



Amsterdam, 20 October 2009

PRESS RELEASE

The European Insurance CFO Forum (the CFO Forum) announces changes to the Market Consistent Embedded Value (MCEV) Principles©

Today, the CFO Forum announces a change to its MCEV Principles to reflect the inclusion of a liquidity premium. This aligns our approach to MCEV with our views on Solvency II.

In December 2008, the CFO Forum announced that its member companies would be working to address the notion of market consistency within the MCEV Principles across the economic cycle and, in particular, its application in dislocated markets. In May 2009 the CFO Forum provided an update on the status of this work highlighting the significant challenges for MCEV, such as adjustments for liquidity premium.

The CFO Forum recognises that the existence of a liquidity premium is clear, as evidenced by a wide range of academic papers and institutions. It also recognises that its inclusion and quantification are equally important for Solvency II. The European insurance industry has discussed this issue with CEIOPS and the European Commission and will continue to stress the importance of the inclusion of a liquidity premium under Solvency II.

With regard to MCEV, the Forum has concluded that the inclusion of a liquidity premium should be reflected in its MCEV Principles. As a result the CFO Forum announces today the amendment of its MCEV Principles to reflect the inclusion of a liquidity premium. These changes affirm that the reference rate to be applied under MCEV should include both the swap yield curve appropriate to the currency of the cash flows, and on top of it, a liquidity premium, where appropriate. The CFO Forum is performing further work to develop more detailed application guidance to increase consistency going forward.

Philip Scott, Chairman said “The CFO Forum has been working hard with other industry bodies to provide a robust basis for the inclusion of a liquidity premium and we have now developed our thinking sufficiently in this area to make relevant changes to the MCEV Principles. These changes align our approach to MCEV with our views on Solvency II.”

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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, AXA, BNP Paribas Assurance, CNP, Fortis, Generali, Hannover Re, If P&C, ING, Legal & General Group, Mapfre, Munich Re, Old Mutual, Prudential, Scottish Widows, Standard Life, Swiss Re, Zurich Financial Services). 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 and Elaborated Principles for an IFRS Phase II Insurance Accounting Standard is available at www.cfoforum.eu.