

October 12, 2009

Mr. Robert Herz
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Exposure Draft, *Fair Value Measurements and Disclosures*

Dear Mr. Herz:

The following undersigned six insurance trade associations are pleased to offer comments on the exposure draft: *Fair Value Measurements and Disclosures* (ED). We are encouraged by the statement, "The amendments in this proposed Update would improve comparability of financial reporting internationally..." and support the convergence of accounting standards into a single set of high-quality global standards.

Our comments focus on three critical issues-sensitivity analysis, approach used to comply with the requirements and the effective date.

The proposed ED would require the entity to disclose the effect of changes in reasonably possible significant alternative inputs for Level 3 for each class of assets and liabilities. By requiring this sensitivity analysis to be included in the Notes to the Financial Statements, the disclosures would be subject to audit and the Sarbanes-Oxley Section 404 controls, which is a significant concern to our members. This requirement will further add to the cost of compliance. We recommend that the Board consider working with the SEC to modify the Management's Discussion and Analysis to include any sensitivity analysis.

Companies preparing their financial statements in accordance with IFRS are finding it difficult to comply with the sensitivity requirement for certain assets reported as Level 3 when the value is determined using non corroborated broker quotes. Because the value is based upon external sources rather than the company's internal models, it is impracticable if not impossible to obtain sensitivity analysis from the brokers. Similar issues arise with private equity funds and certain hedge funds. A more practical approach is needed under these circumstances.

Finally, we recommend the effective date should be for interim reporting periods ending after September 15, 2010. The proposed ED changes will require considerable effort and lead time to implement and the March 15, 2010 will pose a significant burden on the insurance industry. Because insurance company financial statements are prepared on a calendar year, most of the time in the first quarter is needed to complete the extensive annual reporting requirements. In addition, the insurance industry will likely need to utilize extensive resources to respond to the insurance contract project exposure draft, which is expected to be released in December 2009 with a comment period ending May 2010.

We thank you for the opportunity to comment on the ED and welcome the opportunity to discuss this matter in greater detail at your convenience.

Sincerely,

American Council of Life Insurers
American Insurance Association
Group of North American Insurance Enterprises
Property Casualty Insurers Association of America
National Association of Mutual Insurance Companies
Reinsurance Association of America