



IAIS 25
YEARS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

4 June 2019

Prof. Arnold Schilder,
Chairman
International Auditing and Assurance Standards
Board
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, New York
10017 U.S.A.

RE: Proposed Strategy for 2020-2023 and Work Plan for 2020-2021

Submitted via IAASB website

Dear Professor Schilder:

The International Association of Insurance Supervisors (IAIS) welcomes the opportunity to comment on the recent International Auditing and Assurance Standards Board's (IAASB) Proposed Strategy for 2020-2023 and Work Plan for 2020-2021.

We agree that the themes and areas proposed in the consultation are relevant. However, there is limited information on specific outputs expected to result from the strategy, focus and planned strategic actions. There is also limited information on the respective importance of each strategic action and the resources to be devoted to each item.

It appears that the IAASB aims at limiting its standard setting activities to revisions of ISQC1 and ISA 220, ISA 315, ISA 600 and ISRS 4400. All are projects that have already commenced and that (with the exception of the revised ISA 600) have been significantly delayed. Additionally, they are all expected to be completed by the first quarter of 2020 (with the exception of ISA 600 that is expected to be completed by March 2021). All these projects are important, however, we believe that some other ISA's, particularly those impacted by the developments of data analytics and new technologies deserve careful consideration (eg, ISA 500 to 530 and ISA 330) in a timely manner. Although there may be reluctance to start major new products whilst reforms of the IAASB are under discussion, it will be important to keep the forward workplan under review in the light of such developments.

We acknowledge the importance of research and outreach to boost the IAASB's reflections. However, there is a risk that if not suitably targeted, such activities could become too time consuming and delay the IAASB's work on current and actual projects. Moreover, the intended outcomes of these research activities are unclear. We are concerned that the IAASB activities may become overly focused on research activities rather than actual specific deliverables.

We recommend that the IAASB establish a hierarchy amongst all of the research projects and better define their objectives, expected outputs and timeframes. The IAIS is of the view that at this stage the objectives of the Innovation Working Group seem particularly unclear. In addition, if priorities need to be defined, the strategic actions related to the audit of less complex entities should have a low priority compared to those related to ISAs and structuring the audit approach.

Additionally, the IAASB should prioritize ensuring that the current auditing standards are appropriate for the forthcoming accounting changes for the insurance industry. The IAIS also encourages the IAASB to consider providing additional guidance on how to apply the ISA's (in particular ISA 540) in relation to insurance accounting.

This response letter was prepared on behalf of the IAIS by its Accounting and Auditing Working Group (AAWG). The AAWG's membership represents a subset of all IAIS members. If you have further questions regarding this letter, please contact Jay Muska at the IAIS Secretariat (tel: +41 61 280 8953; email: jay.muska@bis.org) or Markus Grund, Chair of the IAIS AAWG (tel: +49 228 4108 3671; email: markus.grund@bafin.de).

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Victoria Saporta".

Victoria Saporta Chair, Executive Committee

A handwritten signature in blue ink, appearing to read "Elise Liebers".

Elise Liebers, Chair, Policy Development Committee