



Mr. Gauzès, EFRAG Chairman

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Per e-mail

Re: Insurance - IFRS 17

Dear Mr. Gauzès, dear Mr. Hoogervorst, dear Mr. Buysse:

EFFAS is the largest European analysts and investors organization. Its Commission on Financial Reporting (CFR) would like to comment on certain points related to IFRS-17 discussed in its past meeting held in Vienna -in spite of its postponement approved a few weeks ago.

CFR considers that introducing certain adjustments is consistent with stakeholders continues work on the basis of IFRS-17. The Commission deliberated that issues related to contractual service margin (CSM) amortization, annual cohorts and transition should be revised within the context of the Transition Resource Group (TRG). The CFR recognizes that some points of as-is IFRS 17 should be improved considering the comment list of the insurance industry. Also, the Commission expects improvements in IFRS 17 disclosures with a classification based on insurance risks that are the basis of the insurance financial evaluations. And, a classification aligned with the Solvency II line of business framework should be contemplated.

CFR members expressed concern that if IASB does not improve the current version of IFRS 17 regarding these points it might cause difficulties in splitting possible accounting mismatches from economic mismatches. The Commission has also a strong concern of even further delays in the endorsement of IFRS 17. It should have



been advisable to have a coordinated application of IFRS 9 and the new insurance contracts standard considering the need for timely application this new standard. In fact, the Commission believes that in the as-is economic scenario the risk in the insurance sector has increased as some insurers have increased their investments in credit assets particularly in countries where government bonds are enjoying a low interest rates environment for several years.

IAS 39 has showed its weakness in this kind of asset class and it will create a sector problem if it continues to be applied in the insurance sector for more years.

Please do not hesitate to contact us for further clarification.

Yours sincerely

Javier de Frutos, Chairman
On behalf of EFFAS
Commission on Financial Reporting

EFFAS was established in 1962 as an association for nationally-based investment professionals in Europe. Headquartered in Frankfurt am Main, EFFAS comprises 22-member organizations representing more than 16,000 investment professionals. The Commission on Financial Reporting is a standing commission of EFFAS aiming at proposing and commenting on financial issues from an analyst standpoint. CFR members are Javier de Frutos (Chairman, IEAF-Spain), Jacques de Greling (Vice-Chairman- SFAF, France), Luca D'Onofrio (AIAF, Italy), Serge Pattyn (BVFA/ABAF, Belgium), Friedrich Spandl (ÖVFA, Austria), Henning Strom (NFF, Norway) and Dr. Carsten Zielke (DVFA, Germany).