

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

31 March 2015

**Subject: Comments on IASB Exposure draft ED/2014/6, Disclosure Initiative – Proposed amendments to IAS 7**

Dear Mr. Hoogervorst:

This letter has been drafted by Insurance Europe, which is the European (re)insurance federation whose members are the national insurance associations in 34 countries, representing 95% of the premium income of the European insurance market and the European Insurance CFO Forum (“CFO Forum”), a body representing the views of 21 of Europe’s largest insurance companies. We welcome the opportunity to comment on the Exposure Draft “Disclosure Initiative – Proposed Amendments to IAS 7” as issued in December 2014.

**A focus on principles of disclosures is more needed than separate narrow-scope amendments.**

We strongly support the IASB’s Disclosure Initiative to improve the disclosure principles and increase the effectiveness of information provided to users. However, as the IASB’s related discussion paper stands to be published in 2015, we believe it is premature to agree on the proposed disclosure amendments to IAS 7. We also believe that the IASB has underestimated the burden that companies face to track and apply successive changes to IFRS.

As such, we recommend the IASB first agree on the fundamental principles for disclosures. Using these agreed upon principles, the IASB could then as a next step, consider targeted improvements. We believe such an orderly process would be more efficient and helpful in the long-term for both preparers and users of financial statements.

**The disclosure amendments do not benefit the insurers or the users of the insurers’ financial statements.**

We disagree with the reconciliation requirement for cash flows from financing activities to the statement of financial position. We believe it would be worthwhile for the IASB to reconsider the purpose and use of the statement of cash flows for financial institutions such as insurers. Already we find that the users of insurers’ financial statements place minimal value on the cash flow statement information because it is inadequate to depict the business model of insurance companies and thus has minimal informational value.

**The additional disclosure requirements on restrictions on cash and cash equivalents are unnecessary, duplicate existing requirements and do not have a clear scope.**

We disagree with providing the proposed additional disclosures about restrictions on cash and cash equivalents. Moreover, we are convinced that the current paragraph 48 in IAS 7 as well as in other IFRS standards (IFRS 7 and IAS 12) already set out the appropriate and necessary disclosures.

Under the new proposal, an entity would have to consider whether to disclose “matters relevant to an understanding of the liquidity of the entity... such as restrictions that affect the decisions of an entity that would arise on the repatriation of foreign cash and cash equivalent balances, including tax liabilities that would arise on the repatriation of foreign cash and cash equivalents”. We believe a potential tax charge on the repatriation of cash is not really a ‘restriction’ but rather an unattractive economic effect. Under the proposed new disclosures, it is very unclear what other types of unattractive economic effects would need to be disclosed. For example, would this requirement include an overseas subsidiary’s financing strategy that has reliance on retained earnings? We would consider such potential discussions

to be more appropriate for the operating and financial review rather than in a note to the financial statements. As such, we are opposed to this proposed disclosure amendment.

**Prospective transition is the most suitable approach.**

If the IASB would consider the need to continue with the targeted improvements, we agree with the transition proposal to apply the modifications prospectively from the effective date with early application permitted.

**Amendments to IFRS and proposals related to IFRS taxonomy should not be confused in one single consultation.**

We disagree with the suggestion that proposals to update the IFRS Taxonomy should be issued at the same time that an exposure draft is issued. We believe it is premature to discuss the IFRS taxonomy questions when the IASB has not yet concluded on the proposal in an Exposure Draft on technical IFRS questions. Thus, in order to have a transparent, clear and efficient due process, we are in favour of keeping these two steps separated.

Please feel free to contact us should you have any further questions or comments.

Yours sincerely,



Olav Jones  
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Insurance Europe



Nic Nicandrou  
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