



JOINT STATEMENT
following IASB amendments to
IFRS 17

The Czech, Danish, French, Italian, Polish, Romanian and Spanish insurers welcome IFRS international accounting standards and the role they play in achieving a global level playing field.

However, **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.** 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 and 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. This has been recognised by IASB services in their paper on 'Level of aggregation—annual cohorts for insurance contracts with intergenerational sharing of risks between policyholders' published in February 2020. It is of utmost importance to introduce an exception to the annual cohorts requirement for these contracts.

The CFO Forum, the French standard setter and the Spanish standard setter have already provided potential solutions which can be used as a basis.

Hence, given the IASB's decision not to address the annual cohorts issue and its significant impact on insurers, **we call the European Commission and Member States to develop a European solution to solve this annual cohort issue.**

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

Prague / Copenhagen / Paris / Rome / Warsaw / Bucharest / Madrid, 3 July 2020

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