

## PRESS RELEASE

### **IFRS 17: THE “ANNUAL COHORT” REQUIREMENT IS INCONSISTENT WITH LIFE INSURANCE BUSINESS**

Rome 21 February 2020 - On 14 February 2020 the IASB issued the Staff Paper in which it proposes to keep the IFRS 17 "annual cohort" requirement unchanged.

This would entail the need to divide the insurance business into groups of contracts not issued more than one year apart. This requirement is inconsistent with the principle of intergenerational mutualisation on which the long-term life insurance business is based.

Applying the “annual cohort” criteria implies extremely burdensome implementing costs with no corresponding benefit in terms of disclosure.

Vice versa, if merely accounting application criteria were to be introduced, financial statement information would no longer portray the underlying business.

Therefore, no information benefit is observed with the introduction of such requirement, but only distortive effects in public disclosure.

ANIA trusts that the IASB, in drawing up the final standard, will take account of the reaffirmed need to issue a standard which is in line with the features of the insurance business model.

Fixing the “annual cohort” issue, together with establishing an entry into force consistent with the complex nature of the standard (hence no sooner than 2023) stand as essential conditions for ANIA, in view of the possible endorsement of the standard in Europe.

#### ***ANIA is the Association representing insurance companies operating in Italy***

*ANIA, the National Association of Insurance Companies, founded in 1944, is a voluntary non-profit association. Its main purpose is to develop and spread the culture of safety and prevention in our country, so as to protect both people and companies, and society as a whole, more and better. Moreover, ANIA represents its members and the Italian insurance market vis-à-vis the main political and administrative institutions, including the Government and Parliament, trade unions and other social bodies. The Association studies and cooperates in the resolution of technical, economic, financial, administrative, fiscal, social, juridical and legislative issues concerning the insurance industry. It supports and provides technical assistance to members, promotes the education and professional training of those working in the insurance sector.*