

Allianz, 80790 Munich, Germany

Mr.

Thomas Seidenstein

International Accounting Standards Committee

Foundation

30 Cannon Street

London ECAM 6XH

United Kingdom

Königinstraße 28

80802 Munich

Phone +49 89 38 00-0

Fax +49 89 38 00-77 39

www.allianz.com

Dresdner Bank München

BLZ 700 800 00

Account No. 310 922 700

SWIFT-BIC DRESDEFF700

IBAN DE48 7008 0000

0310 9227 00

Your ref.:

Direct dial

Our ref., Date

Tel. +49 89 3800-16818

Dr. Rainer Husmann

Fax +49 89 3800-2895

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Ref.: **Comment letter by Allianz on *Draft Due Process Handbook for the IFRIC***

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Dear Mr. Seidenstein,

Allianz appreciates the opportunity to comment upon the IASC Foundation's "Draft Due Process Handbook for the IFRIC" (the Handbook). We have the following specific comments to the your questions.

Question 1 – Agenda Committee

Do you agree with the Agenda Committee process described in paragraphs 23–27? If not, what changes do you propose, and why?

Yes, we agree with the Agenda Committee process as described in the draft handbook.

Question 2 – Agenda criteria

Do you agree with the agenda criteria listed in paragraph 28? If not, please specify the criteria you would add, alter or delete, and explain why.

In general, we agree with the criteria listed in paragraph 28. However, we find criterion (c), which reads, "Financial reporting would be improved through the elimination of the diverse reporting methods" to be excessively vague. Since it is the IASB's stated objective "to require like transactions and events to be accounted for and reported in a like way and unlike transactions and events to be accounted for and reported differently, both within an entity and over time and among entities" (Preface to IFRSs, par. 13), it could be argued that financial reporting is always improved when diverse reporting methods are eliminated. Furthermore, the term "improved" can have a different meaning for preparers, regulators and users of the financial reporting.

We believe that this criterion should focus on the significance of the agenda items to the users of the financial information. In addition, since there is always a cost associated with implementing a new interpretation, only those items with the potential for “significant” improvement should be added to the agenda. We suggest alternative wording for the criterion such as,

“The elimination of the diverse reporting methods would provide significant value to the users of the financial statements.”

Question 3 – Consultation regarding issues not added to the IFRIC agenda

Do you agree with the consultative process for issues that are not added to the IFRIC agenda? If not, what changes do you propose, and why?

Yes. We believe that the consultative process strikes a fair balance between the procedural needs of the IFRIC and the due process needs of its constituents.

Question 4 – Relationship with national standard-setters and interpretative groups

(a) Do you agree that NSSs and NIGs should be encouraged to refer interpretative issues to the IFRIC? If not, why not?

(b) Do you agree that the IFRIC should not consider local interpretations and comment on whether they are either consistent or inconsistent with IFRSs? If you disagree, please explain why.

- (a) Yes. As a preparer of both IFRS and US GAAP, Allianz supports measures to improve convergence. NSSs and NIGs should be encouraged to refer interpretative issues to the IFRIC to support convergence and prevent divergence.
- (b) Not necessarily. In some cases, an issue will affect users in several countries or a region, but the issue will not be widespread enough to be added to the IFRIC agenda. In these cases, a NSS or a NIG within one of the affected countries may publish a local interpretation of the issue. The IFRIC should have the ability, at its discretion, to consider the local interpretation and comment upon it for the benefit of affected users outside of the interpreting country. This commentary would be analogous to the IFRIC’s published comments about its decision making with respect to potential agenda items, and it would not form part of IFRSs.
- (c) A principles-based approach to accounting standards is enhanced when information about the intentions of the standard setters is published. Preparers, auditors and regulators often turn to information such as a standard’s basis for conclusions to understand the intention and thought process of the IASB. Additional information from the IFRIC regarding regional issues will only serve to improve the understanding of the IFRS standards for those affected by the issue.

In case of any questions please do not hesitate to contact us.

Best Regards,

Dr. Helmut Perlet
Member of the Management Board
and Chief Financial Officer

Dr. Susanne Kanngiesser
Head of Group Accounting