

International Accounting Standards Board  
(IASB)  
7 Westferry Circus  
London, E14 4HD  
United Kingdom

12 September 2019

### **Exposure Draft ED/2019/4 ‘Amendments to IFRS 17’ (“Exposure Draft”)**

This letter has been drafted by the European Insurance CFO Forum (“CFO Forum”), a body representing the views of 23 of Europe’s largest insurance companies and Insurance Europe, representing 95% of the premium income of the European insurance market. Accordingly, it represents the consensus view of the European insurance industry.

Our members continue to support a high quality standard for insurance contract accounting and have contributed significant efforts in the earlier EFRAG testing of IFRS 17 ‘Insurance Contracts’. In July 2018, the CFO Forum summarised the significant issues identified by its members during the EFRAG field test and in October 2018 proposed solutions to those issues through proposed track change edits to the standard.

We appreciate the efforts by the IASB in considering the concerns raised by the insurance industry and others about IFRS 17 ‘Insurance Contracts’, which resulted in the changes proposed in the Exposure Draft. The proposals in the Exposure Draft represent welcome improvements in a number of areas, such as the scope exclusion for certain credit-based contracts, recognition of acquisition expenses on renewals and the presentation of insurance contracts as assets or liabilities at the portfolio level. However, the IASB has chosen not to propose amendments for several other important issues and for other issues has proposed less effective amendments. As a result, we believe that further changes to IFRS 17 are needed to obtain a high quality standard that can be implemented at a reasonable cost.

In this context, we welcome the opportunity to comment on the Exposure Draft 2019/4 ‘Amendments to IFRS 17’.

The appendices to this letter include our responses to the IASB on the Exposure Draft, our comments on EFRAG’s draft comment letter to the IASB and our responses to the questions raised by EFRAG to its constituents. The comments in the appendices cover the three issues with the largest impact that we communicated earlier, changes that are proposed in the Exposure Draft but do not fully resolve the issues identified in the EFRAG testing, other issues for which no changes are proposed in the Exposure Draft and certain other proposed changes that have unintended consequences. Furthermore, the comments in the appendices also cover the proposed effective date.

#### ***Issues with the largest impact***

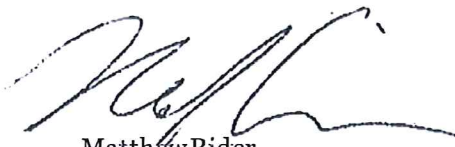
In our efforts to continue to work towards a high quality accounting standard, whilst recognising the limitation for fundamental changes in this phase of the project, we have already highlighted the three issues that are most widespread amongst our members and that have the largest impact on the operational complexity and costs of implementing the standard. We have summarised these three issues below as they have not been resolved through the proposals in the Exposure Draft:

- **Level of Aggregation** – Whilst we continue to believe that the requirement for annual cohorts in general is not aligned to the fundamentals of insurance business, we believe that **at a minimum** annual cohorts should not be used for contracts in the variable fee approach with significant mutualisation and for all contracts at transition. This will significantly reduce operational complexities without significantly affecting

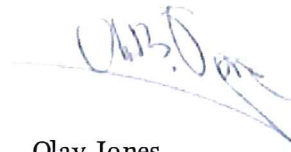
account the above, many in the industry see a need for a delay to the global effective date of IFRS 17 and IFRS 9 for insurers until 1 January 2023, while others see the need to retain a 2022 effective date.

In summary, we welcome the changes proposed in the Exposure Draft as these represent a significant improvement, but we believe that additional changes (as set out above and in the appendices) are still required. We appreciate the opportunity to provide input for resolving these remaining issues and would be pleased to discuss these further with you.

Yours faithfully,



Matthew Rider  
Chair  
European Insurance CFO Forum



Olav Jones  
Deputy Director General  
Director Economics & Finance, Insurance Europe