EFRAG spend on proactive work and reactive work should be?

Re the question in paragraph 9

Yes, we generally agree. However, there is a need for the further re-assessment of the priority projects in relation to the IASB’s agenda consultation.

In some more detail:

As a matter of principle, regarding **EFRAG’s tentative recommendation on projects the IASB should focus on** with the highest priority (six) respectively the high priority (seven) we are of the view that an additional analysis should take place to carefully **review and narrow down the number of priorities further**.

Generally, we fully acknowledge the rationale provided and hence generally tend to agree with tentative directional assessment of the projects on both

lists. However, from our perspective there is a need and the potential to significantly shorten the list of 13 priority projects in **Attachment A** (i.e., six projects classified with highest priority in the **Table 1** and seven projects classified still with high priority in the **Table 2**). Already the mere number of projects identified is not in line with our preferred recommendation to the IASB for a strictly focused and pragmatic approach, i.e., adding new projects to an active IASB's agenda only if a successful outcome might be reasonably expected in the foreseeable future. In addition, the necessary resources of interested stakeholders to engage are limited as well. For all these reasons we recommend to revisit and significantly shorten the number of projects listed in paragraphs 33 and 34 in EFRAG's draft response.

*For example, we would not be supportive of reopening the conceptual controversy whether the OCI presentation is a valid one or not. The pragmatic compromise laid down by the IASB in this regard in the Conceptual Framework for Financial Reporting provides already a sufficiently robust basis to approach the recycling issue for equities accounted for at FVOCI in IFRS 9 Financial Instruments, being part of the ongoing PIR on IFRS 9.*

From the perspective of the German insurers the following **three projects**, out of the 22 potential projects in the Table 5 on page 31 of the IASB's Request for information (RfI) document, should be approached by the IASB as the **high priority projects**, for the rationale provided respectively in Appendix B of the IASB's RfI document (the preferred scope of the project assessed based on the respective paragraphs in the IASB's RfI document):

- No. 2 Climate-related risks (a *large* project, paragraph B11 (c) and/or (d))
- No. 4 Cryptocurrencies and related transactions (a *large* project, paragraph B15 (d))
- No. 14 Intangible Assets (a *large* project, paragraph B52 (c))

We like to acknowledge here that regarding the topics No. 4 and 14 an intensive work has been already conducted by EFRAG at EU level. We believe that the IASB should utilise the outcome of these valuable and appreciated proactive research activities of EFRAG when approaching the issues from their global perspective.

Finally, regarding the following projects in the Table 3 (**Attachment B**) we recommend that they should be classified with the **low level of priority (L)**:

- Expenses – inventory and cost of sales,
- Foreign currencies,
- Government Grant,
- Income taxes, and
- Separate financial statements.

We are not aware of any urgent need to push for these projects for a standard setting activity at IASB level in some near future. Hence, the classification of these projects from EFRAG's perspective as medium level of priority (M) might be an overstatement in our assessment.

Regarding our full assessment of all the IASB's projects in its RfI document we kindly refer to the GDV response to the IASB (attached).

#### Re the question in paragraph 10

From the perspective of the German insurers both projects:

- connecting financial and sustainability reporting, starting from climate-related financial implications, and
- digital reporting

could be proactively approached by EFRAG as part of its **future proactive research agenda** for the respective rationale provided in EFRAG's document (paragraphs 40-46 und paragraphs 47-48 respectively). The topics and aspects covered by these two projects are more and more important both from users' and preparers' perspective. Considering the progress in the related discussions at EU level on the sustainability reporting, we would indeed see a good potential for EFRAG to be a frontrunner again with the objective however to feed the research results into the future IASB's standard setting work respectively. Regarding the project on digital reporting, specifically in the context of connectivity, we would like to express that we continue to hold the firm view that digitalisation efforts and needs in the field of the financial (or sustainable) reporting should **not lead to technology driving the content** while being properly considered along the standard setting process.

