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PRESS RELEASE

Chief Financial Officers seek a new accounting era for Europe's insurers

Chief Financial Officers of Europe's 20 leading insurers today unveiled proposals for giving investors more relevant and understandable information about their financial positions. They believe that better quality company accounts will lower the cost of capital for insurers and ultimately benefit policyholders.

"Investors, shareholders and other users of insurers' financial statements need more understandable, comparable and relevant information", Dr. Helmut Perlet, Chief Financial Officer of Allianz Group and current Chairman of the CFO Forum told EU decision-makers, standard-setters, supervisors, analysts and other stakeholders today.

In the absence of a final standard for insurance contracts, the insurance industry is one of the few industries still applying a patchwork of different and unsatisfactory accounting principles. These result in financial statements that are a hindrance rather than a help to comparing financial positions with companies in other sectors and even between two insurers. This ultimately penalises consumers by limiting insurers' ability to compete, and requiring them to pay a higher price for capital than would be the case with better financial reporting.

"We need a standard that really reflects the way we manage our businesses," said Dr Perlet. "Among other things, this means recognising profit as the underlying risk is released, allowing for asset-liability matching and valuing liabilities on the basis of a realistic assessment of what will be paid to policyholders."

The proposed principles for a new accounting standard for insurance contracts launched today at a specially convened breakfast briefing in Brussels of key stakeholders are strongly supported by the European insurance federation (CEA) and have been submitted to the International Accounting Standards Board (IASB). They are designed as a single standard for life and non-life insurance to ensure consistency of accounting for all types of insurance and among different insurers. The IASB will be the final arbiter on the substance of the insurance accounting standard and is expected to issue a discussion paper on the issue by the end of this year.

The CFO Forum is now seeking support for its principles from other stakeholders including the European Commission and is in dialogue with US and Japanese insurers.

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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, CNP, Fortis, Generali, Hannover Re, ING, Legal & General Group, Mapfre, Munich Re, Old Mutual, Prudential, Scottish Widows, Standard Life, Swiss Life, Swiss Re, Winterthur, 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, High-level Principles for IFRS Phase II Insurance Contract Accounting and the Elaborated Principles published today is available at www.cfoforum.nl.

International financial reporting standards (IAS and IFRS):

The standards drafted by the independent international standard-setting body IASB have been mandatory for around 7000 EU-listed companies since 1 January 2005. The European Commission needs to endorse every individual standard for use in the EU.

When the IASB realised that it would not be able to draft the insurance contracts standard in time, it decided to proceed in two phases. IFRS 4 was adopted as an interim solution (Phase I), under which insurers apply a variety of existing local accounting practices with a few adjustments. The final standard for insurance contracts which the IASB is currently developing (Phase II) might not be ready before 2009 or even 2010.