



LETTER OF COMMENT NO. 67

Mr. Mark TRENCH

Technical Director - File Reference n° 1530-100
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

June 19th, 2007

Re : Proposed Statement of Financial Accounting Standards – Accounting for Financial Guarantee Insurance Contracts

Dear Mr. Trench,

This letter is submitted on behalf of the members of the International Credit Insurance and Surety Association (ICISA).

ICISA was founded in 1928 and represents the trade credit insurance and surety industries. Its members annually insure trade receivables in excess of US\$ 1,000 billion. ICISA's credit insurance members represent over 95% of the global credit insurance industry. Membership also includes leading specialist reinsurance companies such as Swiss Re, Munich Re, Hannover Re, Converium and Partner Re. A full list of members is added as an annex to this letter.

This letter is aimed at providing the Financial Accounting Standards Board with comments regarding the current status of trade credit insurance with regards to the proposed Statement of Financial Accounting Standards - Accounting for Financial Guarantee Insurance Contracts.

While, we fully support the Board's objective of improving accounting standards and appreciate the efforts made to address more particularly the specifics of trade credit insurance and surety bond contracts, we would like to make few remarks on this proposed Statement which may be summarised as follows and will be developed in the attached Memorandum after presentation of some background information:

- Statement of Financial Accounting Standard No. 60, "*Accounting and Reporting by Insurance Enterprises*" (FAS 60), is the appropriate accounting model for trade credit insurance,
- we do not expect that scoping trade credit insurance contracts in the proposed Statement (as initially planned in June 2005) would "*delay issuance of needed*

guidance to resolve current practice issues” (Basis for Conclusion B3) as trade credit insurers already apply FAS 60 short duration contract accounting.

We consider the issues discussed in this letter to be essential for the understanding of the financial statements of trade credit insurers by the investors, rating agencies, financial analysts, etc.

We thank you for the opportunity to present our views on these matters and look forward for further discussions on scoping and guidance.

Sincerely,

Robert Nijhout
Executive Director
International Credit Insurance and Surety Association

I / BACKGROUND INFORMATION ON TRADE CREDIT INSURANCE

Trade credit insurance, also called accounts receivable insurance, is a business insurance product that indemnifies a seller against losses from non-payment of a commercial trade debt. With trade credit insurance in place, the seller / policyholder can be assured that non-disputed account receivables will be paid, either by the debtor or the trade credit insurer within the terms and conditions of their policy.

Hence, any business selling on open account terms to other businesses can benefit from trade credit insurance.

On average in the US, 40% of a company's assets are in the form of trade debts. Predicting which debtors will default can be a difficult, time consuming and often unreliable process. Close to 50% of all payment defaults arise from customers with whom stable and long-term trade relationships had been established.

The cost to a business of non-payment can be considerable. For example, if a company's profit margin is 5% and one or several of its customers default on a trade debt of \$100,000, the company will have to produce additional sales of \$2,000,000 to make up for the loss and the cash flows.

Currently, trade credit insurance is not a defined term in US GAAP.

Trade credit insurance principles

The creation of trade credit insurance is attributed to Bonajuto Paris Sanguinetti (Livorno, 1839). Although, it was since applied differently in various countries (policies by underwriting year, by accounting year, policies based on turnover, based on outstandings, etc) trade credit insurance contracts share the same principles across the world.

Generally:

- trade credit insurance contracts apply to **all** goods sold and delivered or to **all** services rendered by the insured in the ordinary course of operating the insured business; there is no "pick and choose" possible for the insured (trade credit insurance policies are known as whole turnover policies);
- the insured is requested to show the same caution in granting or reducing a client's limit as would be done if there was no insurance coverage, hence:
 - o credit periods or extensions should not exceed trade standard practices, goods should not be delivered / services rendered to customers already in default of their financial obligations towards the insured;
 - o collection of the receivable should be promptly assigned to the insurer in case of default; and
 - o subrogation rights of the insurer have to be safeguarded in all cases by the insured (no payment discharge by insured for example).

These principles are reinforced by the following contractual features:

- guarantee is always conditional to the ownership of the insured asset (delivery / performance is real and not disputed) ;
- insured is to “co-insure” part of the default through deductibles either expressed in percentage or as a fixed sum (either individual and / or in the aggregate); and
- aggregate amount of claims payable cannot exceed a multiple of the premium (maximum liability clause).