We understand that the **other projects** (i.e., operating segments, supply chain financing (including reverse factoring)) mentioned in the Table 2 of Attachment A are not intended to be large ones. However, we would not recommend working on them at EU level as they seem to be best placed at the IASB level from the outset if its resources would allow for it. There is no specific European context for those topics to be covered by EFRAG. Hence, EFRAG might help to explore the issues if any, but aligned with the IASB's work and via EFRAG's regular engagement or in early stages also via the consultations at ASAF level among the standard setters advising the IASB.

#### Re the question in paragraph 11

We fully agree with the suggested procedure for the selection of projects and acknowledge the matter of fact that final conclusions can only be made,

once the IASB has decided which projects to add to its standard-setting work, based on the outcome of the currently ongoing Agenda Consultation.

Particularly, we very much support the idea that EFRAG should choose for its own proactive agenda those projects that would not be selected for inclusion on the IASB's active work plan (paragraph 5). It would help to avoid double efforts and at the same time it would still recognise the importance of the respective issues from the perspective of European stakeholders and the European public good.

Finally, we fully support EFRAG's intention to finalise the current research projects in the first instance, before starting the new proactive research activities (paragraph 6). Specifically, the current proactive work of EFRAG on the projects "Better Information on Intangibles" and on "Accounting for Crypto-Assets (Liabilities)" are very convenient to influence the IASB's potential future activities concerning these matters. Please note that in the GDV's response to the IASB's Agenda Consultation these two topics have been classified as high priority.

#### Re the question in paragraph 12

In our assessment EFRAG is an established and well-functioning organisation and well in a position to react responsively to changes and challenges it might face when dealing with its challenging working programme. Hence, we do not recommend following a thinking in terms of a fix ratio when determining the work plan priorities. It is an ongoing task anyway to remain cost-effective when fulfilling both main duties of EFRAG, i.e., assessment the IASB's standards (or standards' amendments) for the purpose of endorsement in the EU and the various activities to comply with its pro-active role ahead of their final release by the IASB.

As argued in the GDV response to the IASBs Agenda Consultation, there are continuous changes occurring in the economic environment and it makes it necessary to evaluate on a regular basis whether any new significant gaps in the IFRS literature are emerging or whether the existing standards need further refinements to remove the deficiencies identified for that reason, for example by the IFRS Interpretations Committee (IFRS IC). In this regard also a permanent careful **cost-benefit consideration from the perspective of the reporting entities** is essential. While it is important to address any informational gaps and to ensure that information reported to users of financial statements remain useful, it is also key that the **IFRS requirements remain principle-based** and overall cost-effective for preparers. Hence, specifically in context of triggering potential standard-setting activities by the IASB via research activities by EFRAG the strategic idea of providing a **stable platform** for preparers is also an essential one to be carefully considered.

Irrespective of the comments provided above the German insurers believe that any project planning at the IASB's or at EFRAG's level should not reduce the **capacity of both organisations to react promptly** to emerging issues when urgently necessary and within the respective responsibilities.

The **responsiveness** is essential for the IASB as the global standard setter to maintain the high level of the acceptancy by stakeholders and to ensure the perceived high quality of the IASB's work in the field of the financial reporting. The same applies to EFRAG as an official advisory body to the Commission regarding the financial reporting matters in general and regarding its endorsement advice's role in particular. In the recent past both organisations successfully provided the proof that they can properly adapt its agendas and processes when indispensable, i.e., to achieve the intended objectives without compromising the transparency and inclusiveness of its due processes.

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Date  
10.09.2021

### Third Agenda Consultation

IASB's Request for Information (March 2021)

Dear Mr Barckow

On behalf of the German Insurance Association (GDV) we appreciate the opportunity to provide our input to the IASB's Third Agenda Consultation based on the Request for Information (RfI) document, released by the IASB in March 2021 for public consultation. As a matter of principle, we are fully supportive of this regularly conducted agenda consultation which allows for a pro-active involvement and a direct impact of interested stakeholders on the IASB's standard setting work and the IASB's strategic direction in this regard. The transparency of the procedures and decision-making processes is an essential attribute of the IASB's due process; it ensures a high level of stakeholders' support and the global acceptance of the IFRS.

