Association of British Insurers

Investments in Debt Instruments (Proposed amendments to IFRS 7)

The ABI’s response to the IASB’s Exposure Draft

Introduction

1. The ABI is the voice of the insurance and investment industry in the UK. Its members constitute over 90 per cent of the insurance market in the UK and 20 per cent across the EU. They control assets equivalent to a quarter of the UK’s capital. They are the risk managers of the UK’s economy and society. Through the ABI their voice is heard in Government and in public debate on insurance, savings, and investment matters.

2. The ABI is grateful for the opportunity to respond to the International Accounting Standards Board (IASB’s) Exposure Draft *Investments in Debt Instruments (Proposed amendments to IFRS 7)*.

ABI comments

3. The Board’s proposals for increased disclosure requirements for financial instruments in accounts for 2008 form one of its many responses to the credit crisis. However, we are not convinced that proposing last-minute incremental changes that focus only on disclosures is the right way to respond, especially when in haste. We suggest that issuers consider whether extra disclosure should be made in 2008’s accounts to the extent that this assists the user, is practicable at this late stage, and can be achieved at a proportionate cost. Requirements for extra disclosures should only be imposed when considered together with any changes needed for associated measurement requirements, and we suggest that Board should give priority to developing appropriately comprehensive proposals for implementation in 2009’s accounts.

4. In today’s economic and market conditions, it is ever more important that entities report on their financial instruments in a way that gives users of accounts relevant, reliable and comparable information that also best reflects how those financial instruments are managed and that discloses information on the associated risks and rewards. In addition, users need to be able make sense of what is disclosed - accounts should not be cluttered up with information that is not useful for making economic and stewardship decisions. Further, accounting and disclosure requirements shouldn’t impose disproportionate burdens upon preparers.

5. Delivering such improvements to the satisfaction of both preparers and users is not easy, as the Board’s own analysis shows. We suggest that the extra time that is gained by not focusing on requirements for 2008’s accounts should include a constructive dialogue between the two to be promoted by the Board. We believe that, in principle, preparers would be prepared to disclose at least some information

of the kind proposed by the Board, but only on the basis of proper consultation and consideration that would also cover wider measurement and impairment issues. Further, users would prefer to get the right form of disclosure and that they are keen that this is determined after appropriate consultation and due process.

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January 2009