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GREATER TRANSPARENCY,
INCLUSIVENESS AND ACCOUNTABILITY**

NEW YORK, Feb. 6 – An organization of major life and property/casualty insurers and reinsurers has asked the Securities and Exchange Commission (SEC) to delay the approval of a Memorandum of Understanding (MOU) on the creation of an International Accounting Standards Committee Foundation Monitoring Group (IASCF), calling for more transparency, inclusiveness and accountability.

“An MOU agreement signed by the IASCF should be with a transparent, inclusive group structured and empowered to actually resolve the issues inherent in the need for public accountability,” said Jerry de St. Paer, executive chairman of the Group of North American Insurance Enterprises (GNAIE).

In a February 5 letter to SEC chair Mary Schapiro, de St. Paer said SEC approval of the memorandum with the Monitoring Group was premature until several critical issues had been addressed.

The IASCF Monitoring Group is intended to provide for interaction between national authorities responsible for the adoption of global accounting standards.

GNAIE believes that three issues should be addressed by an organization such as the monitoring group: a mechanism by which regulators such as the SEC can fulfill their due process requirements regarding the establishment of international accounting standards; a process that actively reduces or eliminates divergence in the standards adopted globally; and a process that encourages uniform enforcement of standards related to financial statement.

“The MOU does not establish an organization of sufficient scope or composition to address these issues,” de St. Paer wrote. “Establishing or identifying an organization that would fulfill these functions is not something that could be accomplished solely in h MOU between that organization and the IASCF.”

GNAIE also expressed concerns that the Monitoring Group described in the MOU does not go far enough in terms of achieving the overall goals of its proposal. “Without the coordination and cooperation regarding adoption, endorsement and enforcement that we suggest as functions of an effective Monitoring Group, the MOU does not create effective public accountability, merely dialogue with public authorities,” de St. Paer said.

.He also said the group should have the presumption of transparent process and communication, including open meetings whenever possible, public availability of reports and communications between the group and the IASCF and a formal process of comment and input from the public.

“With the commitment of financial and securities regulators to increased transparency and accountability, the Monitoring Group should be an example of these principles, not a reversion to a closed process,” de St. Paer told the SEC chair.

Pointing out that, as currently composed, the Monitoring Group is limited to stakeholders charged with the needs of investors, de St. Paer said consideration should be given to adding members who have responsibility for financial stability and systemic risk, representation from the World Bank and International Monetary Fund as well as an official observer from the International Association of Insurance Supervisors.

“Signing the MOU before these issues are addressed and discussed not only by the IASCF, but also by the public authorities would be premature,” he said.

The goals of GNAIE are to influence international accounting and solvency standards to ensure that they result in robust high quality accounting and solvency standards for insurance companies and, to that end, to increase communications between insurers doing business in North America and international regulators and standard setters. GNAIE works to meet its goals through modeling of proposed accounting standards, analysis, comment and coordination with various end users of financial reports.

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To influence the development of international accounting and solvency standards to ensure that they result in robust, high quality standards for insurance enterprises.

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