

IASB ED/2019/4 Amendments to IFRS 17 Comment letter of the Swiss Actuarial Association (SAV)

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Re: IASB ED/2019/4 Amendments to IFRS 17

On behalf of the Swiss Actuarial Association (SAV), I am writing to comment on the Exposure draft ED/2019/4 Amendments to IFRS 17 *Insurance Contracts*, issued by the IASB on the 26th June 2019 (the 'ED').

We have no specific input to the questions that you raised based on the ED. We do though have a comment on the **Level of Aggregation**, a topic discussed by the IASB in the Basis of Conclusions, for which the IASB has not proposed an amendment.

If you would like to discuss our comments further, please do not hesitate to contact Beat Muller

Yours sincerely,



Beat Muller
Chairman of the SAV Accounting Subcommission

Comment on “Level of aggregation (paragraphs 14–24 of IFRS 17)” as outlined in Basis of Conclusions to the ED under BC173 – BC179

The SAV believes that trying to group Swiss VFA contracts into annual cohorts is inconsistent with the way the VFA eligible Swiss insurance business is generally managed. The Swiss VFA eligible insurance contracts are mutualised. This means that one mutualised fund contains many different generations of policies and many different generations of assets all managed together. And then the fair value returns on the underlying items of the whole fund are shared between all the different insurance contracts (in many cases written more than one year apart).

In this case the grouping of these contracts into annual cohorts would be artificial and it is hard to see how any information it provided to users would be useful rather than potentially misleading and certainly very time consuming. We understand that the intention of the annual cohort requirement is to report profits and losses in appropriate reporting periods and on a timely basis. We support this intention but believe that it can be achieved for this type of business with the already existing requirement in IFRS 17 to disclose the CSM of contracts issued in the reporting period and the requirement to disclose the expected profits on a quantitative basis for the CSM remaining at the end of the period.

The SAV therefore believes that it is worth re-considering whether in certain cases the annual cohort requirement is justified for such contracts. The SAV recommends that the IASB consider developing an exception for such contracts, starting from paragraph BC138; the exception should be reflective of the reporting objectives of the level of aggregation requirements in IFRS 17.