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Ms.
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U.S. Securities and Exchange Commission
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Our ref., Date
Rainer Husmann
27.09.2007

Re: 17 CFR Parts 210, 230, 239 and 249
Acceptance From Foreign Private Issuers of Financial Statements Prepared in Accordance With International Financial Reporting Standards Without Reconciliation to U.S. GAAP

Dear Ms. Morris:

The Allianz Group is grateful to have the opportunity to comment on the U.S. Securities and Exchange Commission's ("SEC") proposal to eliminate the requirement that foreign private issuers that prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board (the "IASB") provide a reconciliation to generally accepted accounting principles as used in the United States ("U.S. GAAP").

Allianz fully supports the SEC's proposal. We believe that this proposed amendment to the Form 20-F is supported by the ongoing cooperation of IASB and the Financial Accounting Standard Board (the "FASB"). The progress toward convergence between IFRS and U.S. GAAP can only be served as a result. Further, the elimination of the reconciliation will make U.S. markets more accessible to foreign issuers.

Along with the SEC, Allianz recognizes IFRS as high-quality accounting standards. The IASB has shown leadership in its commitment to creating a comprehensive principles-based system. Further, the due process engaged by the IASB in the development and revision of standards is characterized by transparency and opportunities for public comment. In the European Union, the due process is further enhanced through the EU's endorsement process.

The following will address some of the questions and concerns expressed by the SEC in its proposal.

<u>IFRS and U.S. GAAP Convergence</u>

The major reason for eliminating the U.S. GAAP reconciliation is the past progress and ongoing commitment that the IASB and the FASB have made to update and converge their respective regimes. The result is intended to be high-quality, compatible accounting standards that could be used for both domestic and cross-boarder financial reporting.[1]

As the SEC observes, the process of convergence is expected to continue for a number of years. However, much progress has been made in recent years, and continued progress is expected in the near future. For example, certain short-term convergence projects such as the fair value option, borrowing costs, segment reporting, and accounting changes and error corrections have been completed or are currently being addressed by the IASB and the FASB. Joint IASB-FASB projects now include important projects such as fair value measurement guidance, business combinations, and liabilities and equity distinctions. The development of common definitions and concepts in these significant areas allow the reader of financial statements to understand and compare similar transactions reported under either accounting regime without confusion.

Further indication of the commitment of the IASB and the FASB to convergence is the joint project to converge their respective conceptual frameworks. The goal of this effort is to improve the foundation concepts that underlie international financial reporting and provide a guide for the IASB and the FASB to develop global financial reporting standards.[2] In its commitment, FASB confirms a determination to prepare standards based on consistent principles rather than a collection of rules.

The Allianz Group does not believe that the elimination of the U.S. GAAP reconciliation will lessen the commitment that the IASB and the FASB currently have to the convergence process. The FASB acknowledges that there are areas within its framework that are out-of-date.[3] This is sufficient motivation for the FASB to share a leadership role with the IASB in the development of global financial reporting standards. Moreover, future accounting standards from each of the standard setters will be based on the joint conceptual framework, which should help to ensure convergence for years to come.

Finally, as Don Nicoliasen, SEC's former Chief Accountant, has stated, continued convergence is dictated by market forces.[4] That is, the global marketplace desires consistent and transparent financial reporting. Allianz Group expects that as the acceptance of IFRS grows, the demands of investors and analysts will require the two accounting regimes to accelerate the pace of convergence.

The Allianz Group sees the convergence of the IFRS and U.S. GAAP as the primary reason to eliminate the U.S. GAAP reconciliation requirement. The FASB and the IFRS have made significant progress to date in achieving this goal. As stated above, the urgency to continue down this path will only increase in the future.

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[1] FASB. "The Norwalk Agreement." October 2002. http://www.fasb.org/news/memorandum.pdf

[2] FASB. *The FASB Report.* August 31, 2006.
http://www.fasb.org/articles&reports/conceptual_framework_tfr_aug_2006.pdf

[3] Ibid.

