Roger Marshall
Acting President of the EFRAG Board
European Financial Reporting Advisory Group
Square de Meeûs 35
1000 Brussels
Belgium

Paris, 20 January 2016

Comments on IASB ED/2015/11 related to applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts

Dear Mr. Marshall,

CNP Assurances is pleased to respond to EFRAG consultation about its draft comment letter to the IASB exposure draft related to applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts. As France's leading personal insurer, with significant presence abroad, CNP Assurances has already participated to several events or consultations organized by EFRAG about assessing IFRS 9, notably in conjunction with the insurance project.

Context of our answer

As a member of the CFO-Forum and of the French insurance trade association ("FFSA"), we concur with the comments of the letters that are simultaneously sent by these two organizations. However, CNP Assurances deems necessary to complete these letters for the three following reasons:

1. CNP Assurances has answered[1] to the draft of your previous comments about the solutions that the IASB was about to propose in ED/2015/11. This letter should be read in conjunction with our previous answer;
2. EFRAG has been asking its constituents for facts and evidence supporting preferences in order to finalize its comments and proposals to the IASB. As a preparer, we think important that self-explaining individual numbers and experience of the accounting process shall be reported to you;
3. The group CNP Assurances operates through its operating insurance subsidiaries which underwrite all its insurance activities and are all supervised. Our understanding is that the underwritten business satisfies the insurance-predominant criterion as it has been so far proposed by the staff of the IASB *(please see the figures extracted from public data presented in our answer to question 4)*. However, the group is part of several conglomerates or diversified holding groups. Even though CNP Assurances is itself an eligible reporting entity on a stand-alone basis, this particularity would trigger its non-eligibility to the deferral of IFRS 9 because our three consolidating shareholders would not satisfy the insurance-predominance test. In order to prevent significant incremental costs, they could require CNP Assurances to implement IFRS 9. Overlay approach is not, so far, considered as an opportunity in light of its tremendous costs *(please see below and CNP presentation included in our answer to question 3)*.

[1] Comments from CNP Assurances about EFRAG's "Further information related to the endorsement of IFRS 9" can be downloaded at http://www.efrag.org/files/EFRAG%20public%20letters/IFRS%204%20IFRS%209/CL12 - CNP Assurances.pdf

Executive summary

Detailed answers to the six questions within the letter are exposed thereafter. However, we take the opportunity of this letter to stress these following considerations regarding the questions that you have raised:

1. Firstly, all the comments of our previous letter can be reiterated, notably:
    a. We strongly believe that the endorsement of IFRS 9 for insurers must not be considered until the IASB has finalized a better deferral solution with an appropriate scope that captures all insurance activities;
    b. The agenda to reach such a solution is extremely tight if one considers the necessary timing, three years, to implement IFRS 9. We are very concerned if the IASB was not positively taking into account EFRAG's invitation to enlarge the scope of eligibility to the deferral to "all insurers that issue a material amount of insurance contracts within the scope of IFRS 4". If subsequent international or European discussions were taking place during the second half of 2016, we anticipate major operational challenges to be ready by 01/01/2018 if our group was compelled to apply IFRS 9 at this date;
    c. We definitively support the deferral approach. However, we are very concerned that the predominance criterion, if only applied at the level of the reporting entity level as currently considered by the IASB would arbitrarily prevent CNP Assurances to make use of this deferral when reporting to its sole consolidating shareholders;
        i. CNP Assurances cannot sustain to produce two public sets of accounts, one for all its shareholders, according to IAS 39 as the group on a stand-alone-basis would be eligible to the deferral, and the other one for its consolidating shareholders according to IFRS 9;
        ii. We will face significant adverse consequences, notably when considering our investment strategy. Indeed, this difference of eligibility would result in accounting inconsistencies between the industry's players. As a non-eligible player, we would have to reconsider our investment strategy to reduce the effects of these accounting mismatches, which could put us at a disadvantage relatively to ours peers eligible to the deferral;
    d. Expected costs involved in the implementation of the deferral approach are extremely much lower than the ones that the overlay approach would entail;
    e. The limited suggested disclosures seem sufficient for users to have comparable data for each industry of a conglomerate when only considering a consistent scope of deferral of IFRS 9 within the insurance industry;
    f. Regarding the assessment of the predominance criterion, an approach limited to a quantitative approach could trigger operational complexities (please see our previous letter);
    g. Since the expected costs of the overlay are without comparison much higher than the ones suggested by the deferral approach *(please see our answer to question 3)*, the latter appears to be the most practical and appropriate solution until the future insurance standard is effective. However, for conglomerates or diversified holding groups, the deferral approach should be applied at the level of the insurance operations (i.e. lower than reporting entity level in this specific case) with roll-up into group reporting;
2. Secondly, we would like to highlight the following new comments that EFRAG's comment letter, recent exchanges with its staff or within the industry have sparked during this past fortnight:
    a. We believe your draft letter on the IASB's ED/2015/11 perfectly highlights the significant issues caused by the misalignment of the effective dates between IFRS 9 and the future insurance standard;
    b. We strongly concur with the goal of establishing a "level playing field among insurers" as the key driver to design the appropriate scope for deferring IFRS 9 for all material activities, and their related assets, of financial conglomerates or diversified holding groups;
    c. We also agree with your assessment on the shortfalls and limited use of the IASB's overlay approach. Your public hearing of 14 December 2016 of several industry players have demonstrated,

