

To: Sir David Tweedie
Chairman
IASB
30 Cannon Street
London EC4M 6XH
United Kingdom

Subject: **Response to the IASB request for views on the two FASB FSPs**

Brussels, 20 April 2008

Dear Sir David,

The CEA, the European Federation of insurers and reinsurers, who represents all types of insurance and reinsurance undertakings, accounting for approximately 94% of total European premium income, welcomes the IASB call for views on the two recent FASB Staff Proposals on Amendments on Fair Value Measurement and on Amendments to Impairment Requirements. Indeed, those topics are of great importance for us.

Since the IASB published this request for views, the FASB has published its final text for those two FSPs and therefore in this letter, when we write about the FSPs we refer to the final version of those documents. However, we would like to point out that the initial draft FSPs included concepts (the initial FSP on impairment included equity securities, the initial FSP on fair value included the presumption of distressed transactions when the market are inactive) which should also be considered at the latest when the Boards conduct their thorough review of IAS39 and its equivalent in the US GAAP. We note that the IASB has not requested views on disclosures. We believe disclosures should be thoroughly analysed and debated as an integral part of the wider IAS 39 review.

The financial crisis that the world is currently facing has challenged the application of fair value measurement in particular in case of market becoming inactive. As preparers, we welcome the additional guidance provided by the FASB staff. We understand that the IASB is assessing whether this guidance is compliant with the current IFRS literature. We believe it is compliant and support that this guidance be incorporated into IFRS literature.

As for the US proposals to modify the impairment requirements in relation to investments in certain debt securities, we believe that this would increase the usefulness of financial statements for users. Indeed, we believe that the notion of 'other than temporary impairment' (which would limit impairment of debt securities to cases where the entity is likely to sell them before they have recovered their initial value and which would isolate credit losses from the rest of the fair value change) would improve the information contained in the financial statements for users. We recommend that the IASB implements similar requirements in IFRS literature as soon as possible and certainly before the full review of IAS 39 which is expected to deliver an exposure in fall 2009.



As the CEA, we are committed to actively participate in this debate, as we have in the past (e.g. : our response to the discussion paper on reducing complexity in reporting financial instruments, our participation to the IASB and FASB roundtable, our response to the FCAG questionnaire). In those papers, we have pointed out other areas related to IAS 39 which would need to be improved in a near future, such as the 'once impaired, always impaired' rule, or the reversal of 'available for sale' securities.

Do not hesitate to contact us should you have any question,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alberto Corinti', written in a cursive style.

Alberto Corinti
CEA Deputy Director General / Director Economics & Finance