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Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-20-07- CONCEPT RELEASE ON ALLOWING U.S. ISSUERS TO PREPARE FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The American Council of Life Insurers (ACLI) appreciates the opportunity to offer our views on the SEC *Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance With International Financial Reporting Standards*. The ACLI is the principal trade association of life insurance companies, representing 373 members that account for, in the aggregate, 93 percent of the total assets, 91 percent of the life insurance premiums, and 95 percent of annuity considerations in the United States.

As a trade organization that represents companies with both foreign and domestic parent companies, we appreciate the need and importance of moving forward with the convergence efforts of both the FASB and the International Accounting Standards Board (IASB). We believe that creating a single global set of accounting standards is of paramount importance in the global economy that we operate in today. Therefore, we continue to be strong advocates for convergence and encourage the SEC to continue to lead in its drive towards convergence as well.

We do have some general concerns, though, with the direction of the SEC in regards to this project. While not the express intent of the SEC, the option permitted within this concept release could certainly be viewed as an endorsement of IFRS as the single global accounting standard. While we concur that IFRS has been developed through a robust and open process, we do not believe that it represents a converged standard. There continue to be many and vast differences between IFRS and U.S. GAAP. These differences will take a significant and determined effort to work through and are encompassed in the multi-year convergence plan of the two boards, the FASB and the IASB. We are particularly concerned about the lack of a complete and thorough accounting standard on insurance contracts within IFRS. While a preliminary views document on the accounting for insurance contracts has been issued by the IASB, a final issued standard still remains years away. In general, the industry has some significant concerns with the preliminary views document put forward by the IASB. A separate comment letter will be sent by the ACLI to the IASB detailing these concerns.

We also have concerns regarding the availability of resources to address a significant increase in the number of companies preparing financial statements in accordance with IFRS. There is a lack of adequately prepared accountants and auditors to address a large migration to IFRS. While companies with international operations and/or foreign parent companies may have the infrastructure to support the election of the option, other companies are not prepared. There is a risk that a company will be pressured to elect the IFRS option if they operate in a largely international industry but not have the adequate resources to meet the demands of a new accounting basis. Therefore, we are recommending that at the time the SEC prepares a proposed release addressing

this issue, it consider a staggered transition to IFRS recognizing that some entities are better prepared than others to adopt the option. For example, a U.S. subsidiary of a foreign parent company that is currently preparing both U.S. GAAP for the U.S. subsidiary for its U.S. filing with the SEC but also maintaining and having an audit of its books in accordance with IFRS for its parent company would be able to immediately use this option. While a company that may have little or no foreign operations having never prepared its financial statements in accordance with IFRS would have a longer transition period before being able to exercise the option.

We believe that having a staggered transition of the option will allow the U.S. accounting infrastructure to prepare for a potentially significant migration to IFRS. It will also allow for additional convergence activities to occur resulting in fewer differences between IFRS and U.S. GAAP. We believe that further convergence will be necessary before allowing this option on a limitless basis in order to preserve a minimal level of comparability between companies.

In conclusion, we reiterate our support for convergence and believe that the deliberate and exhaustive approach of the FASB and IASB is required to have broad based support of both the user and preparer communities. Allowing U.S. filers the option to use IFRS could undermine the efforts of convergence. The SEC needs to be more specific about how this risk will be mitigated if it intends to move forward with this release. Also, a staggered transition approach will allow additional time to address some known implementation concerns with education and infrastructure to support a more meaningful number of companies adopting IFRS. We support allowing U.S. companies with foreign parent companies filing audited IFRS financial statements either in the U.S. or in another country to be in the first stage of being permitted to use the option. In many cases, these entities already have the infrastructure to support IFRS and are most likely managing the business and reporting to analysts their results in accordance with IFRS. Other companies would be permitted to use the option after a longer transition period that takes into account the education needs of the user and preparer communities and a greater degree of convergence between U.S. GAAP and IFRS.

Thank you for the opportunity to provide these comments. Should you have any questions or wish to discuss our concerns in greater detail, please feel free to contact us.

Sincerely,

A handwritten signature in black ink that reads "Paul S. Graham III" followed by a stylized flourish.

Paul S. Graham III
Vice President, Insurance Regulation and
Chief Actuary