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EFRAG Board President  
EFRAG  
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26 January 2020

**EFRAG Draft Endorsement Advice on IFRS 17 ‘Insurance Contracts’ as amended in June 2020**

Dear EFRAG Board,

We are responding on behalf of PricewaterhouseCoopers to your invitation to comment on the Draft Endorsement Advice on IFRS 17 as amended in June 2020. “PricewaterhouseCoopers” refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

We have long been supporters of global financial reporting standards and believe that the use of IFRS as a common language has contributed to the strength of the capital markets. Consistent with our response to the European Commission’s Fitness check on the EU Framework for public reporting by companies, we are of the view that IFRS Standards are helpful for listed companies in the EU as they improve quality, comparability and reliability of financial information. Regional modifications to IFRS Standards would add more accounting frameworks that may result in a lack of global comparability and could increase confusion to users of financial statements. We continue to support globally consistent standards without any regional modifications.

As we have previously noted in response to IASB consultations on the accounting for insurance contracts over the years, the development of a global, comprehensive standard for insurance contracts is essential because of the current lack of transparency and comparability of insurers’ financial statements under IFRS 4. The existing accounting for insurance contracts lacks a consistent measurement approach which users of financial statements demand. While we recognise that the implementation of IFRS 17 is operationally complex for many insurers, we also recognise the efforts made by the IASB over time to engage stakeholders and to support implementation.

We note that the EFRAG Board was unable to come to a consensus on whether the requirement to apply annual cohorts to intergenerationally-mutualised and cash-flow matched contracts meets the endorsement criteria. It is clear from the EFRAG Board’s discussion that there is no straightforward solution to the issue of annual cohorts. Nonetheless, we believe that the EFRAG Board’s conclusion on this specific item should not detract from the conclusion that, on balance, IFRS 17 as a whole is an improvement over existing requirements, given the highly unsatisfactory nature of IFRS 4. As a result, we do not support any further delays to the effective date of IFRS 17 that might arise from any changes

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to IFRS 17. Any such delays may cause significant disruption to implementation, which could result in additional costs to preparers.

Although EFRAG's consultation is directed towards European stakeholders, we note that there are global consequences if IFRS 17 were not to be endorsed in Europe, or if there were to be any European-specific modification to it. In the context of our support for globally consistent standards without regional modifications, we do not support such an outcome.

If you have any questions in relation to this letter please do not hesitate to contact Marie Kling, PwC Global IFRS Financial Instruments Leader (+1 973-896-1983), or Gail Tucker, PwC IFRS Global Insurance technical lead (+ 44 (0) 7712 489634).

Yours faithfully

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

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