

PRESS RELEASE

18 May 2017
For immediate release

IASB finalises fundamental overhaul of insurance accounting

The International Accounting Standards Board (the Board) has today issued IFRS 17 *Insurance Contracts*. This first truly international IFRS® Standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position.

IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies.

The Financial Stability Board noted in September 2015 the importance of the Board completing the project to replace IFRS 4 with a new Standard¹.

IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements.

Hans Hoogervorst, IASB Chairman, said:

The insurance industry plays a vital role in the global economy; high-quality information to market participants on how insurers perform financially is therefore extremely important. IFRS 17 replaces the current myriad of accounting approaches with a single approach that will provide investors and others with comparable and updated information.

Due to the range of accounting methods in use today, some countries will see more significant changes than others with the introduction of the new Standard.

¹ The Financial Stability Board's meeting summary from 2015, referring to the importance of the Board completing IFRS 17, can be found [here](#)

IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

The Board will support those implementing the Standard, including by establishing a Transition Resource Group, for which the Board is now [calling for members](#).

IFRS 17 is published together with illustrative examples and an explanation of the Board's basis for conclusions².

Other materials accompanying the Standard:

- **Effects Analysis** – which outlines in detail the expected costs and benefits of the new Standard;
- **Project Summary** – providing an overview of the project to develop the new insurance contracts Standard; and
- **Feedback Statement** – summarising the feedback received to the different consultations undertaken as part of the project.

All these materials can be accessed via the [IFRS 17 project page](#) on the IFRS Foundation's website.

The Board has also today [published for public consultation](#) the proposed *IFRS Taxonomy Update* for IFRS 17. The comment deadline is 18 September 2017.

END

Notes to editors:

- A short video introducing IFRS 17 is available [here](#).
- An infographic fact sheet on IFRS 17 can be found [here](#).

Press enquiries:

Kirstina Reitan, Head of Communications, IFRS Foundation
Telephone: +44 (0)20 7246 6960
Email: kreitan@ifrs.org

Technical enquiries:

Andrea Pryde, IASB Associate Director
Telephone: +44 (0)20 7246 6491
Email: apryde@ifrs.org

² IFRS 17 is available on eIFRS to Professional and Comprehensive subscribers, alongside the Illustrative Examples and Basis for Conclusions.

About the IFRS Foundation

The IFRS Foundation is an independent, not-for-profit organisation, overseen by a Monitoring Board of public authorities. Its vision of a single set of global accounting standards is supported by G20 leaders and other international organisations with responsibility for the global financial system.

The mission of the IFRS Foundation is to develop IFRS Standards that bring transparency, accountability and efficiency to financial markets around the world, fostering trust, growth and long-term financial stability. The International Accounting Standards Board is the independent standard-setting body of the IFRS Foundation, made up of experts from diverse professional and geographical backgrounds. IFRS Standards are required by over 125 countries globally.

For detailed information on the organisation's structure, the standard-setting process and the spread of IFRS Standards, visit www.ifrs.org.

IFRS, IAS, IFRS Foundation, IASB, IFRIC and SIC are trademarks of the IFRS Foundation in the UK and in other countries. Please contact the Foundation for details of where these trademarks are registered.