[4] *World Securities Law Report.* "IFRS-GAAP Convergence Not Needed To End U.S. Reconciliation Requirement." Volume 13, Number 03. March 2007.

<u>Specific Areas not Addressed in IFRS</u>
In the proposed rule, the SEC notes that "there are two industry areas that have been identified by the IASB as lacking standards: insurance contracts and extractive activities. IFRS 4 'Insurance Contracts' provides limited guidance on the accounting to be followed by companies that issue insurance contracts or hold reinsurance contracts." While this is true, it should be noted that IFRS 4 does require a degree of comparability and transparency through its scope, minimum requirements and required disclosures.

We acknowledge that insurance accounting will be improved by the implementation of a fully comprehensive insurance contracts standard under IFRS, and we support moves to develop such a standard. Furthermore, we believe good progress has been made by the IASB on this matter with the recent publication of a discussion paper on its preliminary views on accounting for insurance contracts. However, we believe that the current state of insurance accounting under IFRS is sufficiently developed, and requires adequate disclosures to provide a sound basis for investors. Therefore, the insurance industry should not be excluded from the proposed rule, especially if relief from preparing a U.S. GAAP reconciliation would be available to all other industries competing for capital in the US markets.

In response to the specific questions asked:

Question 24
Are there accounting subject matter areas that should be addressed by the IASB before we should accept IFRS financial statements without a U.S. GAAP reconciliation?

No, we agree with the statement in the proposal of the SEC in which they state that they "do not believe that the lack of comprehensive standards in IFRS in [specific] areas alone should delay our consideration of fully accepting IFRS as published by the IASB without a U.S. GAAP reconciliation."

For the reasons outlined above we believe that IFRS is currently a robust set of standards that provides relevant and reliable information to users, albeit that it will be enhanced by completion of a comprehensive standard on insurance contracts, amongst other matters.

We would note that IFRS is not a static set of standards and will be subject to continual change over the next few years as the IASB seeks to improve a number of areas of accounting. Significant projects under review include revenue recognition and financial statement presentation amongst others. Insurance Contracts is simply another such area where the IASB is seeking to improve the current accounting basis. We do not believe that it would be appropriate to delay elimination of the reconciliation for any of these standards, including Insurance Contracts. Given the on-going change in financial reporting there is unlikely to ever be a point where a significant project is not being debated/considered by the IASB.

Question 25
Can investors understand and use financial statements prepared using IFRS as published by the IASB in those specific areas or other areas that IFRS does not address? If IFRS do not require comparability between companies in these areas, how should we address those areas, if at all? Would it be appropriate for the Commission to require other disclosures in these areas not inconsistent with IFRS published by the IASB?

We would note that European investors are already using financial statements prepared using IFRS, which includes a standard on accounting for insurance contracts, to make financial decisions. We therefore do believe that investors will be able to understand and use IFRS financial statements.

We do not think additional disclosure requirements are needed. The lack of a fully comprehensive standard for insurance contracts is already balanced within IFRS 4 by significant and extensive disclosure requirements to increase comparability between insurance companies, i.e. this matter has already been address for insurers by the IASB.

Acceptance of IFRS as Endorsed by the EU

Under Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002, companies listed on a regulated market and governed by the law of a member state of the European Union ("EU") have been required to apply IFRS as adopted by the EU ("EU endorsed IFRS") for their consolidated accounts for financial years since January 2005. Currently, there is no conflict between IFRS as published by the IASB and EU endorsed IFRS, which has allowed companies such as Allianz to prepare financial statements in compliance with both sets of standards. However, in the future, permanent or temporary differences could arise if the EU did not endorse an IFRS standard or did not endorse a standard in time for a particular set of financial statements.

