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GNAIE

Group of North American Insurance Enterprises
40 Exchange Place, Suite 1707
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UNITED STATES

December 4, 2007

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

RE: File Number S7-20-07

Dear Ms. Morris:

Thank you for the opportunity to comment on your *Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance with International Financial Reporting Standards* (Release No. 33-8831; 34-56217). GNAIE was formed in 2003 by Chief Financial Officers of the leading North American insurance companies, including life insurers, property and casualty insurers, and reinsurers. GNAIE members are among the largest global providers of insurance and substantial multi-national corporations.

The goals of GNAIE include working with accounting standard setters to ensure their activities result in robust, high-quality accounting standards for insurance companies, and, to that end, increasing communication between North American insurance enterprises and domestic and international accounting 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. We would greatly appreciate the opportunity to speak at any public hearings that are held after comments are received.

GNAIE supports the goal of ultimate convergence of accounting standards to a single set of global standards. One of the benefits of a global standard is to eliminate the market inefficiencies that result from varying accounting standards.

With the markets for capital and insurance becoming increasingly global, multiple, inconsistent accounting standards create market inefficiency and a barrier to trade. Multi-national organizations have the obligation to prepare financial statements under various accounting standards. Convergence would alleviate this obligation within an organization and result in a reduction in costs.

Therefore, GNAIE supports the concept release providing an option for U.S. issuers to prepare financial statements in accordance with IFRS. We believe that this will facilitate movement toward a single high quality set of global standards. However, while providing this option to U.S. issuers is one step in moving toward the goal of convergence, the FASB and IASB should continue to pursue their ultimate goal of harmonizing the accounting under U.S. GAAP and IFRS.

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Although we support the option, we continue to encourage the SEC to carefully study the means and methods by which the SEC will ensure that standards generated by the IASB will meet the SEC's statutory obligations. We applaud the SEC for their work with the European Commission, the Financial Services Agency of Japan and the International Organization of Securities Commissions on the joint proposal to create a new monitoring body within the governance structure of the International Accounting Standards Committee (IASC) Foundation. We believe this monitoring body is critical to the goal of a single high quality set of global standards and to ensure that the interests of all public capital markets are considered in standard setting. However, additional work needs to be done, including the assurance that U.S. companies will be afforded the due process required of regulations (i.e. accounting standards) that directly affect a U.S. entity's economic value and standing in the capital markets.

The importance of the IASB's standards, if allowed to be utilized in the U.S., would mandate a standard-setting process based not only on theory and affirmation, but also on extensive field testing and cost-benefit analysis. The goal should be to objectively demonstrate that: 1) the benefits of a proposal outweigh the costs, 2) the proposal is more effective than current practice and 3) the proposal achieves the objectives of a high quality, understandable and enforceable set of accounting standards. The Trustees of the IASC Foundation have recognized this issue in calling for the IASB to complete a cost benefit analysis and a response to comments received prior to the proposal of a standard. These suggestions are positive steps and should be implemented as soon as practicable.

Practical considerations and alternative viewpoints are better received and integrated at the beginning of the process than after standard-setters accept a tentative position. Efforts should be enhanced to receive and integrate input from all stakeholders in the proposal development stage. While independence is necessary to ensure that the resulting standards are free from bias, it is not a substitute for consideration of stakeholder input or thorough and objective modeling of the proposed standards.

The SEC should consider its role and involvement in the standards setting process of the IASB to ensure that future standards meet the goals of U.S. regulators, preparers, investors, creditors and other stakeholders. GNAIE suggests that a solid standard setting process should include the following elements:

- Required response and analysis of comment letters that communicate views of users
- Required consultation with the user community, including management, investors, creditors, analysts, regulators and others
- Endorsement (similar to the EU requirement) by the SEC
- Amendment by the SEC if the SEC deems this to be necessary for the U.S.
- Appeal
- Required field testing and objective analysis of:
 - Cost v. benefits
 - Improvement over existing standards
 - Achievement of a high quality standard
- Increased requirement for consensus at the IASB

Finally, SEC projects, such as the consideration of accepting IFRS from U.S. entities in addition to the recent decision to eliminate the requirement for a reconciliation between IFRS and U.S. GAAP for foreign issuers, should end any questions regarding the appropriateness and elevated level of interest of U.S. and North American entities in the activities and deliberations of the IASB. Given the direct impact this concept release has on our



capital markets and the ultimate effects of a converged global standard, the IASC Foundation and IASB should commit to providing U.S. and North American enterprises greater access to advisory groups, roundtables and staff consultations, and end preferences based on the adoption of IFRS.

Again, we thank the SEC for the opportunity to comment and we look forward to the opportunity to work with you on all of these very important issues.

Sincerely,

A handwritten signature in black ink, reading "Jerry de St. Paer". The signature is written in a cursive, flowing style.

Jerry de St. Paer
Senior Vice-President, Finance, AIG
Executive Chairman, GNAIE