

PRESS RELEASE

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For immediate release

## International Accounting Standards Board issues amendments to insurance contracts Standard

**The International Accounting Standards Board (the Board) has today issued amendments to its existing insurance contracts Standard, IFRS 4.**

The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the replacement Standard that the Board is developing for IFRS 4. These concerns include temporary volatility in reported results.

The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued; and
- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments Standard—IAS 39.

The amendments to IFRS 4 supplement existing options in the Standard that can already be used to address the temporary volatility.

Hans Hoogervorst, IASB Chairman, said:

“Both the new financial instruments Standard and the upcoming insurance Standard will improve the quality and comparability of financial reporting. However, we understand that there may be transitional challenges and have given companies who deal with insurance contracts two voluntary options for dealing with these.

The new insurance contracts Standard is currently being drafted and will have an effective date no earlier than 2020.

A proposed update to the IFRS Taxonomy reflecting the amendments to IFRS 4 is available [here](#).

END

**Notes to editors:**

- Further information about the amendments to IFRS 4 can be found [here](#).
- Further information about the forthcoming insurance contracts Standard can be found [here](#).

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**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 standard-setting body of the IFRS Foundation, made up of independent experts from diverse professional and geographical backgrounds. IFRS Standards are adopted by more than 100 countries globally.

For detailed information on the organisation's structure, the standard-setting process and the spread of IFRS Standards, visit [www.ifrs.org](http://www.ifrs.org).

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