Overall, we believe that the **balance of the IASB's main activities**, as described in the RfI document **is appropriate** to achieve the main objective which is to maintain the high-quality of the IFRS. We also generally agree with the IASB's intention **not to discontinue the work on the projects already ongoing**. However, another important aspect is the IASB's commitment to be responsive in a pragmatic and timely manner to urgent issues emerging, for example when new important standards are implemented for the first time or when economic or environmental conditions change in an unexpected and/or rapid way creating great operational challenges for reporting entities. In this regard we would indeed suggest to **holistically reassess the feasibility** and the **realistic chance** to successfully complete all the projects on the current work plan in the foreseeable future.

We fully acknowledge that this Agenda Consultation is focused on the financial reporting in classical terms. Nevertheless, we are concerned that future resources for this purpose might be somehow conditional on the needs of the IFRS Foundation at large for its work on sustainability topics.

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While we fully support the political momentum and the considerable efforts of the organisation to establish the International Sustainability Standards Board (ISSB), any reallocation of resources should **not lead to a reduced quality of the IASB's standard setting activities**. The need for finalisation of ongoing projects, the continuous maintenance efforts, and the ability to react in due course when necessary is of high relevance and makes it essential to ensure that the current level of resources is generally maintained.

The continuous and often rapid changes in the economic environment make it necessary to evaluate on a regular basis whether any new significant gaps in the IFRS literature are emerging or whether the existing standards need further refinements to remove the deficiencies identified for that reason, for example by the IFRS IC. In this regard also a permanent careful **cost-benefit consideration from the perspective of the reporting entities** is essential. While it is important to address any informational gaps and to ensure that information reported to users of financial statements remain useful, it is also key that the **IFRS requirements remain principle-based** and overall cost-effective for preparers. Furthermore, we continue to hold the view that digitalisation efforts and needs in the field of the financial reporting should **not lead to technology driving the content of the standards**.

The German insurers hold the general view that where reasonable and justifiable the status quo could and should be maintained, i.e., **if the standards are generally working as intended**, there is no urgent need for any immediate amendments or any additional detailed rule-based guidance to the existing principle-based accounting requirements in the respective standards. Hence, providing for the **stable platform**, keeping the status quo, and doing nothing is an option we would recommend to the IASB to be thoroughly considered in such cases. It applies especially after the major standard projects got successfully finalised and an established practice for them, also in context of the entity-specific situations, must develop.

Finally, the **PIR on IFRS 17** should be included in the timetable to allow for an alignment with the review at EU level foreseen for 31 December 2027.

Our responses to the specific questions in the Rfl document, including our suggestions which important projects should be approached by the IASB in the coming years are provided in the annex of this letter. If you would like to discuss our comments further, please do not hesitate to contact us.

Yours sincerely,

German Insurance Association (GDV)

## Annex

### **Question 1 – Strategic direction and balance of the Board’s activities**

The Board’s main activities include:

- developing new IFRS Standards and major amendments to IFRS Standards;
- maintaining IFRS Standards and supporting their consistent application;
- developing and maintaining the *IFRS for SMEs* Standard;
- supporting digital financial reporting by developing and maintaining the IFRS Taxonomy;
- improving the understandability and accessibility of the Standards; and
- engaging with stakeholders.

Paragraphs 14 – 18 and Table 1 provide an overview of the Board’s main activities and the current level of focus for each activity. We would like your feedback on the overall balance of our main activities.

- (a) Should the Board increase, leave unchanged or decrease its current level of focus for each main activity? Why or why not? You can also specify the types of work within each main activity that the Board should increase or decrease, including your reasons for such changes.
- (b) Should the Board undertake any other activities within the current scope of its work?

Overall, we believe that the **balance of the IASB’s main activities**, as described in the RfI document is **appropriate** to achieve the main objective which is to maintain the high-quality of the IFRS.

