Press release
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ESRB publishes its assessment of IFRS 17 from a financial stability perspective

The European Systemic Risk Board (ESRB) has today published a report assessing the financial stability implications of International Financial Reporting Standard (IFRS) 17, the new accounting standard for insurance contracts. IFRS 17 has recently been adopted by the European Union (link) and EU insurers are required to apply it from 1 January 2023 onwards.

The report also informs the European Parliament, in view of its resolution of 3 October 2018 (link).

The ESRB’s assessment concludes that IFRS 17 is expected to make a substantial contribution to financial stability because it increases transparency in the insurance sector. It also promotes accounting practices that are comparable across countries. IFRS 17 addresses the shortcomings of the current accounting standard for insurance contracts (IFRS 4). The ESRB also notes that the design of IFRS 17 provides European insurers with the opportunity to reap efficiency gains from the implementation of the Solvency II Directive.

The ESRB has also identified some areas which may require policy follow-up to ensure that the financial stability benefits of the implementation of IFRS 17 are achieved effectively. These areas relate to discount rates, risk adjustment, the voluntary exemption of the annual cohort requirement and the initial implementation of IFRS 17.

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