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Mr. Russell Golden Technical Director Financial Accounting Services Board 401 Merritt 7 Norwalk, CT 06856-5116

Re: File Reference Proposed FSP FAS 107-a

Dear Mr. Golden,

CNA Financial Corporation (CNA) appreciates the opportunity to respond to the exposure draft of the proposed FASB Staff Position FAS 107-a, Disclosures about Certain Financial Assets: An Amendment of FASB Statement No. 107 (FSP FAS 107-a). CNA is the country's 13th largest property and casualty group and the seventh largest commercial insurance writer. CNA's insurance products include standard commercial lines, specialty lines, surety, marine and other property and casualty coverages.

CNA understands that the extreme circumstances in the capital markets are prompting the Board to deal with reporting issues in an urgent manner, however, we are very concerned that the overly compressed comment period for FSP FAS 107-a will compromise the quantity and quality of input from impacted stakeholders. On an overall basis we do not believe the proposed FSP will improve the quality of financial reporting for available-for-sale (AFS) debt securities accounted for under Statement of Financial Accounting Standards No. 115 Accounting for Certain Investments in Debt and Equity Securities (FAS 115). We believe the changes should therefore be considered as part of the comprehensive joint project with the IASB to address complexities related to the recognition and measurement of financial instruments, so any potential changes are made on a holistic rather than piece-meal basis.

The disclosure of the incurred loss attribute for AFS debt securities, for which other-than-temporary impairments have been recorded, may marginally improve the quality of information for users of the financial statements as the difference between fair value and the present value of cash flows that the Company ultimately expects to receive will be highlighted. However, FSP FAS 157-3 Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active, provides guidance that allows financial statement preparers to use discounted cash flow models to determine fair value in times of distressed or illiquid markets and therefore the incurred loss attribute may be redundant. For AFS securities that have been deemed temporarily impaired, in many instances amortized cost will be essentially the same as the incurred loss

amount. This redundancy reduces the usefulness of the incurred loss measure. Also, the addition of a new measurement attribute for AFS securities may be confusing to users and may be interpreted and applied differently by financial statement preparers.

If an objective of FSP FAS 107-a is to improve comparability to IFRS, it would be helpful if terms utilized were consistent with the proposed amendment to IASB International Financial Reporting Standard 7, *Financial Instruments: Disclosures*. The IASB's proposed amendment does not utilize the "incurred loss" term and we find that term to be poorly defined in FAS FSP 107-a.

Another significant point of concern for us is the requirement to provide pro forma disclosures or reconciliations to the income statement as if our AFS securities were carried at fair value with changes in fair value recognized through earnings and separately, as if our securities were carried at the incurred loss amount. We believe that the accounting model set forth in FAS 115 is appropriate for companies whose primary intention is not to actively trade securities or hold securities to maturity, but rather to maintain flexibility with its investment portfolio in order to satisfy obligations such as claims and policyholder liabilities. Under the FAS 115 model, changes in fair value are primarily recorded through other comprehensive income. Requiring disclosures which demonstrate the pro forma impact on the income statement is misleading to users of the financial statements, particularly in light of the Company's investment strategies and current intent.

Finally, we do not believe implementing FSP FAS 107-a for annual periods after December 15, 2008 allows companies a sufficient amount of time to integrate the additional tasks necessary to complete the incurred loss valuations for year-end 2008 reporting. Incurred loss amounts will need to be determined for each individual security and the valuations for impaired debt instruments and asset-backed securities will be particularly resource intensive for the Company. The very short time frame for adoption is therefore not reasonable from an operational perspective. As a basis for comparison, FAS 157, Fair Value Measurements, which did not require the calculation of a new measurement attribute for AFS securities, was issued in September, 2006 and did not require formal adoption until interim periods beginning subsequent to November 15, 2007.

If you have any questions, please feel free to contact me at 312-822-5653.

Sincerely,

Senior Vice President and Corporate Controller