In this regard we also generally agree with the IASB’s intention **not to discontinue the work on the projects already ongoing (Appendix A)** because they had been identified by interested stakeholders as important, for example in the last Agenda Consultation. And it might be discouraging for those stakeholders and inefficient at the same time to stop important projects currently ongoing and for which considerable efforts have been already made on the IASB’s side. **Nevertheless**, we would indeed suggest to holistically **reassess the feasibility** and the realistic chance to successfully complete all the projects on the current work plan (Table 4, Appendix A of the RfI document) in the foreseeable future. We think therefore that the IASB should thoroughly **consider re-prioritising** some of the current projects on the current work plan. As a matter of principle, the similar rationale

and the same recommendation apply to projects in the research pipeline (Table 3, page 21 of the RfI document).

Accordingly, to conduct the **respective Post-Implementation Reviews (PIR)** in a timely manner is an important task in this regard as it allows to collect views from a broad and hence representative range of stakeholders whether the related standards are working as initially intended by the Board and whether they are cost-effective for preparers. It will be from our perspective one of the main activities of the IASB in the upcoming period 2022 – 2026, after the finalisation of the major standard setting projects in the recent past (i.e., IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers*, IFRS 16 *Leases*, IFRS 17 *Insurance Contracts*), including the follow-up work on IFRS 17 *Insurance Contracts* and the ongoing work on the comparative issue under IFRS 9 when adopting IFRS 17 for the first time. Nevertheless, we would also like to highlight the need to avoid in future an overlength in timing terms of some PIR's follow-up activities like the ones following the PIR on IFRS 3 *Business Combinations*. It would be our suggestion to approach emerging accounting issues more often from a pragmatic perspective in case when conceptual debates do not lead to a clear and globally acceptable outcome.

As a matter of fact, another important aspect is the standing IASB's commitment to **respond in a prompt and pragmatic manner to urgent issues** emerging, for example when new important standards (e.g., IFRS 17 *Insurance Contracts*, IFRS 9 *Financial Instruments*) are implemented for the first time, when economic or environmental conditions change in an unexpected and/or rapid way creating great operational challenges for reporting entities (e.g., IFRS 16 *Leases*, IFRS 9 *Financial Instruments* and issues related to IBOR reform or the covid-19 pandemic) or when important issues are identified by the submitters to the IFRS Interpretations Committee (IFRS IC) and they cannot be solved by the Committee itself because an explicit standard setting activity is required.

Specifically, if specific issues with inconsistent application are identified by enforcers (e.g., European Securities and Markets Authority, ESMA), it is essential that the IASB is approaching such matters in a proper way without any undue delay if the IFRS IC is not able to provide an instructive answer to the related submission. The IASB's responsiveness is the only way to prevent regional enforcers from creating an additional level of implicit IFRS requirements via enforcement decisions.

**Question 2 – Criteria for assessing the priority of financial reporting issues that could be added to the Board’s work plan**

Paragraph 21 discusses the criteria the Board proposes to continue using when assessing the priority of financial reporting issues that could be added to its work plan.

- (a) Do you think the Board has identified the right criteria to use? Why or why not?
- (b) Should the Board consider any other criteria? If so, what additional criteria should be considered and why?

While we generally believe that the Board has identified the **right criteria set** (Table 2, page 19 of the RfI document), we believe that the priority of any project should in first place result out of its **relevance** and **urgency** for the stakeholders impacted, obviously subject to the resources constraints.

In this regard we acknowledge that this Agenda Consolation is focused on the financial reporting in classical terms. Nevertheless, we are concerned that future resources for this purpose might be somehow conditional on the needs of the IFRS Foundation at large for the work on sustainability topics (paragraph 5 of the RfI document). While we fully support the political momentum and the considerable efforts of the organisation to establish the International Sustainability Standards Board (ISSB), any reallocation of the resources should **not lead to a reduced quality of the IASB’s standard setting activities**. Already the need for finalisation of ongoing projects, the continuous maintenance efforts, and the ability to react in due course when necessary is of high relevance and makes it essential to ensure that the current level of resources is generally maintained (paragraph 17 of the RfI document). It is the indispensable basis for keeping the high quality of the IASB’s work in the core field of the financial reporting.

