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## **FAIR VALUE ACCOUNTING RECOMMENDATIONS OF THE GROUP OF 30 APPLAUDED BY ORGANIZATION OF INSURERS AND REINSURERS**

**NEW YORK, January 22** -- The Group of North American Insurance Enterprises (GNAIE), an organization of major life and property/casualty insurers and reinsurers, today endorsed the Group of 30's (G30) recommendations on fair value accounting.

In a report issued last week, G30 called for the reevaluation of fair value accounting standards "with a view toward developing more realistic guidelines for dealing with less liquid instruments and distressed market" as well as "development of principles-based standards that better reflect the business model of these institutions"

Jerry de St. Paer, Executive Chairman of GNAIE, said the G30 fair value accounting recommendations were "a meaningful step in adding clarity to the ongoing examination of the proper way to account for assets in disorderly markets."

The GNAIE position continues to be that the application of fair value accounting measurements to an inactive, illiquid, and disorderly market for structured credit products helped fuel the worldwide credit crisis and proposed its own set of recommendations to the FASB and the SEC.

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To influence the development of international accounting and solvency standards to ensure that they result in robust, high quality standards for insurance enterprises.

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GNAIE believes that while fair value measurements did not cause the global credit crisis, unreliable, and non-transparent fair value measurements served as a powerful accelerant.

GNAIE has advanced what it considers to be a practical, easily implementable and principles-based solution to the issues created by fair value accounting using existing mechanisms within U.S. GAAP.

In situations where markets are not active, liquid or orderly, GNAIE's solution is to temporarily migrate from fair value accounting to an amortized cost/incurred loss methodology.

The goals of GNAIE are to influence international accounting and solvency standards to ensure that they result in robust high quality accounting and solvency standards for insurance companies and, to that end, to increase communications between insurers doing business in North America and international regulators and standard setters. GNAIE works to meet its goals through modeling of proposed accounting standards, analysis, comment and coordination with various end users of financial reports.

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