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Dear Mr Demarigny

DRAFT RECOMMENDATION FOR ADDITIONAL GUIDANCE REGARDING THE TRANSITION TO IFRS – CONSULTATION PAPER

This is the response of Aviva plc to the draft recommendation for additional guidance regarding the transition to IFRS. As the world's seventh largest insurance group and the largest insurer in the UK, we are pleased to have the opportunity to comment on the proposals that will have a significant impact on the reporting of our business results.

As a group we are keen to see proposals that will provide transparent and clear financial information and we are committed to the provision of appropriate and useful information during the transition to IFRS. However, overall we do not feel that the proposals are realistic given the extremely tight timetable and significant uncertainty still surrounding the IASB proposals to date. The 2003 qualitative disclosures followed by 2004 quantitative disclosures are a year too early.

IASB transitional rules only require disclosure in the 2005 accounts and the transparency directive proposals (Article 26, paragraph 1(a)) allow member states to grant exemption from the 2005 interim requirements in respect of IFRS. The proposed amendments to the transparency directive currently being discussed by European parliamentary committees and the Council of Ministers include removal of mandatory quarterly reporting and relaxation of the timing of the IFRS transitional requirements. It is premature for CESR to require earlier disclosure or quarterly reporting under IFRS in 2005.

As a major investor in the European economy with over €300bn assets under management, Aviva is concerned about the impact of IFRS and the 2005 deadline from an investor's point of view. IFRS will bring about market uncertainty with a serious risk of market instability. We do not want to further increase the instability through the publication of information too early when companies are not able to fully understand/explain the impact of IFRS on their business. There is a real danger that if these requirements were enacted as proposed, inaccurate information would be given to the market which would confuse rather than aid investors.

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We agree with CESR that the change towards IFRS is a complex process. There are specific issues confronting the financial services sector. The IASB has yet to finalise proposed amendments to IAS 32 and 39 on "Financial instruments" and the European Union has not yet endorsed these standards. For insurers in particular, there is no existing accounting standard for insurance contracts under IFRS and the Phase I proposals for 2005 are not due to be finalised until quarter 1 2004. Given the significance of the changes proposed any early disclosure for of the likely impact for 2003 or 2004 would be premature.

We support disclosure of information on the state of readiness for the 2005 deadline but consider it inappropriate to require disclosure of the impact of IFRS whether qualitative or quantitative until accurate information is available for all companies. Whilst certain companies may voluntarily choose to make some earlier disclosures we consider it inappropriate to make this a formal recommendation, as proposed by CESR.

In summary, whilst earlier disclosure through the transition to IFRS may be desirable, realistically, given the complexity, remaining uncertainties and tight deadline involved we would recommend that disclosure should be left to the discretion of individual companies.

Yours sincerely

Nic Nicandrou
Group Financial Reporting Director