As a precondition for the payment of a claim:

- the insured is always to be exposed to the risk of non payment from inception of the guaranteed obligation (shipment) to its term (scheduled repayment date of the trade receivable) - no de-recognising of asset possible due to the above ownership criteria;
- collection of the receivable is the responsibility of the insured prior to the credit event and collection is the responsibility of the insurer after the credit event (subrogation criteria); and
- indemnity can never equal or exceed the amount of the loss incurred (co-insurance criteria).

ICISA position on accounting for trade credit insurance

ICISA members have consistently considered trade credit insurance contracts to be insurance contracts.

This position stems from the fact that ICISA members consider that:

1°) At inception of the trade credit insurance contract, the followings is uncertain:

- amount of coverage (will depend on future turnover of the insured);
- number of possible insured events (will depend on the number of customers of the insured and on the evolution of their solvency over the life of the contract);
- possibility and timing of insured event (see above);
- amount of indemnification (will depend on the exposure of the insured at the time of the insured event and on the quality of his possible collaterals).

2°) As a consequence of the above there is always a reasonable possibility that an event outside the control of both the insured and the insurer will cause a significant change in the present value of the trade credit insurer’s net cash flows.

3°) To avoid moral hazard and adverse selection caused by asymmetric information on their customers by the insured, trade credit insurers has resorted to traditional insurance tools to mitigate their risks (no customer selection by the insured, deductibles, etc).

4°) Trade credit insurance contracts are not contracts of the type that provide for payments to be made in response to changes in an underlying such as a decrease in a specified debtor's creditworthiness.

Confirmation of the insurance nature of trade credit insurance can easily be found in day to day business observation as:

- trade credit insurers have always maintained the legal and regulatory status of insurance companies and are committed to fulfilling the corresponding requirements in each of their jurisdictions;
- this position has been confirmed in the framework of European Solvency II regulation as trade credit insurance has been classified as a P&C line of business;
- there is no arbitrage market where trade credit insurance can be traded against any other financial instruments; and
- trade credit insurance can only be hedged at inception through reinsurance.

The insurance nature of the trade credit insurance contract has also been confirmed by the IASB (Classification of insurance contracts in IFRS 4 Appendix B 18 g - "*credit insurance that provides for specified payments to be made to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due under the original or modified terms of a debt instrument*") and by the IAIS (International Association of Insurance Supervisors), AAI (International Association of Actuaries) and major auditing firms in their comment letters to the revision of IAS 32 and 39.

Based on this generally accepted insurance nature of the trade credit insurance contract, ICISA members consider that the most suitable accounting guidance for their contracts is only provided by insurance accounting standards, particularly as it pertains to:

- revenue recognition versus risk exposure;
- claim cost recognition model inclusive of salvage and subrogation recognition;
- reinsurance accounting; and
- disclosures.

ICISA members therefore consider that departing from insurance accounting standards would decrease the relevancy of their financial statements as the use of non-insurance standard could not reflect the operational logic of the trade credit-insurance contracts.

Hence in US GAAP, ICISA members have been applying consistently FAS 60.

II / STATEMENT OF FINANCIAL ACCOUNTING STANDARD N°60 IS THE APPROPRIATE ACCOUNTING MODEL FOR TRADE CREDIT INSURANCE

Question 1

Should trade credit insurance contracts be accounted for in accordance with FAS 60?

Question 1: Accounting discussion

Yes. While trade credit insurance is not specifically identified in scope per paragraph 6 of FAS 60, we believe these contracts are of the type of insurance contracts discussed within the standard.

As stated in paragraph 1:

Insurance transactions may be characterized generally by the following:

- a. The purchaser of an insurance contract makes an initial payment or deposit to the insurance enterprise in advance of the possible occurrence or discovery of an insured event.
- b. When the insurance contract is made, the insurance enterprise ordinarily does not know if, how much, or when amounts will be paid under the contract.

As described in the Background information on trade credit insurance above, we believe these contracts meet the profile discussed in paragraph 1(a) and 1(b) and have risk characteristics and economics similar to those of other short-duration property and liability insurance contracts. Accordingly, the premium revenue recognition, claim cost recognition, and acquisition cost recognition accounting models discussed in FAS 60 are appropriate to apply to trade credit insurance.

