

International Accounting Standards Board
Attn. Mr. H. H. Hoogervorst
7 Westferry Circus
London, E14 4HD
United Kingdom

23 January 2020

Dear Mr. Hoogervorst

Proposed amendments to IFRS 17 Insurance Contracts

We would like to follow up on our extensive comments on your Exposure Draft 'Amendments to IFRS 17 Insurance contracts' in our letter of 12 September 2019. We have carefully monitored the feedback from various stakeholders on the Exposure Draft and the recent discussions in your IASB Board meetings.

We appreciate your decision to continue with the proposed amendments to IFRS 17 to address the concerns raised by various stakeholders, including the CFO Forum and Insurance Europe. In this context, we support the decision taken at the December 2019 IASB Board meeting to amend IFRS 17 for eight items. We also support the decision to reconsider 11 additional topics identified in the comments you received on the Exposure Draft. We strongly believe that reconsidering these 11 topics and making appropriate amendments to IFRS 17 will improve the requirements and the resulting financial reporting of insurers. As you are aware, we have earlier developed information supporting these issues, along with proposed solutions. We are available to work with the IASB Board and staff to ensure that the planned redeliberations cover all relevant areas, and that proposed changes are workable in practice. We would like to stress that not making changes to the standard but addressing issues through supplemental guidance and educational material is unlikely to be sufficient in practice, as we already observe in our discussions with auditors/advisors (for example contracts that change in nature over time).

On the remaining issues, you have decided that no further changes will be considered. However, these remaining issues include several important items that we have highlighted as key issues before, including the discount rate used for the CSM, reinsurance (contract boundary and VFA), the modified retrospective approach to transition and risk mitigation (hedging). We and many other stakeholders made significant efforts to provide additional or new information in the comment letters on the Exposure Draft. Further discussions have been held subsequent to the feedback on the Exposure Draft, for example in EFRAG on risk mitigation (hedging). Specifically, on this item, we documented the issues in the current IFRS requirements on hedge accounting, which are now explicitly supported by various stakeholders, including auditors. This documentation, which is included in the Appendix for your information, clearly demonstrates that additional evidence supporting the remaining issues has become available and we would like to discuss how it can be considered in your redeliberations.

We are focused on the implementation of a high-quality reporting standard that aids the relevance, transparency and consistency of financial reporting, while at the same time avoiding excessive implementation complexity. Consequently, the content of any proposed standard is primary, and the implementation date should be determined by this. As IFRS 17 is a global standard, it is of utmost importance to have a realistic single effective date, across all jurisdictions including Europe.

We would appreciate the opportunity to discuss the above with you at your earliest convenience.

Yours faithfully



Matthew J. Rider
Chair
European Insurance CFO Forum