



Stephen Frank  
President and CEO

March 2, 2020

Mr. Hans Hoogervorst, Chairman  
IFRS Foundation  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom

***Re: Ensuring a common global adoption date for IFRS 17***

Dear Chairman Hoogervorst,

As the IASB redeliberates the effective date of IFRS 17 at its meeting in mid-March, the Canadian Life and Health Insurance Association (CLHIA) would like to reconnect with you on this important issue for the Canadian insurance industry.

The CLHIA is the national trade association for life and health insurers in Canada. Our members account for 99% of Canada's life and health insurance business. The industry provides a wide range of financial security products such as life insurance, annuities and supplementary health insurance. Canadian life insurers operate in more than 20 countries and three of our members rank among the top 15 largest life insurers in the world by market capitalization.

**Major Risks to Consistent Global Adoption Date**

We continue to believe that a common global adoption date for IFRS 17 is in the best interests of global capital markets. This view is broadly shared by users, preparers, auditors and regulators around the world. More generally, the importance of consistent adoption of new standards has been recognized in several forums, including at the 2019 World Standard-Setters Conference, the September 2019 IFRS Advisory Council meeting and the December 2019 Accounting Standards Advisory Forum meeting.

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We remain concerned however that a common global adoption date for IFRS 17 is at risk. As you will have noted, EFRAG's recommendation in their comment letter to the IASB was for an effective date of January 1, 2023, with an option to early adopt. While, the EU's endorsement process is being expedited to allow for early adoption in 2022, early adoption would remain voluntary and we do not anticipate that early adoption will be widely elected. We are also cognizant that a number of changes advocated by EFRAG and the European insurers were recently rejected by the IASB (e.g., the annual cohort issue). Cumulatively, we believe the situation in Europe has increased the risk of Canadian insurers being required to implement IFRS 17 before European insurers. Based on our experience with the IFRS 10 implementation, where Canada implemented the standard ahead of other major jurisdictions, we strongly believe this would be detrimental to the Canadian industry.

A common global adoption date is critical to the success of the transition to IFRS 17 – a project that was undertaken by the IASB to standardize global insurance accounting in the face of disparate and varied national practices. In addition to defeating the objective of enabling cross-jurisdictional comparison in 2022, a delay in a major jurisdiction like Europe may result in sub-optimal 2022 implementation in other jurisdictions, like Canada. While Canadian insurers are committed to implement by 2022, we are concerned that the lack of complete/tested software solutions and delays to final interpretations by audit firms on key issues will only increase and further negatively impact Canadian insurers if European adoption is delayed to 2023 while Canada pushes ahead with a mandatory 2022 adoption date.

At the upcoming March Board discussion on the effective date, the CLHIA strongly urges the IASB to take stock of the situation in leading jurisdictions globally and to reiterate the critical need for a common global adoption date of this standard. We continue to believe that deferring the effective date of IFRS 17 to January 01, 2023 to enable successful implementation of this important standard across all IFRS jurisdictions is appropriate.

Yours sincerely,

*Original Signed By*

Stephen Frank

Copy to: Linda Mezon, Chair, Canadian Accounting Standards Board (AcSB)