July 31, 2026

International Accounting Standards Board (IASB)
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Re: Exposure Draft: IFRS® Accounting Standard - Risk Mitigation Accounting Proposed amendments to IFRS 9 and IFRS 7

Dear Board Members,

On behalf of the Life Practice Council's GAAP Reporting Committee and the Risk Management and Financial Reporting Council's Financial Reporting Committee (Committees) of the American Academy of Actuaries,[1] we appreciate the opportunity to comment on the Exposure Draft: IFRS® Accounting Standard - Risk Mitigation Accounting Proposed amendments to IFRS 9 and IFRS 7.

We believe that conceptually the methodology described in the exposure draft makes sense and could better represent in the financial statements the economic effects of insurance entities' activities for managing repricing risk compared with the currently available accounting options. The following comments do not speak specifically to the methodology presented, since the applicability to insurance contract portfolios has not been specifically developed.

**Question 1—Objective and scope of risk mitigation accounting (Section 7.1):**

We agree that:

- It is appropriate for the objective of risk mitigation accounting be for financial statements to represent the economic effect of an entity's risk management activities if the entity manages repricing risk on a net basis.
- Risk mitigation accounting should be applied on a voluntary basis if, and only if, the entity mitigates repricing risk on a net basis and the entity's business, and that the risk management activities have the characteristics specified in paragraph 7.1.4.

[1] The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

- An entity should be required to formally document how it will apply risk mitigation accounting.

**Question 11—Risk management strategy:**

It is not uncommon for insurance entities to manage interest rate repricing risk on a net basis. An insurance entity may do this within a portfolio of insurance contracts and their supporting assets or across several portfolios of insurance contracts their supporting assets. For example, an insurance entity may have multiple portfolios that are subject to the risk of interest rates repricing. One reason is due to the fact that the insurance contracts may have cash flows that extend well beyond the maturities of invested assets. Even if assets are available with appropriate maturities, and the assets and liabilities are duration-matched, the specific dates of cash flow payments from the assets may not exactly match the dates of cash flow payments on the liabilities. Interest rate repricing risk also emerges from minimum interest guarantees on liabilities whose credited rates reset periodically.

Because interest rate repricing risk emerges from multiple portfolios, it is often more efficient to hedge the risks on a net basis across portfolios. This is especially true given some contracts terminate each reporting period and are replaced by newly issued contracts, which often makes it more appropriate to hedge the risk on the portfolio or portfolios on a net basis, as opposed to trying to hedge the risk on each individual instrument.

Because of these characteristics, it seems reasonable that a hedge accounting approach along the lines proposed in the exposure draft would better represent the economic effects of insurance entities' activities for managing repricing risk compared with the currently available accounting options.

The Committees appreciate the opportunity to share our feedback and thank you for your consideration. Please contact Marie Fabienne Amisial (Amisial@actuary.org), the Academy's policy project manager, life, if you have any questions regarding these comments or would like to discuss these issues further.

Sincerely,

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