

Mr Stig Enevoldsen
Chairman of the Technical Expert Group
EFRAG
13-14 Avenue des Arts
B-1210 Brussels

3 December 2007

Dear Mr Enevoldsen

I am taking this opportunity to write to you in relation to ongoing developments in financial reporting for insurers, that is the "Phase II" accounting standard for insurance contracts, proposals for which have been issued as a Discussion paper by the IASB.

I have attached to this letter a copy of the European Insurance CFO Forum and Comité Européen des Assurances (CEA) response to the International Accounting Standards Board's (IASB) Discussion Paper - Preliminary Views on Insurance Contracts (the "Discussion paper").


We have identified a number of areas where the IASB's proposals do not appear to reflect the economic basis. Our concerns with the IASB's views in these areas are discussed in detail in our response letter and include their proposals for expected future premiums, discretionary payments under participating contracts, hypothetical market expenses and reflection of changes in own credit characteristics.

The CFO Forum has not commented on the EFRAG draft comment letter you issued on 3 October 2007. However, our response to the IASB contains several comments which can be of interest for the TEG when completing its comment letter to the IASB.

Furthermore, we do believe that one key aspect is that the measurement of insurance liabilities for accounting and regulatory purposes should be consistent (best estimate of future cash flows and a risk margin represented by the cost of capital)

I would be happy to discuss this and other issues raised by our letters with you. In the meantime please do not hesitate to contact us if you have any immediate queries or questions you would like us to address.

Yours sincerely


Denis Duverne
Chairman of CFO Forum