

Mr Hans Hoogervorst  
IFRS Foundation  
7 Westferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom

24 March 2020

Dear Hans,

### **IFRS 17 *Insurance Contracts***

EFRAG sincerely appreciates the IASB's continued efforts to discuss issues associated with the implementation of IFRS 17 and the progress done so far to respond to the concerns that were raised with the Standard. We welcome the considerable work done by the IASB staff and the IASB members in this regard, as evidenced in the activities of the IFRS Foundation since our previous letter dated September 2018.

In that letter, EFRAG identified six topics that were relevant to European stakeholders and recommended the IASB to reconsider them before the finalisation of the standard.

EFRAG provided further technical input on these topics in its Comment Letter in response to the IASB's Exposure Draft ED/2019/4 *Amendments to IFRS 17* issued in September 2019 and reiterated the recommendation to the IASB to consider amending the standard to address our stakeholders' concerns.

As the IASB re-deliberations are now approaching an end and as the amendments will soon be finalised, EFRAG has also progressed in the assessment of the resulting Standard in preparation of the endorsement process of IFRS 17. In this context, we have been following very closely the recent re-deliberation process and appreciate the considerations provided to these topics by the IASB. Whilst we are appreciative of the changes made, we regret that some of the conclusions reached by the Board deviate from EFRAG's recommendations.

We refer, in particular, to the annual cohort requirement, for which EFRAG recommended in its Comment Letter that the IASB consider developing an appropriate solution, reflective of the reporting objectives of the level of aggregation requirements in IFRS 17 and of the economic characteristics of the relevant contracts. We commend the efforts done by the IASB staff in understanding the features of the contract population to which our Comment Letter referred, as presented in the IASB Agenda Paper for discussion at the IASB in February 2020. However, the EFRAG Board regrets that, despite having recognised that for this population the costs of the annual cohort requirement do outweigh the benefits of the resulting information, the IASB has come to the conclusion that it was not possible to specify an exemption without the use of 'bright lines' and without developing a particularly complex set of criteria.

We consider it important that the IASB in the finalization of the Amendments incorporates a solution for this issue. From our side, the EFRAG is willing to support the IASB in gathering and discussing proposals from relevant constituents in order to find a possible technical solution that meets the requirements of stakeholders and the requirements of a high-quality standard.

We share with the IASB the aim of achieving a high quality standard and it is for this reason that we reiterate our request, as we consider that without an appropriate solution for the contract population identified in our Comment Letter, the resulting standard may raise serious concerns, as the resulting information would not be aligned with the economic characteristics of the insurance market and the required cost/benefits trade-off would not be met.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'JP Gauzès', enclosed in a thin black rectangular border.

Jean-Paul Gauzès  
**President of the EFRAG Board**