in our opinion, the specificities of the very few preparers who, in so far, have said they would apply this solution (please see below);

d. We welcome EFRAG's efforts to widen the scope of the deferral approach. We however prefer a pragmatic principles-based approach which avoids introducing an arbitrary (de facto) bright line. This principles-based approach could simultaneously embed the two possible and interesting paths you have suggested instead of simply relying on one of them. If however maintained, both approaches should be built with the three following features: i) a "consolidated group" approach i.e. a top-down approach to define the reporting or sub-reporting entity eligible to the deferral rather than a more complex bottom-up approach, ii) the possibility to apply the deferral to closely related entities of the consolidation scope such as mutual funds backing insurance liabilities and iii) the roll-up of the accounts of the eligible scope into the consolidated financial statements.

We have provided comments to your "questions to constituents" in Appendix 1. We remain at your disposal and of your staff, should you require additional information or explanation. We really appreciate EFRAG's efforts and its challenging and stimulating requests to achieve the most appropriate advice to the European Commission in endorsing IFRS 9 while protecting the European public good.

Yours sincerely,

Group Accounting Officer
Accounting & tax services
Jean-Michel PINTON
CNP Assurances

– Appendices –

Appendix 1 / Detailed and other comments on EFRAG's responses to the questions raised in the ED

Question 1

Question 1—Addressing the concerns raised
Paragraphs BC9–BC21 describe the following concerns raised by some interested parties about the different effective dates of IFRS 9 and the new insurance contracts Standard: (a) Users of financial statements may find it difficult to understand the additional accounting mismatches and temporary volatility that could arise in profit or loss if IFRS 9 is applied before the new insurance contracts Standard (paragraphs BC10–BC16). (b) Some entities that issue contracts within the scope of IFRS 4 have expressed concerns about having to apply the classification and measurement requirements in IFRS 9 before the effects of the new insurance contracts Standard can be fully evaluated (paragraph BC17–BC18). (c) Two sets of major accounting changes in a short period of time could result in significant cost and effort for both preparers and users of financial statements (paragraphs BC19–BC21). The proposals in this Exposure Draft are designed to address these concerns. Do you agree that the IASB should seek to address these concerns? Why or why not?

CNP Assurances fully agrees with EFRAG's comments and arguments. We appreciate the reference to previous EFRAG's works, notably thanks to the final endorsement advice transmitted to the European Commission. CNP Assurances has contributed to several EFRAG's field tests, in connection with local national standard setters (NSSs), and to several exchanges either with the staff or the Board to, respectively, illustrate the additional significant accounting mismatches and the additional costs of all studied solutions.

