Amendments to IFRS 17 Insurance Contracts

Issues paper on the forthcoming Exposure Draft

Introduction and purpose

1 This issues paper covers the following topics in the Appendix whereby changes are proposed by the IASB:

(a) Topic 1A - Loans that transfer significant insurance risk;

(b) Topic 1B - Credit cards that provide insurance coverage;

(c) Topic 2 - Allocation of acquisition costs to expected contract renewals;

(d) Topic 3 - Simplified balance sheet presentation;

(e) Topic 4 - Extension of risk mitigation option;

(f) Topic 5A - Transition relief for business combinations;

(g) Topic 5B - Transition relief for risk mitigation – transition date and fair value approach; and

(h) Topic 6 - Annual improvements.

2 The purpose of this paper is to prepare for the upcoming Exposure Draft on amendments to IFRS 17 *Insurance Contracts*. Considering the tight timeline for discussing and agreeing on the Draft Comment Letter, this paper aims at obtaining written input from members, so that the discussion in the next physical meeting could focus on the EFRAG issues that remain unaddressed.

3 For each of the topics listed above, the EFRAG Secretariat has drafted a proposed wording to include in the Draft Comment Letter. The wording has been prepared on the basis of the IASB Staff Papers and the IASB tentative decisions. Should the final wording of the ED require further refining of the drafting, the specific topic will be considered in the physical meeting.

Question to EFRAG TEG members (in addition to specific questions to EFRAG TEG on Topic 2 relating to Allocation of acquisition costs to expected contract renewals)

4 Do EFRAG TEG members agree to recommend to the EFRAG Board the drafting for the topics specified in paragraph 1 above?

Appendix - EFRAG's responses to the IASB tentative decisions

Topic 1A - Loans that transfer significant insurance risk

Notes to constituents – Summary of proposals

5 *The ED proposes to amend paragraph 8A proposes that an entity may choose to apply IFRS 9 Financial Instruments instead of IFRS 17 to contracts that meet the definition of an insurance contract but that limit the compensation for insured events to the amount required to settle the policyholder's obligation created by the contract (for example, loan contracts with death waivers). The entity would be required to make that choice for each portfolio of insurance contracts and the choice for each portfolio would be irrevocable.*

EFRAG's response

EFRAG supports the proposal to permit entities, on portfolio level, to either apply IFRS 17 or IFRS 9 to insurance contracts that provide insurance coverage only for the settlement of the policyholder's obligation created by the contract.

EFRAG notes that the amendment is narrow in scope and could result in contracts which are economically similar but are accounted for differently.

6 EFRAG supports the proposals to either apply IFRS 17 or IFRS 9 for loans with a specific type of insurance risk on a portfolio level. This is because EFRAG considers that it would reduce the complexity around bifurcating certain loans from insurance contracts or treating such loans as insurance contracts. EFRAG also acknowledges that the proposed amendments would enable:

(a) an entity that mainly issues insurance contracts to apply IFRS 17 to these loans, permitting comparability with the other insurance contracts issued by the same entity; and

(b) an entity that mainly issues financial instruments to apply IFRS 9 to these loans, permitting comparability with the financial instruments issued by the same entity, without imposing IFRS 17 implementation costs for such contracts to the entity.

7 EFRAG notes that the proposed amendment is narrow in scope and therefore would not cater for those contracts in which a general loan loss coverage is provided to the policyholder as a separate contract, instead of being included in each separate contract. However, EFRAG notes that economically they may be the same, but the accounting treatment may be different.

Topic 1B - Credit cards that provide insurance coverage

Notes to constituents – Summary of proposals

8 *The ED proposes to amend paragraph 7(h) proposes that credit card contracts that meet the definition of an insurance contract be excluded from the scope of IFRS 17 if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer.*

EFRAG's response

EFRAG agrees with the exclusion of certain credit cards that provide insurance coverage from the scope of IFRS 17. This is because the exclusion reduces the implementation costs and operational burden for entities that issue credit card contracts for which the entity does not reflect an assessment of the insurance risk associated with an individual customer when setting the price of the contract with that customer. Furthermore, the exclusion is not causing a significant loss of useful information.

However, EFRAG is concerned that the term credit card excludes payment cards which have similar clauses as the credit cards in the scope exclusion.

