

To: Hans Hoogervorst
Chairman
IASB - International Accounting Standards Board
7 Westferry Circus
Canary Wharf
London E14 4HD

Brussels, 21 February 2020

Dear Mr Hoogervorst,

This letter comes ahead of the IASB Board's re-deliberations of IFRS 17 issues on 25 February.

Insurance Europe continues to support the calls for outstanding concerns with IFRS 17 to be addressed, which we, together with the CFO Forum, have expressed on a number of occasions.

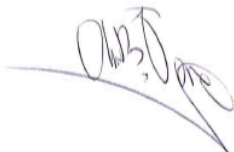
While we appreciate the progress that has been made on a number of important topics, we regret that a number of issues which were raised in the joint Insurance Europe / CFO Forum response to the Exposure Draft on IFRS 17 *Insurance Contracts* have not been addressed in the January IASB Board meeting, or are subject to no proposed changes in the upcoming February Board meeting. Those include the prohibition to apply the risk mitigation retrospectively, the treatment of business combination – contracts acquired in their settlement period and for the forthcoming February Board meeting, retaining the annual cohorts requirements unchanged, insufficient transition reliefs and no changes for contracts that change over time.

The annual cohort requirements in IFRS 17 have been a long-standing and key concern for the insurance industry because, in addition to failing to reflect the economics and the way some insurance contracts are managed, it gives rise to excessive implementation cost and complexity which is not justified by the additional information provided. This is particularly the case for contracts in the variable fee approach with significant mutualisation and for contracts at transition. The IASB staff recognize in their analysis that the features of these contracts make the cost of the annual cohort requirement excessively high and result in information of limited usefulness. We continue to believe that a principle-based exception to the annual cohort requirements for contracts in the variable fee approach with significant mutualisation is needed.

The annual cohort requirements and other issues were also raised by the European Parliament and the European Financial Reporting Advisory Group (EFRAG) in relation to the standard's endorsement process in Europe. We understand from our colleagues from other international insurance associations that this concern is not only European.

We urge the IASB Board to take some additional time to address the outstanding industry concerns and to develop pragmatic, principle-based solutions that enable the objectives of IFRS 17 to be met. We remain willing to assist the IASB in this process.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Olav Jones".

Olav Jones, Deputy Director General
Insurance Europe