The continuous and often rapid changes in the economic environment make it necessary to evaluate on a regular basis whether any new significant gaps in the IFRS literature are emerging or whether the existing standards need further refinements to remove the deficiencies identified for that reason, for example by the IFRS IC. In this regard also a permanent careful **cost-benefit consideration from the perspective of the reporting entities** is essential. While it is important to address any informational gaps and to ensure that information reported to users of financial statements remain useful, it is also key that the **IFRS requirements remain principle-based** and overall cost-effective for preparers. Furthermore, we continue to hold the firm view that digitalisation efforts and needs in the field of the financial reporting should **not lead to technology driving the content** while being properly considered along the standard setting process.

### Question 3 – Financial reporting issues that could be added to the Board’s work plan

Paragraphs 24 – 28 provide an overview of financial reporting issues that could be added to the Board’s work plan.

- (a) What priority would you give each of the potential projects described in Appendix B – high, medium or low – considering the Board’s capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs 27 – 28)? If you have no opinion, please say so. Please provide information that explains your prioritisation and whether your prioritisation refers to all or only some aspects of the potential projects. The Board is particularly interested in explanations for potential projects that you rate a high or low priority.
- (b) Should the Board add any financial reporting issues not described in Appendix B to its work plan for 2022 to 2026? You can suggest as many issues as you consider necessary taking into consideration the Board’s capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs 27 – 28). To help the Board analyse the feedback, when possible, please explain:
  - (i) the nature of the issue; and
  - (ii) why you think the issue is important.

Considering the capacity necessary to conduct the Board’s activities described in the paragraph 27 of the Rfl document, and which we generally support, we believe that **the following key three projects**, out of the 22 projects set out in the Table 5 (page 31 of the Rfl document), should be approached by the IASB with the **high priority**, for the respective reasons provided in **Appendix B** of the Rfl document (the preferred project scope):

- No. 2 Climate-related risks (a *large* project, B11 (c) and/or (d))
- No. 4 Cryptocurrencies and related transactions (a *large* project, B15 (d))
- No. 14 Intangible Assets (a *large* project, B52 (c))

We like to note that regarding the topics No. 4 and 14 an intensive work has been already conducted by EFRAG at EU level. We believe that the IASB should utilise the outcome of these valuable proactive research initiatives.

Other projects described in **Appendix B** to the Rfl document could be approach depending on the related relevance for the stakeholders bringing them forward and depending on the progress realistically achievable when working on the other topics. Regarding the complete assignment of the GDV’s priorities to the new projects compiled in the Appendix B see the Table 5 reproduced on the next page:

**Table 5 [modified and amended]: Financial reporting issues that could be addressed in a potential project – GDV priorities**

No.	Potential project title	Priority (H, M, L)	Rationale
1	Borrowing costs	L	
2	<b>Climate-related risks</b>	<b>H</b>	In public and political perception an urgent issue (also for classical financial reporting)
3	Commodity transactions	M	Closing the gap, linkage to the project <b>No. 4</b>
4	<b>Cryptocurrencies and related transactions</b>	<b>H</b>	Emerging issue with an increasing prevalence
5	Discontinued operations and disposal groups	L	Research pipeline project
6	Discount rates	L	
7	Employee benefits	L	
8	Expenses – Inventory and cost of sales	L	
9	Foreign currencies	L	
10	Going concern	M	Core concept of financial accounting
11	Government grants	L	
12	Income taxes	L	
13	Inflation	L	Research pipeline project
14	<b>Intangible assets</b>	<b>H</b>	Core area of financial accounting, especially in the digital economy, and an emerging issue in the context of sustainability discussions
15	Interim financial reporting	L	
16	Negative interest rates	M	Issue of importance in low interest rate environment
17	Operating segments	L	
18	Other comprehensive income	L	<u>Preference:</u> Keeping the status quo in the Conceptual Framework as there is no need to reopen the unsolvable controversy again
19	Pollutant pricing mechanism	M	Closing the gap, research pipeline project, linkage to the project <b>No. 2</b>
20	Separate financial statements	L	
21	Statement of cash flows and related matters	L	<u>Preference:</u> Abolishment for the insurance industry
22	Variable and contingent considerations	M	Research pipeline project

For the sake of completeness, we would like to state that the GDV does not express any views on the issues compiled in **Appendix C – Other financial reporting issues suggested to the Board**.

