



March 12, 2010

Mr Robert Herz, Chairman
Financial Accounting Standards Board

Sir David Tweedie, Chairman
International Accounting Standards Board

Sent by Electronic Mail

Dear Sir David and Mr. Herz: :

We commend the IASB and FASB for devoting a substantial amount of time on their meeting agendas for the next two weeks to the insurance contracts project. We acknowledge the continuing focus the Boards are placing on moving to an Exposure Draft for an insurance contracts standard in the next quarter and to a completed standard by the middle of next year.

Obviously, there are several key issues that the Boards must deliberate before a meaningful Exposure Draft can be issued. We have expressed our views on these issues in many letters to the Boards and in other communications over the last few years. We believe that you are well aware of our positions. But as you move to an Exposure Draft, we ask that you reflect on our positions on the matters that you are still deliberating. We believe that our positions are consistent with the nature of the insurance business (which, as we've indicated, differs significantly among lines of insurance such as life vs non-life insurance, and short vs long duration insurance contracts and short vs long-tail claims).

We believe that information that is consistent with the nature of the business and the way management runs the business is most helpful to investors in insurance companies. While our views are heavily influenced by trade-offs between the cost and benefit of producing various types of financial information, we continue to believe our proposals for measuring and reporting life and non-life insurance contracts would produce the most relevant, reliable, transparent, and decision-useful information for investors in insurance companies.

We understand the theoretical bases for positions that some Board members have taken on some of the issues the Boards have discussed (e.g., explicit risk margins, unbundling, discounting of short duration liabilities). However, there is a lack of objective evidence to support the effectiveness of these positions, and we remain unconvinced that these theoretical positions will result in information that is more relevant, reliable, transparent, and decision-useful than either the existing models for life and non-life insurance or those we have proposed, despite the

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significantly higher costs that would be required to produce such information. Specific details on the problems that would result from theoretically based tentative conclusions that the Boards have reached can be found in the results of the field tests the Boards recently conducted.

We have received feedback from some Board members and staff that our views on some of these issues are inconsistent with positions taken by users (who may or may not be investors) and by the insurance industry in other parts of the world. While we understand that some users and some industry groups in other parts of the world have taken positions that are different than our's, we have found significant support for many of our positions among users and among industry groups in areas such as Asia and Latin America, as well as in parts of Europe. We find that these views are consistent with the positions of a substantial part of the industry in many parts of the world.

We share your commitment to completing the insurance contracts project according to the timeline on which you are now working, and we would be pleased to continue to work with you on any and all aspects of the project.

Thank you for considering our concerns.

Kevin A. Spataro, Chairmain/s

GNAIE Accounting Convergence Committee

KAS:mtf

Copies to: IASB and FASB members

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