EFRAG is also a concerned that in some countries the insurance element is not required by regulation and may therefore under IFRS 9 fail the solely payment of principle and interest (SPPI) test which could require measurement at fair value through profit or loss.

9 EFRAG agrees with the proposed amendment to exclude from the scope of IFRS 17 those credit card contracts that provide insurance coverage for which the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer.

10 EFRAG notes that these products are aimed at providing a certain amount of coverage which includes protection for the quality of the goods sold as well coverage in the case that the seller fails to deliver under its non-financial obligations with respect to the sale.

11 EFRAG considers that when an entity does not reflect an assessment of the insurance risk associated with an individual customer when setting the price of the contract with that customer, in such cases EFRAG is of the view that IFRS 9 would provide more useful information about those contracts. When the entity does reflect an assessment of the insurance risk associated with an individual customer when setting the price of the contract with that customer, EFRAG is of the view that IFRS 17 would provide more useful information about those contracts.

12 EFRAG acknowledges that currently entities that issue certain credit card contracts typically account for:

(a) loans or loan commitments in credit card contracts (and any relevant interest revenue) applying IFRS 9;

(b) any insurance obligations applying IFRS 4 *Insurance Contracts*, in a similar manner to applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

(c) any revenue for providing other services applying IFRS *15 Revenue from Contracts with Customers*.

13 It is for this reason that EFRAG considers that excluding from the scope of IFRS 17 these credit card contracts would:

(a) permit the continuation of the existing accounting practice and therefore reduce IFRS 17 implementation costs for some entities; and

(b) not result in a significant loss of useful information relative to that which would be provided by IFRS 17 for users of financial statements. Other relevant IFRS Standards would apply to such credit card contracts and would provide relevant information about the components of those contracts to users of financial statements.

14 However, EFRAG is concerned that the use of the term credit card excludes payment cards which have similar clauses as the credit cards in the scope exclusion.

15 EFRAG is also a concerned that in some countries the insurance element is not required by regulation and may therefore under IFRS 9 fail the SPPI test which could require measurement at fair value through profit or loss.

Question to Constituents

16 For the concerns raised in paragraphs 14 and 15, how prevalent are these concerns within your jurisdiction?

Topic 2 - Allocation of acquisition costs to expected contract renewals

Notes to constituents – Summary of proposals

17 *The ED proposes an amendment to the definition of insurance acquisition cash flows in Appendix A of IFRS 17 to clarify that insurance acquisition cash flows relate to groups of insurance contracts issued or expected to be issued. Cash flows paid before a related group of reinsurance contracts held are recognised are addressed in paragraph 65(a) of IFRS 17.*

18 *The ED also proposes that an entity would be required to:*

(a) *allocate, on a systematic and rational basis, insurance acquisition cash flows that are directly attributable to a group of insurance contracts to that group and to groups that include contracts that are expected to arise from renewals of the contracts in that group;*

(b) *recognise as an asset insurance acquisition cash flows paid before the group of insurance contracts to which they are allocated is recognised; and*

(c) *assess the recoverability of any asset for insurance acquisition cash flows if facts and circumstances indicate the asset may be impaired.*

19 *Finally, the ED proposes that an entity would be required to disclose:*

(a) *a reconciliation from the opening to the closing balance of any asset for insurance acquisition cash flows; and*

(b) *quantitative information about when the entity expects to derecognise an asset for insurance acquisition cash flows.*

EFRAG's response

EFRAG supports the IASB proposals with regards to the treatment of acquisition costs as the resulting financial information will better reflect the economic substance of these transactions.

EFRAG supports the allocation of the acquisition cost to the contracts to be a mandatory requirement, except for the PAA contracts. EFRAG agrees with the proposed recoverability assessment approach.

20 EFRAG notes that, from a commercial perspective, an insurer's decision to pay a certain level of acquisition costs might take into account its expectation of contract renewals. EFRAG also acknowledges that some contracts would be treated as onerous due to the allocation of acquisition costs in full to them (i.e. ignoring the impact of renewals).

21 EFRAG supports the proposed amendments because this will provide more relevant information to users of financial statements by better reflecting the economic substance and general understanding of these transactions.

22 EFRAG supports the allocation of the acquisition cost to the contracts to be a mandatory requirement, except for the PAA contracts.

