



Room document
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**UPDATE ON DEVELOPMENTS IN GENERAL ACCOUNTING AND
INSURANCE ACCOUNTING**

Regulation on the use of international accounting standards

Significant progress has been made concerning the proposed regulation on the use of international standards for listed companies. The Council reached a “general orientation” before Christmas, and the Parliament approved the regulation with some amendments at its meeting on 12 March 2002. The Council working group will have a meeting on 18 April 2002 to discuss the Parliament’s amendments. The proposal could be adopted by the ECOFIN Council on 7 May 2002. Before publication in the Official Journal the language versions of the regulation will be scrutinised by jurist-linguists.

The Accounting Regulatory Committee foreseen by the regulation will start its activities as soon as the regulation text is finalised. The Committee is expected to meet once a month in order to keep the deadlines for endorsing standards and interpretations.

Modernisation of the 4th, 7th and the Insurance Accounts Directive

The proposed text is currently in inter-service consultation in the Commission. It is foreseen that the proposal will be adopted by the Commission in May.

Developments in EFRAG

EFRAG (European Financial Reporting Advisory Group) started its activities last year and a permanent secretariat has been created in Brussels. Paul Rutteman has been nominated Secretary-General, and two project managers have now been recruited. EFRAG will provide the Accounting Regulatory Committee and the Commission with technical advice concerning the endorsement of international standards and interpretations. It will also work proactively with the IASB on their ongoing projects.

The Technical Expert Group (TEG) consists of highly skilled accounting specialists that meet once a month in Brussels. The group is chaired by Johan van Helleman. In recent meetings the group has spent significant time discussing items on the IASB working agenda (such as business combinations, first time application of IAS and the improvement project concerning IAS 32 and IAS 39). In March 2002, the TEG was formally asked by the Commission Services to provide its opinion on the endorsement of IAS 1 to IAS 41 and SIC 1- SIC 33 to the extent that they are extant at 1 March 2002. The Commission Services asked for the opinion to be delivered before 30 June 2002.

EFRAG has also created a special insurance subgroup chaired by Jacques Ledouit (representing the CEA). The group reports to the TEG, and the insurance subgroup chairman has the right to attend the TEG meetings. The subgroup has seven members representing insurance companies, the Group Consultatif des Actuaire, the Fédération des Experts-Comptables Européen and the Association of European Financial Analysts. CESRfin and the European Commission participate as observers. The group has met three times and has discussed its terms of reference, current developments and the Draft Statement of Principles from the IASB.

General information on EFRAG can be found at the temporary website of EFRAG: <http://www.fee.be/secretariat/efrag.htm>

Developments in the IASB

The Board is currently discussing the Draft Statement of Principles prepared by the Insurance Steering Committee. This discussion is foreseen to continue at several further meetings. According to the latest available time schedule an exposure draft is expected towards the end of 2002. The published chapters of the DSOP as well as other information can be found at the IASB website: <http://www.iasb.org.uk>

IASB staff persons have performed a number of field visits to discuss the major concepts included in the Draft Statements with representatives from large companies.

The first meeting of the IASB Insurance Advisory Committee will be organised in London on 22-23 April 2003. The group is larger than the Steering Committee and in particular more representatives from insurance companies have been invited to attend. The meeting will focus on measurement objectives, performance reporting, performance-linked contracts and disclosure requirements.

Developments in the IAIS

At its December 2001 meeting, the IAIS Accounting Subcommittee discussed a paper concerning technical provisions prepared by the Solvency Subcommittee. The Asset Working Group has prepared comments on different IASB projects such as the amendment of the Framework as well as first time application of IAS.

Information meeting on accounting developments

The Commission Services will arrange a meeting on accounting developments on 14 May 2002 in Brussels. The purpose of the meeting is to inform about current developments in general as well as insurance accounting. Tentatively, the main points on the agenda are the following:

- Developments in the IASB: Peter Clark, the insurance staff person at the IASB, will describe recent developments in the IASB, the main points in the Draft Statement of Principles on insurance accounting as well as the Board's discussion of this document. He will also discuss proposed changes to IAS 39.
- IAS Regulation and modernisation of the Accounting Directives: Commission staff will report on the developments on these files.
- European Financial Reporting Advisory Group (EFRAG): Paul Rutteman, the Secretary-General of EFRAG, will describe the general structure and objectives of EFRAG and Jacques Ledouit, chair of the EFRAG Insurance Subgroup, will describe the work in the subcommittee. An important issue is how a regular liaison between EFRAG and the insurance supervisors should be achieved.