We are therefore appreciative that IASB is seeking solutions to every concern that has been highlighted.

The most optimal solution is the one that would simultaneously address all these concerns and treat every significant player of the insurance industry regardless of the structure of its ownership. Since the chosen solution will be a temporary one for an interim period, one should focus on the benefit of assuring a level playing field without inflicting additional accounting volatility and incremental costs. If not, the consistency of reporting among major players will not be reached and may be worsened contrary to the purpose of elaborating the insurance project at the expense, in our opinion, of all the users of the accounts, internally and externally. Not aligning the effective dates of IFRS 9 and the new insurance standard will not be conducive of public good since it may undermine the confidence in the financial statements and lower the capacity of some players to finance the economy.

As an insurance group, we consider that the improvements and benefits in accounting for financial instruments introduced by IFRS 9, e.g. expected credit losses[2], will exceed its costs or drawbacks e.g. additional accounting mismatches once the dates are aligned.

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[2] As of 31/12/2014, our SPPI-bond portfolio is vastly and predominantly invested in investment-graded assets. Therefore, we do not expect, on an on-going basis and under normal conditions of the financial markets, significant net impact of impairment based on ECL-basis in PoL (net of shadow accounting and deferred tax), based on the very preliminary study we have performed.

Question 2

Question 2—Proposing both an overlay approach and a temporary exemption from applying IFRS 9
The IASB proposes to address the concerns described in paragraphs BC9–BC21 by amending IFRS 4: (a) to permit entities that issue contracts within the scope of IFRS 4 to reclassify from profit or loss to other comprehensive income some of the income or expenses arising from designated financial assets that: (i) are measured at fair value through profit or loss in their entirety applying IFRS 9 but (ii) would not have been so measured applying IAS 39 (the 'overlay approach') (see paragraphs BC24–BC25); (b) to provide an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the 'temporary exemption from applying IFRS 9') (see paragraphs BC26–BC31). Do you agree that there should be both an overlay approach and a temporary exemption from applying IFRS 9? Why or why not? If you consider that only one of the proposed amendments is needed, please explain which and why.

Question to constituents	
19	In its preliminary outreach, EFRAG has encountered existing, albeit limited, appeal for the overlay approach. Does your company wish to apply the temporary exemption from IFRS 9 or the overlay approach? Please explain the circumstances determining your view.

We fully agree with EFRAG comments on both optional approaches to mitigate the additional volatility in financial accounts due to the misalignment of standards. We also share EFRAG's view that only the temporary exemption resolves all issues related to the misalignment between the effective dates of the two standards. However we do not oppose the overlay approach since it may be optimal to very specific preparers to, on a cost-benefit analysis, apply it.

1. For the following reasons which will be developed in our answers to questions 3 and 4, we wish to apply the temporary exemption: Our peers which the management and the users compare with are other major insurers;
2. On a stand-alone basis, CNP Assurances is a predominantly insurance entity;
3. The overlay approach, besides not solving all issues related to the misalignment between the effective dates of the two standards, creates significant incremental costs;
4. With no contest, the deferral approach is the least costly approach, even when only considering the annual running costs i.e. without one-time-implementation-costs;
5. Allocation of the assets backing the insurance liabilities is optimal in such a case.

We consider that only the temporary exemption can, if its scope is properly designed, contribute to assuring a level playing among the most significant players of the insurance industry.

Question 3

Question 3—The overlay approach
Paragraphs 35A–35F and BC32–BC53 describe the proposed overlay approach. (a) Paragraphs 35B and BC35–BC43 describe the assets to which the overlay approach can be applied. Do you agree that the assets described (and only those assets) should be eligible for the overlay approach? Why or why not? If not, what do you propose instead and why? (b) Paragraphs 35C and BC48–BC50 discuss presentation of amounts reclassified from profit or loss to other comprehensive income applying the overlay approach. Do you agree with the proposed approach to presentation? Why or why not? If not, what do you propose instead and why? (c) Do you have any further comments on the overlay approach?

