Sean Berrigan
Director General, Financial Stability, Financial Services and Capital Markets Union
European Commission
1049 Brussels

25 September 2026

Dear Mr Berrigan,

IFRS 17 *Insurance Contracts* – Exemption from the annual cohort requirement for intergenerationally-mutualised and cash flow matched contracts

Regulation (EC) No 1126/2008 (the Regulation) was amended on 19 November 2021 to provide an option to exempt intergenerationally-mutualised and cash flow matched contracts from the annual cohort requirement in IFRS 17 *Insurance Contracts* (the 'exemption').

The Regulation stipulates that 'the Commission should **by 31 December 2027** (emphasis added) review the exemption from the annual cohort requirement for intergenerationally-mutualised and cash flow matched contracts, taking into account the IASB post-implementation review of IFRS 17.'

We are writing to recommend that the European Commission **postpone its review of the exemption until the IASB has completed its post-implementation review (PIR) of IFRS 17**. Therefore, the exemption would remain in-force until the end of the Commission's review.

This recommendation is based on two main reasons.

- First, the Regulation explicitly requires the Commission to take the IASB's IFRS 17 PIR into account as part of its review. Discussions within the IASB on when to start the IFRS 17 PIR are only expected to begin in the fourth quarter of 2026. It is therefore unlikely that the IASB will have completed its PIR sufficiently in advance of 31 December 2027 to allow the Commission to properly consider its findings.

  Postponing the Commission's review would allow any decision on the exemption to be informed by a more complete evidence base, including experience from implementation and feedback from users of financial statements and other stakeholders such as auditors and regulators, and more specifically the conclusions reached by the IASB through its PIR.

- Second, the exemption is widely used across the European Union and European Economic Area, particularly in Austria, Belgium, Denmark, France, Germany, Italy, Norway and Spain. It is predominantly applied to long-term participating businesses[1] where the IFRS 17 Variable Fee Approach (VFA) is used. In certain countries, such as Spain, the exemption is mostly applied to contracts managed under a cash flow matching approach.

Against this background, a decision to amend or remove the exemption before the completion of the IASB's IFRS 17 PIR could result in unnecessary disruption and significant costs for insurers. Removing the exemption could require substantial changes to systems, actuarial models, reporting processes, internal controls and audit procedures. If further

[1] Insurance contracts with direct participation features, as per IFRS 17.

changes were subsequently required following the IASB's PIR, insurers would face two successive rounds of costly and disruptive changes.

We therefore consider that aligning the timing of the Commission's review with the completion of the IASB's IFRS 17 PIR would provide a more robust basis for assessing whether the exemption remains appropriate and would avoid unnecessary implementation costs and disruption for European insurers.

On behalf of EFRAG, I would be very happy to discuss this with you, other European Commission officials or the Accounting Regulatory Committee, as you may wish.

Yours sincerely,

Wolf Klinz
EFRAG FRB Chair