23 With regards to impairment, EFRAG notes that an entity would have to assess the recoverability of an asset recognised applying paragraph 27 of IFRS 17 at the end of each reporting period, if facts and circumstances indicate the asset may be impaired.

24 EFRAG agrees with the proposed recoverability assessment approach.

Questions to EFRAG TEG

25 We have heard of the following concerns:

(a) the proposed amendment could lead to additional costs specifically for smaller entities that do not have significant amounts of acquisition costs;

(b) application challenges arise when determining the deferred acquisition cost asset in respect of long-term renewable contracts on transition. In circumstances where the full retrospective approach is impracticable, the modified retrospective approach cannot be used as this approach only refers to modifications in regard to the CSM, not the deferred acquisition cost asset.

(c) the option to expense acquisition costs under the Premium Allocation Approach (PAA) could lead to reduced comparability.

26 Should the allocation of acquisition costs be optional or not? If not, why not?

27 Does EFRAG TEG consider the impairment test in paragraph 23 to be robust enough?

28 Does EFRAG TEG consider the impairment test should be applied to the PAA?

29 Does EFRAG TEG consider the impairment assessment to be made only to renewals of existing contracts or to future renewals of new contracts as well?

Topic 3 - Simplified balance sheet presentation

Notes to constituents – Summary of proposals

30 *The ED proposes to amend paragraph 78 of IFRS 17, which requires an entity to present separately in the statement of financial position the carrying amount of groups of insurance contracts issued that are assets and those that are liabilities and the carrying amount of groups of reinsurance contracts held that are assets and those that are liabilities.*

31 *The proposed amendment would require an entity to instead present separately in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are assets and those that are liabilities and portfolios of reinsurance contracts held that are assets and those that are liabilities. There are no proposed changes to the measurement requirements of IFRS 17 as a result of the proposed amendment.*

32 *In addition, consequential amendments to paragraphs 79 of IFRS 17 and to the disclosure requirements in paragraphs 99 and 132 of IFRS 17 to reflect a portfolio rather than a group level of presentation.*

EFRAG's response

EFRAG agrees with the proposed amendments, as they would simplify processes for preparers, decreasing the costs of implementation, without significantly reducing the information available to users.

33 The requirements in IFRS 17 raised concerns that the requirements around disclosures of groups of assets and liabilities may significantly increase the costs of implementation of IFRS 17 without providing commensurate benefits to users.

34 EFRAG considers that the amendment to paragraph 78 provides an operational relief to preparers of financial statements without significantly reducing the loss of useful information for users of financial statements.

35 EFRAG thus concludes while there is no conceptual basis for the proposed amendments, these are supported based upon a cost/benefit analysis.

36 Therefore, EFRAG supports the proposed amendments.

Question to Constituents who are Users

37 Do Users agree with separate balance sheet presentation (of insurance contracts that are in an asset position from those that are in a liability position) on a portfolio level rather than at group level? Please explain.

38 Do Users agree that simplification in presentation is being pursued for cost/benefit purpose alone, without sufficient conceptual background? Please explain.

Topic 4 - Extension of risk mitigation option

Notes to constituents – Summary of proposals

39 *The Exposure Draft proposes to extend the risk mitigation option relating to the accounting treatment of some types of risk mitigation. That option currently existing in IFRS 17 permits an entity to reflect some or all of the changes in the effect of financial risk on insurance contracts with direct participation features that usually adjust the contractual service margin immediately in profit or loss. An entity may apply that option if, and only if, the entity mitigates those financial risks using derivatives and meets the conditions in paragraph B116 of IFRS 17. This risk mitigation option is only applicable to the variable fee approach. Without that exception, the variable fee approach would create an accounting mismatch when an entity uses derivatives to mitigate financial risk in insurance contracts.*

40 *That is, the accounting mismatch arises because:*

(a) *the change resulting from financial risk in a reinsurance contract held would be recognised in profit or loss while*

(b) *the change resulting from financial risk in underlying insurance contracts with direct participation features would adjust the contractual service margin.*

41 *The IASB rejected the broad application of the variable fee concept, after deciding that it is useful only for insurance contracts that are substantially investment-related service contracts.*

42 *The proposed amendment of the Exposure Draft would extend that option to be available when an entity mitigates financial risk on insurance contracts with direct participation features using reinsurance contracts held. This is also only applicable where the underlying contracts of an entity apply the variable fee approach.*

43 *The IASB acknowledged that the concern expressed by stakeholders for reinsurance contracts held is similar to the concern previously raised in relation to derivatives—i.e., the identified accounting mismatches are created by the variable fee approach.*

EFRAG's response

EFRAG supports the IASB proposals because it addresses an accounting mismatch that arises from using reinsurance held to mitigate financial risks.

