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Sir David Tweedie
Chairman IASB
30 Cannon Street
London EC4M 6XH
United Kingdom

29 September 2008

Reference: 'Discussion Paper on Preliminary Views on Amendments to IAS 19 Employee Benefits'

Dear Sir David,

CEIOPS welcomes the opportunity to comment on the IASB's Discussion Paper Preliminary views on Amendments to IAS 19 Employee Benefits.

Due to our own work on the Solvency II project, we consider it important to comment on the scope and direction of the proposed changes.

Focusing then on the issues that are of particular relevance and importance for the insurance business under the Solvency II project, we would briefly summarize our key views as follows:

- CEIOPS supports the efforts to discuss improvements to the accounting for post-employment arrangements, as the current requirements may not adequately meet the concerns of preparers and the needs of users of financial statements.

- CEIOPS notes that post-employment arrangements can take various forms. Hence, it may not be straightforward to classify these into two well-defined groups. Nevertheless, we believe that a clear concept of 'contribution-based promises' may be helpful in drawing a more appropriate distinction with defined benefit schemes.

- CEIOPS believes that phased changes to accounting rules should only be introduced if they provide information that is significantly more relevant and more easily understandable. That could be the case if the IASB was to further address the issue of measurement. CEIOPS would encourage the IASB to open a comprehensive debate about measurement of all benefit obligations categories based on economic principles, not postponing that to the end of the project. For example, risk-sharing mechanisms in post-employment arrangements should be recognised explicitly; and the approach to present obligations, future cash flows and the vesting of future rights should be considered in a coherent framework.

- We nevertheless welcome the direction of the proposed changes for the measurement of the contribution-based promises. In this context, an overarching principle which would apply to all post-employment arrangements and guide calculation methodologies could be helpful.

- We also consider that further work is required on assessing whether relevant similarities between insurance contracts and some employee benefits are adequately reflected in IFRS accounting.

- In relation to the measurement approach, we note that a fair value measurement would be coherent with the general measurement framework foreseen under Solvency II, where all recognised assets and liabilities are expected to be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction; and that there are significant practical benefits if accounting standards and regulatory requirements are aligned as far as possible.

We hope you find this letter a useful and relevant contribution on the discussion paper.

Yours sincerely

Thomas Steffen
CEIOPS Chair