Question to constituents

Please respond to these questions in light of the preamble to this draft comment letter highlighting that EFRAG is seeking facts and evidence as assistance in helping finalize its assessments and proposals.

Application of the overlay approach

38 Do you agree with the extra costs identified in paragraph 36? If so, do you consider these costs to be significant? Please explain and provide quantifications to the extent possible.

39 Do you consider that the application of the overlay approach will imply that such extra costs as stated in paragraph 36 above will limit its applicability? If so, could you identify and quantify, if possible, which extra costs (on top of implementing IFRS 9) are the most significant?

40 Other than costs, are there any other reasons why an insurer would not elect to apply the overlay approach?

41 If you elect to apply the overlay approach, would you change the way the eligible financial assets are being reported internally?

Presentation

42 Do you agree that the optionality in presentation should be limited to Alternative A as stated in paragraph 28 above?

43 Referring to paragraph 34 above, do you consider that the amendments to IFRS 4 which may arise due to the ED should include further explanation about the presentation of the overlay adjustment in OCI?

We fully agree with EFRAG's comments.

Application of the Overlay approach

In our previous letter, we have simultaneously performed a general and a more operational assessment of the overlay approach (please see appendices 1 and 3 of http://www.efrag.org/files/EFRAG%20public%20letters/IFRS%204%20IFRS%209/CL12_-_CNP_Assurances.pdf). Recent exchanges with the staff and the Board do not alter these previous assessments.

CNP Assurances was recently given the opportunity to present to the EFRAG Board on 14 January 2016 its assessment of the overlay approach. This presentation was supported by a common paper written with Munich Re, one of our colleague of the CFO Forum (*please see document attached hereafter*).

EFRAG - CNP presentation

This exchange with the Board has been fruitful to understand the motivations of the seldom players (please see the CFO Forum-Insurance Europe letter) who are considering applying the overlay approach.

Regarding this specific issue of the most suitable solution to overcome the misalignment of dates, some characteristics or features of our business model are the following:

1. No complete integrated IT systems with the ones of our three shareholders;
2. Material proportion of non-SPPI assets which outlines the need to offset the impact of the additional volatility within the shareholders' equities of our shareholders;
3. Significant scope of assets subject to and need to reconsider classifications of the assets when the final insurance standard will be applied;
4. Material contribution of our group to the PoL and to the reserves of our shareholders;
5. IFRS 8 segment reporting based on product lines which do not impede identification of the insurance activities and do not entail additional incremental costs of applying the temporary exemption;
6. Finally, a comparison with peers of the insurance industry rather than with peers of the banking industry.

Consistently with its business model, one can understand that the temporary exemption is the most preferred solution for the significant insurance underwriter that CNP Assurances is.

Presentation

Since we do not consider so far applying the overlay approach, we have not assessed every single operational or operating consequences of it besides the incremental costs. Notwithstanding this disclaimer, we are sympathetic with EFRAG's preference of alternative A for presenting the overlay adjustment. The paragraph 31 perfectly lists the arguments that back this view. It is rather a cost-driven decision than a "level-playing-field" decision about this matter.

Question 4

Question 4—The temporary exemption from applying IFRS 9
As described in paragraphs 20A and BC58–BC60 the Exposure Draft proposes that only entities whose predominant activity is issuing contracts within the scope of IFRS 4 can qualify for the temporary exemption from applying IFRS 9. (a) Do you agree that eligibility for the temporary exemption from applying IFRS 9 should be based on whether the entity's predominant activity is issuing contracts within the scope of IFRS 4? Why or why not? If not, what do you propose instead and why? As described in paragraphs 20C and BC62–BC66, the Exposure Draft proposes that an entity would determine whether its predominant activity is issuing contracts within the scope of IFRS 4 by comparing the carrying amount of its liabilities arising from contracts within the scope of IFRS 4 with the total carrying amount of its liabilities (including liabilities arising from contracts within the scope of IFRS 4). (b) Do you agree that an entity should assess its predominant activity in this way? Why or why not? If you believe predominance should be assessed differently, please describe the approach you would propose and why. Paragraphs BC55–BC57 explain the IASB's proposal that an entity would assess the predominant activity of the reporting entity as a whole (i.e. assessment at the reporting entity level). (c) Do you agree with the proposal that an entity would assess its predominant activity at the reporting entity level? Why or why not? If not, what do you propose instead and why?

