



11 October 2011

Ref: 11/140

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH

Dear Mr. Hoogervorst,

The International Association of Insurance Supervisors (IAIS) welcomes the opportunity to comment on the International Accounting Standards Board's Exposure Draft, *Mandatory Effective Date of IFRS 9*.

The IAIS represents insurance supervisors, and as such, our key concerns focus on the impact of proposals on the insurance industry. We would like to reiterate that principles around the matching of assets and liabilities are vital to insurers and that there is a need to have consistency of measurement on the asset and liability sides of the balance sheet.

As we pointed out in submissions on the Financial Instruments Exposure Draft in September 2009 and the Insurance Contracts Exposure Draft in November 2010, we believe that it is crucial that the effective dates of the two standards are aligned for insurers. Having different adoption dates could lead to accounting mismatch or to the need to change accounting methodologies in close succession unless a practical transition is provided for insurers.

In general, we agree with the IASB's proposal to make IFRS 9 mandatory for annual periods beginning on or after 1 January 2015, in order that this date may coincide with the effective date of Insurance Contracts.

Our view here is contingent upon the insurance contract project deliberations being finalised with sufficient time available to ensure implementation of an insurance standard in 2015. We applaud the IASB for the progress it has made on both the insurance contracts and financial instruments projects but note a concern that these projects still appear some way from conclusion. As a consequence, considerable effort may be required if the Board is to finalise these standards, particularly on insurance accounting and impairment, while also allowing adequate time for implementation by preparers in time for adoption on 1 January 2015.

In the event of the IASB determining that the effective dates of IFRS 9 and the eventual insurance contracts standard are likely to diverge, we would seek to discuss further with the IASB how the challenges that this would bring for insurers might be resolved.

If you have questions regarding this letter, please contact Aina Liepins at the IAIS Secretariat (tel: +41 61 280 8199; email: aina.liepins@bis.org) or Richard Thorpe, Chair of the IAIS Accounting and Auditing Issues Subcommittee (tel: +44 (0) 20 7066 3160; email: richard.thorpe@fsa.gov.uk).

Yours faithfully

The image shows two handwritten signatures in blue ink. The signature on the left is 'P. Braumüller' and the signature on the right is 'M. Mächler'.

Peter Braumüller
Chairman, Executive Committee

Monica Mächler
Chair, Technical Committee