Irrespective of the comments provided above we believe that any project planning at the IASB level should not reduce the **Board's capacity to react** swiftly to emerging issues when urgently necessary. The readiness and the adaptive **responsiveness** are essential for the global standard setter such as the IASB to maintain the high level of the acceptancy by stakeholders and to ensure the perceived high quality of the IASB's work in the field of the financial reporting.

Finally, the German insurers believe that the IASB should start initial thinking and planning for the **Post-Implementation Review (PIR) of IFRS 17 Insurance Contracts**. It applies especially in the context of the related endorsement process at EU level. Its upcoming finalisation will ensure that the new global standard will go live at EU level in line with its global effective date, i.e., starting at 1 January 2023. As an outcome of the EU endorsement process the European Commission's regulation will contain an **optional carve out solution** regarding the annual cohorts' requirement in IFRS 17 for some contracts with mutualisation features. As a matter of fact, the European Commission's regulation requires however also a review of this optional carve out solution until the 31 December 2027. It would be reasonable for the IASB to aim for an alignment of its timetable for the PIR of IFRS 17 with the carve out review to be conducted by the European Commission at EU level. The joint objective should be to overcome the European carve out solution via a pragmatic global solution at the IASB's level.

#### Question 4 – Other comments

Do you have any other comments on the Board's activities and work plan?  
Appendix A provides a summary of the Board's current work plan.

As mentioned in the cover note above, we believe that the balance of the Board's activities as described in the RfI document is appropriate to achieve the objective of the high-quality of the IFRS. However, while it is important to address any informational gaps or inconsistencies and to ensure that information reported to users of financial statements remain useful and the global standards are consistently applied, it is also key that the **IFRS requirements remain principle-based** and overall **cost-effective for preparers**.

- As a matter of fact, the **principle-based standards** require significant initial efforts of reporting entities to understand and operationalise the related principles/reporting objectives and to adopt the respective principles to entity-specific situations. And these efforts will always remain necessary and might lead to initial nuances in practices between reporting entities before the principles are well-understood in practice. The accounting and auditing practice used to find pragmatic ways of dealing with entity-specific situations in a proper way which provides the proof that not all potential facts and circumstances have to be explicitly defined in the standard being designed to apply globally.
- In this context we are fully aware and very much concerned that users of financial statements might generally request further **disclosures** and/or to significantly increase the granularity of the existing requirements. Consequently, we encourage the IASB to thoroughly evaluate the costs of providing any additional disclosures against their potential benefits before undertaking any actions in this regard in any standard setting project under current or future consideration. We believe that the insight which the IASB will gain in the ongoing consultation on its Exposure Draft "*Disclosure Requirements in IFRS Standards – A Pilot Approach*" will be useful and instructive to make the disclosures in IFRS financial statements more effective, while overall not more burdensome and costly for preparers.
- Furthermore, we continue to hold the view that digitalisation needs in the field of the financial reporting should **not lead to technology driving the content of the standards** while being properly considered along the standard setting process.

Finally, the German insurance industry holds the general view that **where reasonable and justifiable the status quo should be maintained**, i.e., if the standards are generally working as intended, are cost-effective and cover the envisaged information needs properly, there is from our



perspective no urgent need for any immediate amendments or any additional detailed rule-based guidance to the existing principle-based accounting requirements in the respective standards.

Hence, providing for the **stable platform**, keeping the status quo, and doing nothing is an option we would recommend to the IASB for cases for which no urgent action is necessary. It applies especially after the major standard projects got successfully finalised and an established practice for globally applicable standards must develop, also in context of the entity-specific situations, and before the series of the related Post-implementation Processes are going to start.