

EFRAG working group: **Insurance**

TERMS OF REFERENCE

The EFRAG Supervisory Board established in 2001 a special working group in close cooperation with CEA, the European Insurers Association, to deal with insurance matters.

EFRAG has decided to update the Terms of Reference (ToR) of the working group on insurance, which reports to EFRAG TEG.

Mission

The role of the EFRAG insurance work group is to support EFRAG influencing the development of IFRSs and IFRIC interpretations on insurance specific matters and their application within Europe through technical analysis and consultation with organisation representatives of the insurance world in Europe and others. This role includes activities like advising and supporting EFRAG in developing the following:

- Pro-active contribution to the work of IASB and IFRIC on insurance specific issues,
- Advice on changes to the Insurance Accounts Directive,
- Technical assessment of IFRSs and IFRIC interpretations on insurance specific matters (including those relating to financial instruments in so far as they are of particular relevance to insurance entities in cooperation with the EFRAG financial instruments working group),
- Identification of interpretation and implementation issues on insurance specific matters,
- Input to EFRAG on other insurance related matters.

Composition of the working group

- The group should consist of members with particular experience of accounting for insurance contracts. There should be a good mix of different backgrounds, e.g. preparers, auditors, actuaries, users, academics and standard setters.
- Members should have strong technical expertise on insurance issues as well as financial instruments and accounting issues.
- The group should also provide a good mix of country background.

The size of the group is planned to be limited to 14 with up to 9 members having voting rights.

- Chairman– with voting right (and casting vote if needed) - (normally an EFRAG TEG member, but the first chairman under the new ToR might be the chairman of the present Subcommittee)
- 6 to 8 working group members – with voting rights
- 1 staff member
- the chairman of EFRAG TEG/Technical Director will participate in the discussion whenever appropriate
- the EFRAG observer in the IASB Insurance Advisory Committee is a member of the working group
- Observers from the Commission, CESR and other interested organisations (such as insurance regulators) may also be invited to participate as observers without voting rights

Three preparer representatives should be appointed by EFRAG based on consultation with CEA, one accountancy profession representative based on consultation with FEE and one financial analyst based on consultation with EFFAS. The remaining members are appointed by the Chairman of TEG in accordance with EFRAG's procedures for appointments of members to EFRAG working groups. A certain geographical balance will be respected.

Frequency of meetings:

- every 2 months (or more or less frequently as necessary)
- plus email/telephone contact
- Travel time should be limited to the amount necessary

Regular updates to EFRAG

- The Working group will provide regular updates to EFRAG on the outcome of their discussions and will receive feedback and input on the general direction.
- The working group will receive regular updates on the deliberations of various IASB advisory groups relevant for insurance and should take them into consideration.

Relationship with IASB

The Working Group should establish a proper liaison with the IASB and its staff on insurance specific matters in consultation with the Chairman of EFRAG TEG. The working Group might seek to get an additional member of the IASB Insurance Advisory Committee.

Relationship with insurance regulators

The Working Group should establish a proper liaison with the insurance supervisors in Europe in order to get supervisors involved and associated with the work of EFRAG on insurance specific matters.

Method of working

- The working group shall prepare a working programme and deadlines.
- Papers should be prepared by members of the group and/or the secretariat as a basis for discussion by the working group.
- The aim should be to ensure that views from main parties in Europe interested in insurance financial reporting are properly taken into account in discussions at EFRAG TEG and the IASB.
- The working group is encouraged to seek the advice of the banking industry on insurance policy issues and questions concerning the reporting of insurance activities in the consolidated accounts of banking groups.
- The working group can invite specialists to its meetings for specific agenda items.
- The working group's views should be seen as the preliminary views of EFRAG but all papers and letters can only be issued after they have been approved by EFRAG TEG (i.e. papers should not be submitted outside the committee until they have EFRAG TEG approval and will only then be considered to present the views of EFRAG).
- Certain papers may be used as a basis for discussion at an EFRAG Advisory Forum.
- Certain papers should reflect pro-active work in relation to IASB. Other papers when reacting to IASB or IFRIC proposals should reflect a constructive approach so that where the working group disagrees with any proposals the reasons are clearly explained and alternative ideas for resolving the issue are put forward for further consideration.
- The administrative support of the working group is provided by EFRAG. Technical support should in principle be provided by the working group members.

Brussels, 18 January 2005