We have also noted that at the June 8, 2005 FASB meeting, the FASB added a project to consider the accounting for financial guarantee insurance. As stated on the FASB's Project Summary Update *"The scope will be limited to contracts issued by insurance companies that indemnify the holder against losses from payment default on a financial obligation that are not considered derivative contracts due to meeting the exception in paragraph 10(d) of Statement 133. The project will be confined to contracts written by insurance companies currently within the scope of FASB Statement No. 60."* The Summary Update further notes, *"In determining the appropriate accounting model for financial guarantee contracts, the Board also will examine the appropriate accounting model for other insurance products with similar characteristics, such as mortgage guarantee contracts and trade credit insurance."*

We believe the following comments from the Project Summary infer that financial guarantee, mortgage insurance, and trade credit insurance are currently within the scope of FAS 60 and meet FAS 133 paragraph 10(d) exception.

Furthermore, we have noted that at the November 29, 2006 FASB meeting, the Board agreed to not include trade credit insurance within the scope of the ongoing financial guarantee project. Until further guidance is provided, we believe FAS 60 is still the appropriate model for trade credit insurance contracts.

Question 2

Should trade credit insurance contracts, that are accounted for in accordance with FAS 60, be automatically scoped out Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities," (FAS 133), pursuant to FAS 133 paragraph 10(c) or must these contracts also be analyzed under paragraph 10(d) and its related interpretations ?

Question 2: Accounting discussion

2.1 Trade credit insurance contracts meet FAS 133 paragraph 10(c) exception

We believe pursuant to the provisions of FAS 133 paragraph 10(c) trade credit insurance contracts should be scoped out of the recognition, measurement and disclosure provisions of FAS 133.

Paragraph 10(c) states, in part:

Notwithstanding the conditions in paragraphs 6-9, the following contracts are not subject to the requirements of this Statement:

c. Certain insurance contracts. Generally, contracts of the type that are within the scope of FASB Statements No. 60, Accounting and Reporting by Insurance Enterprises, No. 97, Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments, and No. 113, Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts, are not subject to the requirements of this Statement whether or not they are written by insurance enterprises. That is, a contract is not subject to the requirements of this Statement if it entitles the holder to be compensated only if, as a result of an identifiable insurable event (other than a change in price), the holder incurs a liability or there is an adverse change in the value of a specific asset or liability for which the holder is at risk. . .

Based upon the features of a trade credit insurance contract described above, the criteria set forth in paragraph 10(c) would be met. As discussed in Question 1, while trade credit insurance is not explicitly stated to be within the scope of FAS 60, we believe trade credit insurance contracts meet the criteria of contracts that are "Generally, contracts of the type that are within the scope of FASB Statements No. 60...."

In addition, a trade credit insurance contract "entitles the holder to be compensated only if, as a result of an identifiable insurable event. (i.e. an event of default or failure to pay) there is an adverse change in the value of a specific asset (i.e., the trade account receivable) for which the holder is at risk".

We also note paragraph 281 in the basis for conclusions in FAS 133 (unamended), states, in part:

Insurance contracts often have some of the same characteristics as derivative instruments that are within the scope of this Statement. Often, however, they lack one or more of those characteristics. As a result, most traditional insurance contracts will not be derivative instruments as defined in this Statement. They will be excluded from that definition because they entitle the holder to compensation only if, as a result of an identifiable insurable event (other than a change in price), the holder incurs a liability or there is an adverse change in the value of a specific asset or liability for which the holder is at risk.

We believe that as described in paragraph 10(c), the two key criterion in determining whether a contract can be scoped out of FAS 133 via the provisions of paragraph 10(c) is whether the underlying is an identifiable insurance event, and whether the holder of the contract incurs a liability or there is an adverse change in the value of a specific asset or liability for which the holder is at risk. As indicated above, the insurable event is the failure of a debtor to make payments when payments are due and the adverse change in the holder's asset is the decline in value of the trade receivable.

Based on this analysis, we believe that paragraph 10(c) of FAS 133 would scope trade credit insurance contracts out FAS 133's recognition, measurement and disclosure provisions for both issuers and holders of the contracts.

