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21.10.2005| **CEIOPS's position on the EFRAG letter on the adoption of "Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS4 *Insurance contracts* – Financial Guarantee contracts".**

Dear Stig,

On behalf of CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors), I am pleased to provide you with some comments on your letters concerning the adoption of "Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS4 *Insurance contracts* – Financial Guarantee contracts".

EU insurance supervisors support the adoption of the mentioned amendments as a short term solution for accounting for financial guarantee contracts and agree with EFRAG that a more satisfactory approach should be established in due course.

We welcome the introduction of the option to treat financial guarantee contracts in accordance to IFRS4 since it avoids changes in the accounting treatment of credit insurance contracts before Phase II is developed. This is in accordance with the commitment of the IASB concerning insurance contracts.

We acknowledge that this is only a short term solution. The long term solution which hopefully will result in a consistent accounting treatment of all financial guarantee contracts should be dealt with under the Phase II project, avoiding the same instrument being possibly treated in different standards.

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Should you wish to have any further clarification on CEIOPS's advice or to discuss it more in depth, please do not hesitate to contact Mr Fausto Parente by e-mail (fausto.parente@isvap.it) or by phone at +39-06-42.133.481.

Yours sincerely,

Alberto Corinti
CEIOPS Secretary General