Question to constituents
Please respond to these questions in light of the preamble to this draft comment letter highlighting that EFRAG is seeking facts and evidence as assistance in helping finalize its assessments and proposals. *Widened predominance criterion* 70 How restrictive is the assessment of predominance as proposed by the IASB? Please provide quantitative evidence. 71 Would the proposal in paragraphs 57 – 64 above achieve the objectives highlighted by EFRAG (i.e. avoid a breach in level playing field in the insurance sector and inclusion of banking activities)? If not, what formula would you recommend for the assessment of predominance, and why? 72 Do you think that the proposal above leads to a predominance criterion that is practical, auditable and comparable? Please explain. 73 Taking into account the widening of the predominance criterion, do you agree that the quantitative threshold should be at a level that is substantially higher than three quarters of an entity's total liabilities? Please explain. *The "regulated entity" criterion* 74 Do you agree with the arguments in paragraphs 65– 69 above? If you do not and still believe that the regulated criterion has a role to play, please explain why and how it would work. 75 Is the regulatory consolidation scope always identical to the IFRS consolidation scope? If not, please explain the difference(s).

General	
76	EFRAG currently considers that eligibility for the temporary exemption of IFRS 9 requires that entities/activities issue material insurance contracts within the scope of IFRS 4. Do you agree with this materiality threshold? If not, what do you suggest instead? Please explain.
77	Is this condition necessary when relying on the "regulated entity" criterion? What are the circumstances in which an entity would be supervised by an insurance regulator and not issue insurance contracts within the scope of IFRS 4? What are the effects of changing from IAS 39 to IFRS 9 to those entities?
78	If you consider that eligibility for the temporary exemption from applying IFRS 9 should not be based on predominance or on regulation, what principle(s) should be applied, and how would you test these principles?
Others	
88	Should an entity assess its predominant activity at the reporting entity level or below the reporting entity level or both? Please explain your view.
89	In your view, how can the temporary exemption from applying IFRS 9 below the reporting entity level be determined in a way that ensures the eligibility of relevant entities and allows for comparability between entities? Please explain your view.
90	What are the expected costs involved in the implementation of the temporary exemption from applying IFRS 9 at reporting entity level or below reporting entity level (including disclosures)? Please provide evidence, including quantitative evidence to the extent feasible.
91	Which alternative for the accounting of transfers as stated in paragraph 82 to 87 above would be most appropriate for the temporary exemption from applying IFRS 9 below reporting entity level? Please explain why.

We fully agree with EFRAG's comments when assessing the relative advantages and disadvantages of the two suggested (temporary exemption and overlay) solutions of the IASB. Confirming the view expressed in our previous letter, we also agree that a "level-playing field" among the insurance industry should the driver / the objective of the optimal solution. Therefore, we share your view that the temporary exemption should be available to all, and notably all majors and significantly insurers competing with each other since this solution mitigates all negative effects of the misalignment of the dates of IFRS 9 and the new insurance standard and assures a level-playing field.

We welcome EFRAG's efforts to widen the scope of the deferral approach. We however prefer a pragmatic principles-based approach which avoids introducing an arbitrary (de facto) bright line. This principles-based approach could simultaneously embed the two possible and interesting paths you have suggested instead of simply relying on one of them.

A major criticism of the IASB's suggested scope of the temporary exemption is its absence of neutrality regarding the structure of the ownership of the identified predominantly-insurance entity with the consequence of negating a level-playing field. Indeed, our understanding is that CNP Assurances, as a listed and reporting entity, would fulfill the "predominant activity" criterion, even if set at a higher level than the one suggested by the IASB. However, being consolidated under the equity method by three different financial institutions, it could not be able to apply this temporary exemption. Applying two costly parallel sets[3] of accounts under different standards is not considered.