44 EFRAG notes that the risk mitigation exception under IFRS 17 relating to the use of derivatives was created in order to address an accounting mismatch relating to financial risk introduced by the variable fee approach.

45 However, there may be an accounting mismatch similar to the accounting mismatch created when an entity uses derivatives as some entities purchase reinsurance to mitigate financial risks of underlying insurance contracts that apply the variable fee approach.

46 The accounting mismatch is most apparent when the effect of financial risk for the reinsurance held would be recognised in profit or loss but for the underlying contracts, the effect of financial risk would be recognised in the contractual service margin instead of being recognised also in profit or loss.

47 Therefore, in order to address this accounting mismatch, EFRAG supports the IASB proposals to extend the scope of the risk mitigation option to reinsurance contracts held.

Question to Constituents

48 EFRAG has heard that the extension of the risk mitigation option is not sufficient and should be widened. For example:

(a) To include non-derivative instruments. Examples are hedging of interest rate risk is carried out using a combination of swaps, swaptions and fixed interest securities; for UK unit-linked business a unit-shorting technique is used;

(b) To include indirect non-variable fee approach participating contracts for which derivatives are used to cover part of financial effects;

(c) To include coverage of non-financial risks and not only financial risks.

49 Please explain the prevalence of the risk mitigation strategies stated in paragraph 48 above, including volumes and jurisdictions where the issue arises?

Topic 5A - Transition relief for business combinations

Notes to constituents – Summary of proposals

50 *The Exposure Draft proposes a modification to the modified retrospective approach that would permit an entity to classify such liabilities for insurance contracts acquired before the transition date as a liability for incurred claims rather than a liability for remaining coverage.*

51 *Consistent with the other requirements for the modified retrospective approach, an entity would be permitted to apply this modification only to the extent that it does not have reasonable and supportable information to apply a retrospective approach. The Exposure Draft proposes that an entity applying the fair value approach would have an option to classify such a liability as a liability for incurred claims.*

EFRAG's response

EFRAG supports the IASB's proposals on transition relief for business combinations for both the modified retrospective approach and fair value approach for practical reasons.

52 EFRAG supports the IASB's proposals for both the modified retrospective approach and fair value approach because it will often be impracticable and entities may not have sufficient information to classify contracts acquired in their settlement period before the transition date as either a liability for remaining coverage or a liability for incurred claims.

53 There would be cost/benefit challenges because at the time those contracts were acquired prior to transition, the entity may have managed together the claims for those contracts acquired with other contracts it issued and may have gathered data at a higher level than is required under IFRS 17 making it difficult to distinguish between claims from contracts issued and claims from contracts acquired.

Topic 5B.1 - Transition relief for risk mitigation – transition date

Notes to constituents – Summary of proposals

54 *The ED proposes to extend the option in paragraphs B115-B116 of IFRS 17 relating to the accounting treatment of some types of risk mitigation. That option permits an entity to reflect some or all of the changes in the effect of financial risk on insurance contracts with direct participation features that usually adjust the contractual service margin immediately in profit or loss. An entity may apply that option if, and only if, the entity mitigates those financial risks using derivatives and meets the conditions in paragraph B116 of IFRS 17. Without that exception, the variable fee approach would create an accounting mismatch when an entity uses derivatives to mitigate financial risk in insurance contracts. Specifically:*

(a) *The change in the fair value of the derivative would be recognised in profit or loss applying IFRS 9; but*

(b) *The change in the insurance contract, the risk of which was mitigated by the derivative, would adjust the contractual service margin applying paragraph 45 of IFRS 17;*

55 *The proposed amendment in paragraph B116 of the ED extends that option to be available when an entity mitigates financial risk on insurance contracts with direct participation features using reinsurance contracts held.*

EFRAG's response

EFRAG notes that applying the risk mitigation approach from the transition date addresses accounting mismatches in comparative periods but not in periods prior to transition.

