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Mail Susanne.Kanngiesser@Allianz.de

Ref.: **Allianz Group comment on the ED of proposed amendments to IAS 19 Employee Benefits**

Dear Sir David,
Ladies and Gentlemen:

The Allianz Group appreciates the opportunity to comment on the ED of proposed amendments to IAS 19: Employee Benefits. We are of the opinion that convergence with the FASB is paramount for any proposed change to the presentation in the financial statements. Identical requirements by the IASB and the FASB are crucial not only for European US-listed companies but also for the aim to achieve world-wide harmonisation of accounting standards (Norwalk Agreement). Therefore the Allianz Group does not agree with the proposal to introduce an additional recognition option for actuarial gains and losses in the statement of recognised income and expense. While this option reduces the differences between IAS 19 and FRS 17, it increases the differences between IAS 19 and SFAS 87, because the above mentioned recognition option does not exist in SFAS 87.

Furthermore, we regard the proposed amendments as premature as they interact with fundamental accounting projects, notably the performance reporting project, which needs to be resolved first. Finally, the introduction of a third option to account for actuarial gains and losses will deteriorate the comparability of financial statements.

We appreciate the Board's intention to start a comprehensive reconsideration of the accounting for post-employment benefits if it would be developed in the spirit of convergence and in parallel with the project on performance reporting with the aim to reduce the main differences between accounting standards step by step and to make the international accounting for employee benefits more comparable.

We outline below our responses to the questions raised by the IASB in the invitation to comment.

Question 1 – Initial recognition of actuarial gains and losses

We note the consideration of the IASB to install a third recognition option for actuarial gains and losses with the intention to allow an accounting in accordance with FRS 17 within IAS 19. However, we regard it for reasons of comparability as very critical to implement another difference between IAS and US-GAAP. In our view the current two options for the recognition of actuarial gains and losses in IAS 19 – either immediate recognition or deferred recognition by the corridor approach – are sufficient. Therefore we do not agree with the additional introduction of a third option.

Question 2 – Initial recognition of the effect of the limit on the amount of a surplus that can be recognised as an asset

We agree with this proposal, as a direct consequence of the proposed additional recognition option for actuarial gains and losses.

Question 3 – Subsequent recognition of actuarial gains and losses

The question whether actuarial gains and losses should be recycled subsequently in the income statement should be resolved in the performance reporting project.

Question 4 – Recognition within retained earnings

The question whether actuarial gains and losses should be recognised within retained earnings or in a separate component of equity should be resolved in the performance reporting project.

Question 5 – Treatment of defined benefit plans for a group in the separate or individual financial statements of the entities in the group

No comment from our side.

Question 6 – Disclosures

We agree with this proposal and would encourage the IASB to extend the additional disclosures to all those required by SFAS 132 *Employers' Disclosures about Pensions and Other Postretirement Benefits* (see also answer to Question 7).

Question 7 – Further disclosures

We would prefer disclosure requirements in IAS 19 that are in line with those required by SFAS 132 *Employers' Disclosures about Pensions and Other Postretirement Benefits*.

Yours sincerely,

Dr. Susanne Kanngiesser
(Head of Group Accounting)