The Allianz Group strongly urges the SEC to allow issuers that are required by law to prepare financial statements in accordance with EU endorsed IFRS to file these financial statements with the SEC without the need for a reconciliation to U.S. GAAP. This change to the proposed rule would be in line with Annex II to the "Framework for Advancing Transatlantic Economic Integration between the United States of America and the European Union," which calls for "U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards to be recognized in both jurisdictions without the need for reconciliation by 2009 or possibly sooner."

If the SEC is unable or unwilling to adopt a complete mutual recognition of U.S. and EU financial reporting standards, i.e. acceptance of financial statements prepared in accordance with EU endorsed IFRS then the SEC should not require a reconciliation from EU endorsed IFRS to U.S. GAAP. Given that there currently are and should continue to be only limited differences between EU endorsed IFRS and IFRS as published by the IASB, the SEC should only require a reconciliation to IFRS as published by the IASB.

Relevance of the U.S. GAAP Reconciliation

The Allianz Group also believes that the U.S. GAAP reconciliation should be eliminated because it is not relevant to the needs of investors and analysts. Since the Form 20-F is not due until six months after year-end, it does not provide data in a timely manner. Analysts now use locally issued IFRS financial statements to perform their evaluation of foreign private issuers.

Benefits of Eliminating the U.S. GAAP Reconciliation

There are several significant benefits to eliminating the U.S. GAAP reconciliation requirement from the Form 20-F. First, the proposed elimination will simplify foreign issuers' access to the U.S. market, and it will make it more attractive for foreign companies to list in the U.S. Allianz believes that the increased reporting burden imposed by the reconciliation deters foreign issuers from offering their securities in the U.S. and provides a significant reason for an existing foreign private issuer to deregister from the U.S. Making the U.S. market more attractive to foreign issuers benefits U.S. investors by increasing their investment opportunities.

The reconciliation also represents an unnecessary financial burden for foreign issuers. In its proposal, the SEC estimates that the average cost of preparing the U.S. GAAP reconciliation is $4.6 million. As a foreign private issuer that meets the definition of a large accelerated filer under the Exchange Act Rule 12b–2 definition, Allianz confirms that its cost of maintaining U.S. GAAP records and preparing the U.S. GAAP reconciliation significantly exceed the SEC's estimate. The elimination of the U.S. GAAP reconciliation would allow foreign issuers to prepare their financial reporting more efficiently.

Finally, the reconciliation consumes management's attention and quality assurance activities. While multi-GAAP IT systems help with routine reporting issues, the reconciliation itself, along with certain non-routine and complex transactions, require additional financial management resources to comply with the U.S. GAAP standards. Eliminating the additional U.S. GAAP reporting burden would allow managers to focus solely on the IFRS reports.

Timing of Elimination of the U.S. GAAP Reconciliation
Allianz Group sees no reason to delay the elimination of this requirement. As stated above, we believe that this reconciliation is not relevant to analysts or investors. IFRS is currently viewed as a comprehensive and high-quality body of accounting standards. Thus, there is no need for the SEC to qualify its acceptance of financial reporting prepared in accordance with IFRS. Allianz Group encourages the elimination of this requirement earlier than the 2009 date proposed by the SEC.

Safe Harbor Protection
As noted by the SEC in the proposed rule, qualitative and quantitative information about market risk inherent in derivative financial instruments, other financial instruments, and derivative commodity instruments provided by foreign registrants in Item 11 of Form 20-F is expressly subject to the safe harbor protection found in Section 27A of the Securities Act and Section 21E of the Exchange Act, to the extent that it represents "forward looking statements". This safe harbor protection is similarly offered to domestic registrants for their forward looking statements. Due to the requirements of IFRS 7, this same forward looking information will soon be required disclosures within the body of IFRS financial statements. We urge the SEC to provide safe harbor protection for the disclosure of the similar forward looking information, regardless of whether it is disclosed outside or inside the financial statements. Such a decision would create a level playing field for IFRS and U.S. GAAP users.

We would be pleased to discuss our comments with you.

Yours sincerely,

Helmut Perlet