GNAIE

LETTER OF COMMENT NO. 12

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Douglas Wm. Barnert
Executive Director

November 28, 2006

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Subject: Proposed FASB Staff Position No. FAS 141-b, 142-e, and 144-b, *Fair Value Measurements in Business Combinations and Impairment Tests* ("Proposed FSP")

Dear Technical Director;

The Group of North American Insurance Enterprises[1] ("GNAIE") appreciates this opportunity to share our thoughts and comments with you on the Proposed FSP.

Our view of the Proposed FSP is that while we understand and support the conceptual rationale for its development (i.e. the creation and dissemination of more consistent guidance for completing fair value measurements), we do not believe it would, if adopted, decrease or otherwise eliminate the perceived existing practice diversity as it relates to fair value measurements completed in connection with business combinations and certain impairment evaluations.

In our opinion, the Proposed FSP does not represent a sufficient improvement to existing financial reporting standards (i.e. FASB Statement 141, *Business Combinations*, 142, *Goodwill and Other Intangible Assets*, and 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*) and as such we do not support its further development or issuance for the following reasons:

- We are concerned that issuing the Proposed FSP so close to the finalization of FASB Statement 157, *Fair Value Measurements*, ("SFAS 157"), is likely to cause confusion, both on the part of financial statement preparers and users.

[1] GNAIE consists of Chief Financial Officers of leading insurance companies including life insurers, property and casualty insurers, and reinsurers. GNAIE members include companies who are the largest global providers of insurance and substantial multi-national corporations. All are major participants in the US markets. The goals of GNAIE are to influence accounting standards to ensure that they result in high quality accounting standards for insurance companies and, to that end, to increase communication between insurers doing business in North America and the International Accounting Standards Board and the US Financial Accounting Standards Board. 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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- We do not believe the implementation guidance in the Proposed FSP is sufficient to diminish or otherwise eliminate practice diversity in deriving fair value measurements.
- Given the existence of an on-going project concerning the accounting for business combinations, any perceived measurement issues would be more appropriately addressed in that project.

If you have any questions regarding the contents of this letter, please contact us at anytime to discuss our comments.

Respectfully submitted,

Douglas Wm. Barnert

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Executive Director
DWB:KS:cll

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