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Press Release

CFO Forum Market Consistent Embedded Value (MCEV) Principles

On behalf of the European Insurance CFO Forum, Mr. Denis Duverne, Chief Financial Officer of The AXA Group and current Chairman of the CFO Forum will present the CFO Forum MCEV Principles at a launch event in London today. Mr. Duverne will be supported by Mr. Philip Scott, Chief Financial Officer of Aviva plc. and Mr. Hans Wagner, Life Chief Risk Officer of The AXA group and Chairman of the CFO Forum MCEV Working Group.

The launch of the CFO Forum European Embedded Value (EEV) Principles in May 2004, together with additional guidance on disclosures in October 2005, addressed the treatment of guarantees and options and provided the insurance industry with improved sensitivities and disclosures within their financial statements. The CFO Forum today publishes a new set of Market Consistent Embedded Value Principles (MCEV), which the CFO Forum believes will bring additional consistency and improved disclosure.

Mr. Duverne stated within the context of the MCEV Principles that “these Principles are an important step forward in financial reporting for life insurers, and are based on an approach that we believe should also be applied for Solvency II and eventually IFRS Phase 2 as well”.

The CFO Forum believes that the adoption of the MCEV Principles, supported by a detailed Basis for Conclusions, will deliver:

- A shareholder’s perspective on value, being the present value of future cash flows available to the shareholder, adjusted for the risks of those cash flows.
- A market consistent approach to financial risk.
- A greater focus on disclosing cash emerging from covered business.
- Disclosure of combined Group MCEV information.

Mr. Scott added that “Embedded value remains key to measuring the performance of long-term business and I believe that the new guidance will help improve consistency and comparability of embedded value disclosures across the industry”.

The MCEV Principles will replace EEV and will be mandatory for CFO Forum members as of year ended 31 December 2009 with early adoption possible.

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About the CFO Forum and its work:

The CFO Forum is a high-level discussion group formed and attended by the Chief Financial Officers of major European insurance companies (Aegon, Allianz, Aviva plc., AXA, BNP Paribas, CNP, Fortis, Generali, Hannover Re, IF P&C, ING, Legal & General, Mapfre, Munich Re, Old Mutual, Prudential, Scottish Widows, Standard Life, Swiss Re, Zurich FS). Its aim is to discuss issues relating to financial reporting developments for their businesses and how they can create greater transparency for investors. The CFO Forum was created in 2002.

More information on the CFO Forum, its European Embedded Value Principles, High-level Principles for IFRS Phase II Insurance Contract Accounting, Elaborated Principles and the MCEV Principles published today is available at www.cfoforum.nl.