EFRAG prefers retrospective application of the risk mitigation relief for variable fee contracts provided that entities are able to prove using reasonable and supportable information that a hedging strategy was in place before application of IFRS 17.

56 EFRAG notes that the risk mitigation relief is applicable prospectively as from the IFRS 17 transition date.

57 EFRAG considers that entities should be able to apply this risk mitigation relief retrospectively for contracts that apply the variable fee approach provided that (1) entities are able to prove using reasonable and supportable information that a hedging strategy was in place before application of IFRS 17 and (2) they met the criteria for the risk mitigation accounting in the relevant past reporting periods. EFRAG notes that without a retrospective application there would be accounting mismatches in periods prior to transition where a retrospective method is applied as it will result in a contractual service margin that does not reflect risk mitigation activities from previous periods, which would distort:

(a) the equity of entities - because the effect of previous changes in the fair value of the derivatives will be included in the equity, while the corresponding effect on the insurance contracts will be included in the measurement of the insurance contracts (through the contractual service margin); and

(b) the revenue recognised for these groups of contracts in future periods - because the contractual service margin includes the changes in financial risks that would have been excluded had the risk mitigation option been applied retrospectively.

58 EFRAG acknowledges that applying risk mitigation retrospectively gives rise to risk of hindsight, as entities could select which strategy would be designated retrospectively and which not. However, EFRAG considers that, provided that

appropriate documentation on risk management strategies exists prior to the transition and that entities may prove with reasonable and supportable information that the conditions in B116 were met in the relevant past periods, there are no conceptual reasons not to allow retrospective application; in addition in such circumstances the risk of hindsight is reduced.

59 EFRAG considers that in these circumstances, the benefit in avoiding distorted financial information would overcome the risk of hindsight.

Topic 5B.2 - Fair value approach

Notes to constituents – Summary of proposals

60 *The Exposure Draft proposes two amendments to the transition requirements relating to risk mitigation option:*

(a) *amendment to paragraph C3 (b) of IFRS 7 permits an entity to apply the option in paragraph B115 of IFRS 17 prospectively from the transition date, rather than the date of initial application. To apply the option in paragraph B115 of IFRS 17 from the transition date, an entity would be required to designate risk mitigation relationships at or before the transition date;*

(b) *Paragraph C5A of the Exposure Draft proposes that an entity that can apply IFRS 17 retrospectively to a group of insurance contracts would be permitted to instead apply the fair value approach to that group if, and only if:*

(i) *the entity chooses to apply the risk mitigation option in paragraph B115 of IFRS 17 to the group prospectively from the transition date; and*

(ii) *before the transition date, the entity has been using derivatives or reinsurance contracts held to mitigate financial risk arising from the group of insurance contracts.*

EFRAG's response

EFRAG considers that the possibility to apply the risk mitigation option of B115 from the transition date and the option to apply the fair value approach when the entity meets the conditions for risk mitigation in C5A of the ED are a step in the right direction. However if the IASB accepts EFRAG's suggestion to allow for a retrospective application of the risk mitigation in B115, these two options are not any more appropriate.

61 *EFRAG notes that the IASB has included in the ED two consequential amendments to the decision not to allow retrospective application of the risk mitigation option of B115, i.e. the possibility to apply the risk mitigation from the transition date (instead of from the effective date) and the option to apply the fair value approach when the conditions for risk mitigation in C5A of the ED are met.*

62 *EFRAG assesses these two consequential amendments to be a step in the right direction, however would prefer that the IASB allows the retrospective application of the risk mitigation in B115. EFRAG considers that, if EFRAG's suggestion* to allow for retrospective application of the risk mitigation is accepted by the IASB, the options granted by these two consequential amendments are not any more appropriate.

Question to constituents

63 Do constituents agree with the suggested approach, i.e. to prefer retrospective application of B115 instead of supporting the two consequential amendments? Please explain why.