If, however maintained, both EFRAG's suggested approaches should be built with the three following features: i) a "consolidated group" approach i.e. a top-down approach to define the reporting or sub-reporting entity eligible to the deferral rather than a more complex bottom-up approach, ii) the possibility to apply the deferral to closely related entities of the consolidation scope such as mutual funds backing insurance liabilities and iii) the roll-up of the accounts of the eligible scope into the consolidated financial statements.
Regarding the 1st approach ("widened predominance activity criterion" presented in paragraphs 57-64), we suggest to add, the same feature that is suggested in paragraph 67 i.e. the roll-up of the accounting of the identified predominantly-insurance entity into the consolidated financial statements of a larger non-predominantly-

[3] One set of accounts under IAS 39 for its own publication and another set of accounts under IFRS 9, potentially applying the Overlay approach, for the consolidating purposes of CNP Assurances' shareholders.

insurance reporting entity. Our understanding our applying paragraph 62 is a "waterfall" approach; however, the interpretation of the last word of its first sentence ("only") should be specified if such an approach is the one that should be understood[4].

We are conscious that a "waterfall" or a "below reporting entity" approach leads to two sets of accounts within a diversified holding company. One paragraph of IFRS 10, IAS 28 and IAS 8 should therefore temporarily be amended. However, we note that:

1. Business models of insurance and other activities are significantly different;
2. Asset and liability management is at the heart, besides properly assessing and pricing insurance risks, of the insurance business model;
3. IFRS 9 will bring its most significant improvements for our company once the final insurance standard is finalized;
4. Our segment information identifies activities rather than geographical segments;
5. Level-playing field, identification of different material activities within a diversified holding company and limitation of operational costs should drive the design of an INTERIM solution.

Figures about the predominance criterion

In order to illustrate the restrictiveness of the predominance criterion, we share with you the figures relating to CNP Assurances consolidated financial statements. These figures derive from the 2014 annual statements and were formatted in line with the survey presented by the CFO-Forum. We remain at your disposal and of the staff to explain how these were computed.

As of 31/12/2014	mln €	% of total liabilities	Cumulated % of total liabilities
Amount of insurance contract liabilities	199 173	52,8%	52,8%
Amount of investment contract with DPF liabilities accounted for under IFRS 4	140 339	37,2%	90,0%
Amount of investment contract liabilities accounted for under IAS 39	8 368	2,2%	92,3%
Funding liabilities	3 175	0,8%	93,1%
Insurance related derivatives liabilities	5 806	1,5%	94,6%
Non-controlling interest in consolidated funds classified as liabilities	821	0,2%	94,9%
All other liabitities	19 420	5,1%	**100,0%**
Total liabilities per the 2014 annual report	**377 102**	**100,0%**	

Costs of involved in the implementation of the temporary exemption

We have been trying to quantitatively assess the relative costs of each alternative approach. The additional disclosures involved in the implementation of the deferral approach (notably, disclosures about fair values of non-SPPI assets and credit risk information about SPPI-assets) are material but deemed not too significant.

Applying the deferral approach at CNP Assurances' reporting entity level appears the least costly approach, even when only considering the annual running costs i.e. without one-time-implementation-costs.

Transfers

This issue only arises if the temporary exemption is applied below the reporting entity level. We agree with EFRAG's proposals in paragraph 85 that could be applied for the accounting of transfers as it would address any potential concerns about earnings management.

We also want to highlight that transfers are very limited between ourselves and our three consolidating shareholders, notably from our shareholders to CNP Assurances. Moreover, they do follow some strict public disclosures.

[4] Our understanding is that the appendix B of ED/2015/11 depicts this approach.

