



Kevin Stevenson
Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West VIC 8007
via email: standard@asb.gov.au

28 September 2011

Dear Kevin

Re: Tier 2 Supplement to AASB ED 201 *Insurance Contracts*

We are responding to your request for comment on the Tier 2 Supplement to the Australian Accounting Standards Board (AASB) Exposure Draft (ED) 201 *Insurance Contracts*.

We support the Board's aim to ensure that new standards and amendments to existing Australian Accounting Standards provide consistent disclosure relief for Tier 2 entities reporting under the reduced disclosure regime on a timely basis.

We generally agree with the AASB's approach of not specifying Tier 2 disclosures for insurance contracts, based on the assumption that an insurance company required to prepare general purpose financial statements would generally be a publicly accountable entity.

However, this approach is only appropriate while the reporting entity concept as we know it is still in place. Should the Board decide in the future to remove the reporting entity concept, all entities with insurance contracts would be required to apply the proposed insurance contracts disclosures regardless of whether they are publicly accountable or not and whether users of the financial statements would require this kind of information. This would be an additional burden for captive insurers who are generally wholly-owned subsidiaries without external stakeholders.

The Board will therefore need to review the application of the proposed disclosures to non-publicly accountable insurers using the *Tier 2 Disclosure Principles* should the reporting entity concept be removed at a future point in time.

I would welcome the opportunity to discuss our firm's views at your convenience. Please contact me on (03) 8603 3868 or Regina Fickers on (02) 8266 8350 if you would like to discuss our comments further.

Yours sincerely,

A handwritten signature in cursive script that reads 'Jan McCahey'.

Jan McCahey
Partner, PricewaterhouseCoopers

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