



JOINT STATEMENT

following IASB amendments to IFRS 17

The French, Italian, Polish, Romanian and Spanish insurers welcome IFRS international accounting standards and the role they play in supporting international comparability among insurers and on a global level playing field.

However, as already mentioned in our joint statement dated 3 July 2020, **we deeply regret that in the review process of IFRS 17 *Insurance Contracts* the IASB has decided not to address the concerns raised on the annual cohorts issue which is one of the industry's key priorities.**

The annual cohorts requirement proposed by IASB disregards the principle of mutualisation in life insurance contracts with risk sharing between generations or cashflow-matched over different generations. Therefore, the IASB standard will not adequately reflect the true economic nature of insurance contracts. In addition, the monitoring of annual cohorts over time will bring unnecessary complexity and costs as companies will need to develop new IT systems and or change existing IT systems, as well as actuarial and accounting processes.

Thus, failure to address this issue will considerably reduce the usefulness of the reporting information and significantly increase the costs of compliance with reporting.

We appreciate the extensive work performed by EFRAG in analysing the provisions and issues raised by this new standard. These views and conclusions are the reflexion of its stakeholders within the Draft Endorsement Advice on IFRS 17 'Insurance Contracts'. In particular, board members were divided into two groups, that were nearly equal (in terms of their numbers), with reference to the requirement to apply annual cohorts for some contracts.

In this context we welcome the opportunity to comment this key topic in dedicated questions within the DEA appendix.

It is still of utmost importance to introduce an exception to the annual cohorts requirement for these contracts regarding its significant impact on insurers. The CFO Forum, the French standard setter and the Spanish standard setter have already provided potential solutions which can be used as a basis.

We call again on the European Commission and Member States to develop a European solution to solve this annual cohort's issue within the current process of endorsement with regard to EFRAG DEA on IFRS 17

The European solution should equally not prevent companies, who want to apply the annual cohort requirement in line with IFRS 17 as issued by the IASB, to do so.

Any solution should, nevertheless, not impact the effective date of 1 January 2023

Paris / Rome / Warsaw / Bucharest / Madrid, 27 January 2021

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