GNAIE
Group of North American Insurance Enterprises
40 Exchange Place, Suite 1707 ▸ New York, NY 10005 ▸ United States

October 14, 2011

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Re: IASB Exposure Draft 2011/3, *Mandatory Effective Date of IFRS 9 ("ED")*

Dear Mr. Hoogervorst:

The Group of North American Insurance Enterprises ("GNAIE")[1] is pleased to provide comments to the Board on its ED related to modifying the effective date of IFRS 9, *Financial Instruments* so that entities can apply the requirements of IFRS 9 for annual periods beginning on or after January 1, 2015 versus the original effective date of annual periods beginning on our after January 1, 2013.

Certain GNAIE members have operations that currently report using IFRS and therefore, we appreciate the opportunity to provide comments on the ED. We support the IASB's view that companies should be allowed to apply the requirements of all phases of the project to replace IAS 39 (i.e., hedge accounting, impairments, classification and measurement) at the same time.

Furthermore, GNAIE supports a continued view that the effective date for IFRS 9 should be aligned with not only the effective date of all phases of replacing IAS 39, but also with the effective date of the insurance contracts project. In the Basis for Conclusions for the ED, the IASB noted that it originally considered delaying the mandatory effective date of IFRS 9 from January 1, 2013 if the new standard on insurance contracts had a mandatory effective date later than 2013 to avoid an insurer having to face two rounds of changes in a short period of time. This would allow insurers to modify policies, processes and systems concurrently, considering the interaction of both standards, rather than implementing the standards independently. In addition, since these standards may have significant impacts on insurers and are closely interrelated, we believe financial statement users would benefit from understanding the combined effect of the standards. As a result, we prefer to contemporaneously adopt both standards. Since the issuance of the ED, the IFRS Advisory Council met in early October and discussed the work plan for the phases of the project to replace IAS 39 and the work plan for the Insurance Contracts project noting that additional exposure drafts may be issued at various times throughout 2012. We

[1] GNAIE is a trade organization comprised of leading insurance companies including life insurers, property and casualty insurers, and reinsurers in Bermuda, Canada and the United States. GNAIE members include companies who are the largest global providers of insurance and substantial multi-national corporations, and all are major participants in the US and emerging markets.

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support re-exposure which we believe is consistent with proper due process. The uncertain finalization of those important projects further supports our view that flexibility to modify the January 1, 2015 effective date should be retained if these important projects are not ready for adoption until a date later than January 1, 2015.

Additionally, we stress the importance of a converged financial instruments project between the FASB and IASB. As expressed in previous communications to the IASB, we are supportive of the more expanded use of fair value through other comprehensive income, which the FASB has recently discussed, as for certain insurer liabilities, it could provide for better financial statement matching of life insurers' liabilities and related assets. The U.S. has not yet confirmed the adoption of IFRS or incorporation of IFRS into U.S. GAAP. Should the Securities and Exchange Commission decide to adopt or incorporate IFRS into U.S. GAAP, converged guidance would eliminate the possibility that U.S. preparers would be required to adopt guidance required by the FASB and then, at a later time, be required to adopt different guidance under IFRS. As a result, we suggest the adoption date of IFRS 9 remain flexible to provide ample time for convergence to occur.

Consistent with our previous comments, we believe the transition requirements, including the requirement to restate comparatives, should be aligned with those of the insurance contracts project. Also, for our foreign private issuer members with subsidiaries that file with the SEC, certain SEC disclosures would require 2 years of comparatives, in addition to the year of adoption. This requirement should be considered in the adoption timeline.

If the Board desires a further discussion of our views please contact Doug Barnert at (212) 480-0808.

Sincerely,

Justin Etheridge
Chair, GNAIE Financial Instruments Subcommittee

Diane Bellas
Vice-Chair, GNAIE Financial Instruments Subcommittee

cc: FASB Staff

JE:DB:cll