

109



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19 September 2007

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SEP 24 2007
OFFICE OF THE SECRETARY

Dear Ladies and Gentleman

Ref: File Number S7-13-07

Acceptance from Foreign Private Issuers (FPIs) of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) without reconciliations to US GAAP.

This letter has been prepared by the European Insurance CFO Forum, which is a body representing the views of 20 of Europe's largest insurance companies. Our members include a mixture of FPIs and those with no SEC registration but virtually all report under IFRS. We welcome the proposed rule as an important step to achieving global convergence of accounting standards, which is an important goal for all companies, not just those listed in the US.

It is not our intention that the CFO Forum responds to all the questions raised by the SEC in the proposed rule. Our individual members will respond to you directly where they have comments to make. We are writing in direct response to the questions raised on the IFRS treatment of insurance (questions 24 and 25 in section III.B.3 and on question 29 regarding safe harbour for forward looking information).

IFRS Treatment of Certain Areas

In its discussion of the questions below we note that the proposed rule makes the following comments on insurance accounting:

"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.

Except in some areas, IFRS 4 permits a company to continue to apply its pre-existing home country accounting principles for insurance contracts. Insurance company accounting and practices vary greatly throughout the world in areas such as revenue recognition, claim expense recognition, policy benefit recognition and policy acquisition costs, resulting in substantial variation in reporting practices.

The IASB has noted that it is in the process of developing a standard for insurance contracts because "there was no IFRS on insurance contracts, and insurance contracts were excluded from the scope of existing IFRSs that would have been relevant (e.g. IFRSs on provisions, financial instruments, intangible assets); and accounting practices for insurance contracts were diverse, and also often differed from practices in other sectors.

We believe that this does not fully reflect the current accounting situation under IFRS. As outlined above there is a standard on Insurance Contracts under IFRS, namely IFRS 4. Whilst this does allow insurers to continue with existing accounting practices, it does contain requirements to improve the comparability and transparency of insurance accounting, namely:

- *Scope* - the standard clearly defines what constitutes an insurance contract. Those contracts not meeting this definition are required to be accounted for as financial instruments in accordance with IAS 39;
- *Minimum requirements* – certain accounting practices are prohibited by IFRS 4, for example the inclusion of equalization provisions, all contracts are subject to a liability adequacy test that must meet some minimum requirements and there is a common criteria for derecognition of an insurance liability;
- *Disclosure* – IFRS 4 requires extensive disclosure of the impact on the accounts of insurance contracts and the nature and extent of risks arising from insurance contracts, as well as a comprehensive disclosure of the entity's accounting policies. These disclosures are more extensive in certain areas than US GAAP and were designed to increase comparability, given the different underlying policies applied by entities. These disclosures will be further enhanced further following the introduction of IFRS 7 for 2007 year ends.

What is more, the requirement to continue with existing accounting policies mean that individual markets have comparable accounting and as IFRS becomes more embedded over time, convergence grows as the industry refines its current practices. IFRS is currently used by investors in Europe as a relevant and reliable accounting basis.

Further convergence in insurance accounting is highly likely given the Insurance Contracts project currently being undertaken by the IASB and we support the development of a comprehensive IFRS insurance standard. The recent publication by the IASB of a discussion paper on its preliminary views on accounting for insurance contracts shows significant moves are being made in this direction.

Accordingly, we do not believe that there are sufficient grounds to exclude the insurers from the scope of the proposed rule, especially if relief from preparing a US GAAP reconciliation would be available to all other industries competing for capital in the US markets.

We do not believe that further disclosures should be required in the absence of a US GAAP reconciliation as IFRS 4 already anticipates that companies will be applying different accounting policies to its insurance contracts and requires a significant level of disclosure to improve transparency and comparability.

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 are under review including 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?

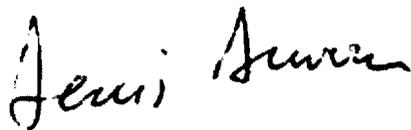
We would note that European investors are already using financial statements prepared using IFRS, which includes a standard on accounting for insurance contracts, to make financial decisions. We therefore do believe that investors will be able to understand and use IFRS financial statements.

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.

Safe harbour for forward looking information required by IFRS 7 (question 29)

We also wish to comment on the implementation of IFRS 7 and the interaction with the safe harbour rules. IFRS 7 will require preparers issuing financial statements under IFRS to include certain forward looking information within the body of the audited financial statements. We believe that it is vital that such forward looking information should be included in the safe harbour provided under Section 27A of the Securities Act and Section 21E of the Exchange Act. Other US GAAP preparers will benefit from such provisions simply by disclosing the information outside the main audited financial statements, albeit the uncertainties regarding the information remain the same.

Yours sincerely



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