Question 5

Question 5—Should the overlay approach and the temporary exemption from applying IFRS 9 be optional?
As explained in paragraphs BC78–BC81, the Exposure Draft proposes that both the overlay approach and the temporary exemption from applying IFRS 9 would be optional for entities that qualify. Consistently with this approach, paragraphs BC45 and BC76 explain that an entity would be permitted to stop applying those approaches before the new insurance contracts Standard is applied. (a) Do you agree with the proposal that the overlay approach and the temporary exemption from applying IFRS 9 should be optional? Why or why not? (b) Do you agree with the proposal to allow entities to stop applying the overlay approach or the temporary exemption from applying IFRS 9 from the beginning of any annual reporting period before the new insurance contracts Standards is applied? Why or why not?

We agree with the optionality of the application of these two approaches and with the proposal to allow entities to stop applying the chosen approach from the beginning of any annual reporting period before the new insurance contracts Standards is applied.

Question 6

Question 6—Expiry date for the temporary exemption from applying IFRS 9
Paragraphs 20A and BC77 propose that the temporary exemption from applying IFRS 9 should expire at the start of annual reporting periods beginning on or after 1 January 2021. Do you agree that the temporary exemption should have an expiry date? Why or why not? Do you agree with the proposed expiry date of annual reporting periods beginning on or after 1 January 2021? If not, what expiry date would you propose and why?

We agree with the analysis performed by EFRAG about the expiry date. The expiry date of 2021 for the temporary exemption has been determined in line with the expected first-time application of the new insurance contracts standard. We understand, on the one hand, the strong incentive for all parties to quickly finalize a suitable and proper insurance standard and, on the other hand, the guarantee to users and auditors that the envisaged solutions are temporary ones that characterize a short interim period. However, we do not think that the overlay may be a remedy to a new possible postponement.

We understand the balance between an expiry date of the temporary exemption based on an undetermined date of first-time application (FTA) date of the new insurance standard and another expiry date based on a fixed, probable but not guaranteed date such as 1 January 2021. Only the effective FTA will fix this misalignment issue.

Other issues

We are concerned that first time adopters of IFRS will not be permitted to apply the temporary exemption. We believe that a first-time adopter such as defined in paragraph 3(c) of IFRS 1 should be able to elect to apply one of the two envisaged solutions. As the parent company of subsidiaries in different jurisdictions, we are concerned of possible future local requirements to start producing IFRS financial statements between 2018 and 2021 i.e. the foreseen date to implement the future insurance standard. Even if those entities do not publish their financial statements in accordance with IFRSs, they have usually already set up their IT systems, internal processes and procedures, audit trail, management information and asset-liability management policies in compliance with IFRSs requirements (including IAS 39). Therefore, we believe that temporary exemption should be extended to first-time adopters to prevent duplication of procedures, additional costs and operating risks that we have presented in the answers to the previous questions.

Appendix 2 / About CNP Assurances

CNP Assurances is France's leading personal insurer with net profit of €1,080 million in 2014. The Group also has operations in other European countries and in Latin America, with a significant presence in Brazil. It has more than 28 million personal risk/protection insureds worldwide and more than 13 million savings and pensions policyholders. For 160 years, CNP Assurances has been protecting people against the risks of everyday life. The Group designs and manages life insurance, pension, personal risk insurance and protection products (term creditor insurance and health insurance).

- In France, CNP Assurances distributes its individual insurance products through La Banque Postale and the Caisses d'Epargne, as well as through its own network, Amétis. In Brazil, its second largest market, the Group's partner is Caixa Econômica Federal, the country's second-biggest state-owned bank.
- In group insurance, CNP Assurances crafts tailor-made personal risk, pension and term creditor insurance products that are aligned with the needs of companies, local authorities, mutual insurers, non-profit organizations, and banks in Europe and Latin America.

CNP Assurances has been listed on the Paris Stock Exchange since October 1998 (the first market) and has a stable shareholder structure thanks to the signing of an agreement between its major shareholders (Caisse des Dépôts, La Banque Postale, Groupe BPCE and the French State).

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