Topic 6 - Annual improvements

Notes to constituents – Summary of proposals

64 *Note that the notes to constituents will be updated to reflect the amendments proposed in the ED. EFRAG TEG members may refer to the Basis for Conclusions of the ED paragraphs BC147 to BC163.*

65 *In June 2018, IASB tentatively decided to propose the following (as part of annual improvements to IFRS standards):*

(a) *to amend the terminology in paragraph 27 of IFRS 17 to include insurance acquisition cash flows relating to insurance contracts in the group yet to be issued.*

(b) *to amend the terminology in paragraph 28 of IFRS 17 to achieve the intended timing of recognition of contracts within a group.*

(c) *to remove requirements that could result in double-counting of the risk-adjustment for non-financial risk in the insurance contracts reconciliation disclosures and revenue analyses.*

(d) *to correct the terminology in the sensitivity analysis disclosures.*

(e) *to exclude business combinations under common control from the scope of the requirements for business combinations in IFRS 17.*

(f) *to amend IFRS 3 Business Combinations so that the amendment made by IFRS 17 on the classification of insurance contracts applies prospectively.*

(g) *to amend IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 32 Financial Instruments: Presentation to achieve the intended scopes of these financial instruments Standards and the scope of IFRS 17, particularly with respect to insurance contracts held.*

(h) *to add an explanation that, in Example 9 of the Illustrative Examples on IFRS 17, the time value of the guarantee changes over time.*

66 *In April 2019 the IASB tentatively decided to:*

(a) *amend paragraph B96(c) of IFRS 17 to exclude changes relating to the time value of money and financial risk from the adjustment to the contractual service margin.*

(b) *amend paragraph B96(d) and B97(a) of IFRS 17 to address disaggregation of changes in the risk adjustment for non-financial risk.*

(c) *amend paragraph B118 of IFRS 17 to clarify that an entity can discontinue the use of the risk mitigation option to a group of insurance contracts only if the eligibility criteria for the group cease to apply.*

(d) *clarify the definition of an investment component.*

(e) *amend paragraph 11(b) of IFRS 17 to ensure IFRS 17 applies to investment contracts with discretionary participation features.*

(f) *amend paragraph 48(a) and paragraph 50(b) of IFRS 17 to adjust the loss component for changes in the risk adjustment for non-financial risk.*

(g) *amend paragraph B128 of IFRS 17 to clarify that changes in the measurement of a group of insurance contracts caused by changes in underlying items should, for the purposes of IFRS 17, be treated as changes in investments and hence as changes related to the time value of money or assumptions that relate to financial risk.*

EFRAG's response

EFRAG supports the IASB's proposals on the annual improvements because they are intended to clarify the wording and to make corrections or to address minor unintended consequences/conflicts.

EFRAG is consulting with Constituents to find out whether there are any unintended consequences on the minor amendments.

67 EFRAG supports the IASB's proposals relating to the annual improvements as EFRAG agrees that they are intended to clarify the wording in the standard or to make corrections or to address minor unintended consequences/conflicts.

Question to Constituents

68 Do Constituents consider that there are any unintended consequences arising from the minor amendments? Please explain.

69 EFRAG has heard of the following two concerns:

B128 of the amended IFRS 17

70 B128 of the amendments to IFRS 17 clarifies that clarify that changes in the measurement of a group of insurance contracts caused by changes in underlying items should be treated as changes in investments and hence as changes related to the time value of money or assumptions that relate to financial risk. The concern is that there would be a mis-presentation between insurance service result and finance result requiring to present items that are not financial in the financial result.

Paragraph 28 and paragraph 22 of the amendments to IFRS 17

71 Paragraph 28 of the amendments to IFRS 17 indicate that an entity shall include only contracts that individually meet one of the criteria set out in paragraph 25 of the amendments to IFRS 17. That is, based on:

(a) the beginning of the coverage period of the group of contracts;

(b) the date when the first payment from a policyholder in the group becomes due; and

(c) for a group of onerous contracts, when the group becomes onerous.

72 However, in paragraph 22 of the amendments to IFRS 17, an entity shall not include contracts issued more than one year apart in the same group.

73 Using the issue date in paragraph 22 of the amendments to IFRS 17 instead of the recognition date for the grouping would have implications on e.g. the discount rate and difficulties in terms of data availability causing operational issues and undue costs.

74 For the above two issues described above, please explain whether this is an issue for you and the prevalence of the issue, including volumes and jurisdictions where the issue arises?