



Property Casualty Insurers
Association of America

Shaping the Future of American Insurance

James M. Olsen
Vice President, Accounting and Investment Policy

July 31, 2011

Office of the Chief Accountant
U.S. Securities and Exchange Commission
Office of the Chief Accountant
100 F Street, NE
Washington, DC 20549

RE: Comments:

Work Plan for the Consideration of Incorporating
International Financial Reporting Standards
Into the Financial Reporting System for U.S. Issuers
Exploring a Possible Method of Incorporation
A Securities Exchange Commission Staff Paper

The Property Casualty Insurers Association of America (PCI) welcomes the opportunity to respond to the request for comments from the Commission on the above referenced Staff Paper. PCI's more than 1,000 member insurance companies write over \$175 billion in annual premium, which represents more than 37 percent of the property casualty insurance coverage written in the United States.

PCI supports the development of a robust set of high quality international financial reporting standards. However, we do not believe the U.S. should cede its authority to set accounting principles to the International Accounting Standards Board (IASB). We have concerns about the current lack of a permanent source of funding for the IASB and the effects this could have on its independence and the need for improved governance of the IASB. Although we do acknowledge that these issues are currently being considered by the IFRS Monitoring Board,

Conceptually, we agree with the Staff Paper's recommendation to maintain the Financial Accounting Standards Board (FASB) as the U.S. accounting standard setter providing input to the IASB during its deliberations. FASB can then work to eliminate or minimize differences between GAAP and IFRS where appropriate, while maintaining GAAP standards that best address the needs of U.S. financial statement users. Prime examples of this are the proposed accounting for short duration insurance contracts and some aspects of the reporting for financial instruments. In fact, it appears that a significant percentage of countries that indicate they are reporting under IFRS are actually allowing adjustments to IFRS promulgated by the IASB to meet accounting needs specific to their country.

We also believe a gradual incorporation of IFRS into existing GAAP standards would be most appropriate. The "big bang" approach would be extremely expensive and disruptive for smaller companies and companies that do not have international operations. These companies would incur significant costs for education, training, and systems changes with little benefit being realized. An early adoption option could be made available for companies that would benefit from that approach.

If you have any questions or comments about our letter, please contact me at your convenience.

Sincerely,

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