

July 29, 2011

Mr. James L. Kroeker
Chief Accountant
Securities & Exchange Commission
100 F Street, N.E.
Washington D.C.

Re: File No. 4600 - Commission Statement in Support of Convergence and Global Accounting Standards

Dear Mr. Kroeker,

CNA Financial Corporation (CNA) appreciates the opportunity to provide input on the framework presented in the SEC Staff Paper, "Exploring a Possible Method of Incorporation" (the Staff Paper). CNA is the seventh largest commercial insurance writer and the thirteenth largest property & casualty writer in the United States. CNA has insurance operations in both North America and Europe.

CNA is supportive of the FASB and IASB Boards' joint efforts to converge to a single set of high-quality, globally accepted accounting standards and is appreciative of the Commission's commitment to achieve this objective while minimizing adoption costs, effort, and other challenges that come with a change of this magnitude and complexity.

CNA has committed significant resources to follow the evolution of IFRS and review the various proposals resulting from the FASB/IASB Joint Projects. Each of these proposals will impact CNA to varying degrees, some very significantly. CNA has significant concerns regarding the transparency and usefulness of financial results presented under certain Joint Project proposals in addition to the operational practicality of implementing the proposed standards. As a result, CNA submitted comment letters relating to Insurance Contracts, Financial Instruments, Impairment, and Leases. While we are encouraged that the re-deliberation process following comment letter feedback has addressed many of our significant concerns, it does not appear the Boards will be able to agree on certain key aspects on several of these standards.

Recognizing this practical inability to achieve a single set of global accounting standards, we believe the Staff Paper provides appropriate safeguards to U.S. financial reporting standards.

The remainder of this comment letter addresses the method of incorporation of IFRS into the U.S. financial reporting system rather than the overall appropriateness of the adoption of IFRS in the U.S.

Framework

If the Commission concludes it is best for investors and other users of financial statements in the U.S. to incorporate IFRS into the U.S. financial reporting system, CNA believes a framework that incorporates aspects of convergence and endorsement is a reasonable method for incorporation.

We are supportive of the FASB retaining its role as the U.S. standard setter. We are also supportive of the FASB having an active role in the international accounting arena in the development of globally accepted accounting standards to ensure that the U.S. interests are suitably addressed in the development of those standards.

We are supportive of the Staff's recommendation to retain U.S. GAAP as the named accounting standard for the U.S. financial reporting system as it would ease the administrative complexities related to changing references to U.S. GAAP in the numerous forms and formats in which it is currently referenced (e.g., U.S. law and regulations, regulatory requirements, legal documents, educational materials, etc).

Transition

CNA is supportive of the organization of IFRSs into three categories to be utilized in the process of transition. CNA believes Category 1 of the transition plan (IFRS subject to MoU Projects) captures the spirit of the "big bang" approach as the more critical standards (e.g., Revenue Recognition, Financial Instruments, Insurance Contracts, Leases, etc) will be converged and incorporated into U.S. GAAP and IFRS and the effective dates would be aligned. To the extent that the MoU projects are not incorporated simultaneously, CNA would recommend an approach in which linked/complimentary standards would be implemented simultaneously to gain operational efficiencies (e.g., system modifications, process changes, and changes in personnel, etc) and increase the overall effectiveness of the transition. CNA believes the method of incorporation should have some "big bang" adoption periods given the inherent linkage of certain standards such as Financial Instruments and Insurance Contracts.

CNA agrees with the proposed transition period of five to seven years. This transition period will enable the U.S. to benefit from implementation lessons learned in other jurisdictions and allow proper vetting of unanticipated impacts on other aspects of a constituent's reporting and regulatory requirements (i.e., statutory accounting for U.S. insurers). This transition period also provides an ample amount of time to obtain resources, train employees, and update operating systems which will be a necessity given the magnitude of this change.

In addition to a planned transition period of five to seven years, a detailed timeline and incorporation plan should be prepared which details when each standard will be effective and which standards will be adopted in unison. We acknowledge that the SEC Staff notes in the Staff Paper that the timeline of incorporation is a separate consideration, but we believe it would be beneficial for this timeline and incorporation plan, once developed, to be exposed for comment from U.S. constituents. Once U.S. constituents have more knowledge about the proposed timeline, we will be able to provide more detailed feedback in regards to the operability of this approach based the state of U.S. GAAP and IFRS at that point in time as well as the timing required for transition.

Before addressing the on-going standard setting process, CNA would like to highlight that the statement, "...FASB should find the need to exercise its authority to issue any requirements in conflict with IFRS in only unusual circumstances..." is an unreasonable expectation and not reflective of how the FASB/IASB joint projects have progressed to date. Examples of standards that appear they will not be fully converged are Balance Sheet Offsetting, Insurance Contracts, and Financial Instruments. Therefore, we believe it is appropriate for the Commission to anticipate differences between the two standards and have a plan to effectively handle these differences.

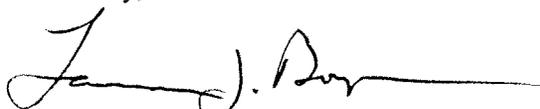
In light of the preceding comment, CNA requests that the SEC Staff clarify the following aspects of the incorporation plan that will be critical to the on-going standard setting process:

- The endorsement protocol. Specifically, the Commission's and the FASB's processes to accept, modify, or reject newly issued IFRS, as well as the Commission's and the FASB's processes as it relates to the development and incorporation of standards for which there is no specific IFRS counterpart.
- The process, if any, to redeliberate standards that are not currently converged. For example, whether the FASB will have the autonomy and authority to unilaterally adopt into U.S. GAAP modifications to a newly issued IFRS and create a permanent difference between U.S. GAAP and IFRS. If there is no such process, the process for the vetting and approval of the modification by the IASB prior to incorporation into U.S. GAAP.
- Evolution and resolution of implementation issues. Specifically, whether the FASB and SEC will have the ability to directly and quickly respond to emerging issues given their proposed involvement with the IASB. For example, how the proposed framework will impact the EITF process going forward and whether this process will become the responsibility of the IFRIC. If this does become the responsibility of the IFRIC, whether the IFRIC process is robust enough to address the volume and intensity of implementation issues that arise with the incorporation.
- Conceptual Framework Project. How the Conceptual Framework project fits into the overall timeline. CNA believes merging the underlying objectives that each Board follows will increase the likelihood and ultimate success of convergence.

We hope that this feedback is helpful to the Commission as it finalizes its decisions regarding the incorporation of IFRS into the financial reporting system for U.S. issuers and the methods for incorporation.

If you have any questions, please feel free to contact me at 312-822-5653.

Sincerely,



Lawrence Boysen
Senior Vice President and Corporate Controller
CNA Financial Corporation