



Hans Hoogervorst Esq
Chairman
International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

23 October 2012

Dear Mr. Hoogervorst,

Insurance Contracts Project

This letter has been drafted by the European Insurance CFO Forum, a body representing the views of 20 of Europe's largest insurance companies; The Hub Global Insurance Group, a global coalition of insurance companies and associations; and Insurance Europe, representing 95% of the premium income of the European insurance market. Accordingly, we represent the consensus view of a significant element of the European and global insurance industry.

At the September Board meeting, the Board decided that there will be a limited re-exposure of the Insurance Contracts Standard, which will only request comments on five targeted areas of the proposals – treatment of participating contracts, presentation of premiums in the income statement, treatment of unearned profit in an insurance contract, presenting the effect of changes in the discount rate in OCI and the approach to transition. The Board also indicated that in carrying out this limited re-exposure it would explicitly avoid re-opening any other topics that have already been re-deliberated.

We agree that these five targeted areas warrant further consideration in light of the significant changes since the ED. We also agree to the need to finalise the insurance contract project as soon as possible. We understand the concerns of the Board that a full, unrestricted, re-exposure could lead to a time consuming re-deliberation of every aspect of the project, and that the tentative decision on limited re-exposure is a compromise between the need for re-exposure and the objective of finalising the project as soon as possible.

However, taking into account the importance of this project for the insurance industry, we believe that there must be a comprehensive consideration of the standard as a whole and request that the scope of comments should not be restricted to the issues specified above. The purpose of such comprehensive consideration would be to allow constituents to assess consistency of all aspects of the proposed standard to ensure appropriate consideration has been made of the consequences of the more recently developed parts on those parts of the standard developed earlier in the process. Many elements of the proposals are interrelated and this means the standard should be considered in its entirety. Considering only some elements of the proposals in isolation could lead to an overall unintended and / or inappropriate impact.

As you are aware we have been actively involved throughout the re-deliberation of the Insurance Contracts Project and we appreciate the many significant changes that the Board has introduced since publishing the ED and the deliberations that are yet to come in finalising the project. We support many of the Board's decisions and, as such, we are not attempting to re-open all topics to a general debate but rather wish to ensure that all the inter-related elements of the standard are appropriate when considered in its entirety and that all matters that have been or are being re-deliberated since the ED are consistently and appropriately reflected. We believe that this may be achieved by enabling constituents to comment not only on the five targeted areas but on the consistency and appropriateness of the proposals as a whole.

We also expect that the industry will perform testing of the proposals which could then supplement our comments on the consistency and appropriateness of the proposals as a whole.

The Insurance Contracts Standard will fundamentally change financial reporting for insurance companies by affecting the measurement, presentation and disclosure of the financial results of the insurer. We are fully committed to the timely development of a high quality comprehensive insurance contracts accounting standard. We agree that finalising the standard within a reasonable timeframe should be a priority but this should not be to the detriment of quality. Given its significance to the industry we believe there should be an opportunity for all constituents to consider the standard in its entirety.

We would be happy to discuss this in further detail with you and the staff dedicated to the Insurance Contracts Project. Please feel free to contact us if you wish to discuss the matters covered in this letter.

Yours sincerely



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European Insurance CFO Forum



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Benoit Jaspar
On behalf of
The Hub Global
Insurance Group

cc: Françoise Flores, European Financial Reporting Advisory Group