

Mr. Jean-Paul Gauzès  
EFRAG Board President  
EFRAG  
35 Square de Meeûs  
B-1000 Brussels  
Belgium

15 September 2021

Dear Mr. Gauzès,

**EFRAG draft comment letter on Exposure Draft ED/2021/8 Initial Application of IFRS 17 and IFRS 9 – Comparative Information, Proposed 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.

We would like to thank EFRAG for its extensive work on IFRS 9 and IFRS 17; we believe that these efforts have significantly contributed to improving both standards. We welcome and support EFRAG’s draft comment letter on the Exposure Draft and share the view that the amendments to IFRS 17 proposed in the Exposure Draft address most of the industry’s concerns regarding the presentation of meaningful comparative information on initial application of IFRS 17 and IFRS 9.

We agree that the differences in scope between the classification overlay in the Exposure Draft and the temporary exemption from applying IFRS 9, as defined in IFRS 4, may cause unnecessary operational complexity and result in inconsistent application of the classification overlay by insurers. Changing the proposed scope to the existing IFRS 9 deferral scope would not only be easier to implement but it would avoid any confusion as to what potential financial assets could be included in the scope of the classification overlay. As such, we strongly support EFRAG’s recommendation that the IASB should align the scope of the classification overlay with the temporary exemption from applying IFRS 9.

Overall, we strongly support EFRAG’s draft comment letter, but we propose that EFRAG consider the following enhancements to its comment letter to the IASB:

1. The draft EFRAG comment letter refers to concerns expressed by “some insurance entities” regarding the scope of the classification overlay and challenges in applying the existing IFRS 9 transition requirements. Our members share these concerns. As the CFO Forum and Insurance Europe represent the majority of insurance companies in the EU, we believe “some insurance entities” should be replaced with “most insurance entities” to emphasize that this is not an issue faced by a small number of insurers.
2. Paragraph 20 states that even with the classification overlay, some insurance entities may be unable to finalise their 1 January 2022 balance sheets until 31 December 2022 while paragraph 21 acknowledges that the IFRS 9 expected credit loss requirements would help to address this concern. We agree with

your assessment that utilising IFRS 9 expected credit loss requirements would address this issue; as such, we would believe that these two paragraphs could be omitted in your final comment letter to the IASB.

Our comment letter to the IASB on the Exposure Draft is enclosed. If you would like any further information on any of these matters or wish to discuss them further with us, we would be pleased to assist.

Yours sincerely

*Delfin Rueda*

Delfin Rueda (Sep 15, 2021 17:00 GMT+2)

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Chair  
European Insurance CFO Forum



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Enclosure