2.2 Trade credit insurance contracts meet FAS 133 paragraph 10(d) exception

Yet, in light of the apparent similarity between financial guarantee contracts and trade credit insurance contracts underlined by the financial guarantee insurance Project Summary Update :

"The scope will be limited to contracts issued by insurance companies that indemnify the holder against losses from payment default on a financial obligation that are not considered derivative contracts due to meeting the exception in paragraph 10(d) of Statement 133. (...) In determining the appropriate accounting model for financial guarantee contracts, the Board also will examine the appropriate accounting model for other insurance products with similar characteristics, such as mortgage guarantee contracts and trade credit insurance."

we believe one could argue, further analysis of the trade credit insurance contract could be required to determine whether the contract would also meet the conditions set forth in FAS 133 paragraph 10(d) and its related interpretations.

In order for a financial guarantee contract to be scoped out of the provisions of FAS 133, such contracts must meet the conditions set forth in paragraph 10(d), which states:

Financial guarantee contracts are not subject to this Statement only if:

- (1) They provide for payments to be made solely to reimburse the guaranteed party for failure of the debtor to satisfy its required payment obligations under a non derivative contract, either at pre-specified payment dates or accelerated payment dates as a result of the occurrence of an event of default (as defined in the financial obligation covered by the guarantee contract) or notice of acceleration being made to the debtor by the creditor.

Observation: as described in the Background information, this criterion is met because trade credit insurance contracts provide for payments to be made only to reimburse the insured party for a failure of its client to meet its required payment obligation on a trade receivable which is a non derivative financial instrument having a pre-specified maturity date.

- (2) Payment under the financial guarantee contract is made only if the debtor's obligation to make payments as a result of conditions as described in (1) above is past due.

Observation: as described in the Background information, trade credit insurance is purchased by business entities to insure their accounts receivable against the risk of non-payment by their customers. Up until the maturity date of the receivable, the receivable is not due and therefore cannot be "unpaid" and hence indemnified. It is therefore by construction impossible for the insurer to indemnify the insured if the debtor's obligation is not past due.

- (3) The guaranteed party is, as a precondition in the contract (or in the back-to-back arrangement, if applicable) for receiving payment of any claim under the guarantee, exposed to the risk of non-payment both at inception of the financial guarantee contract and throughout its term either through direct legal ownership of the guaranteed obligation or through a back-to-back arrangement with another party that is required by the back-to-back arrangement to maintain direct ownership of the guaranteed obligation

Observation: as described in the Background information, coverage is always conditional to the ownership of the trade receivable asset (delivery is real and not disputed, trade receivable has not been derecognised); hence, in order to receive payment for its claims, the insured must always be exposed to the risk of non-payment from inception of the guaranteed obligation (shipment for goods / performance for services) to its term (scheduled repayment date of the receivable) ; as business activity occurs continuously throughout the life of the credit

insurance contract, risk attach to the credit insurance contract based on the shipment or the performance in a way very similar to that of a quota share reinsurance contract.

2.3 Trade credit insurance contracts are scoped out of the provisions of FAS 133 because they always limit compensation to the amount of actual loss incurred

Finally, we believe that whether a trade credit insurance contract is scoped out of the provisions of FAS 133 via paragraph 10(c) or 10(d) is a matter of semantics. The key issue in determining that a contract is outside of the provisions of FAS 133 under either paragraphs 10(c) or 10(d) is whether the contract limits compensation paid to the amount of actual losses incurred. Said another way, one should arrive at the same conclusion with respect to the evaluation of how the contract compensates for losses whether or not the contract is evaluated under paragraphs 10(c) or 10(d).

In reaching this conclusion, we rely on the following three references to FAS 133 and its related interpretations. We first point to paragraph 192 of FAS 133 (unamended), which demonstrates the analysis of embedded derivatives in a disaster bond that provides for a reduction in the bond's principal amount associated with losses incurred in a natural disaster. Paragraph 192 states, in part:

However, if the "embedded derivative" entitles the holder of the option (that is, the issuer of the disaster bond) to be compensated only for changes in the value of specified assets or liabilities for which the holder is at risk (including the liability for insurance claims payable due to the specified disaster) as a result of an identified insurable event (refer to paragraph 10(c)(2)), a separate instrument with the same terms as the "embedded derivative" would not meet the Statement's definition of a derivative in paragraphs 6-11.

We also point to Statement 133 Implementation Issue (DIG Issue) C, Exception Related to Physical Variables (DIG C1), for analogous support, which states, in part:

However, if the contract requires a payment only when the holder incurs a decline in revenue or an increase in expense as a result of an event (for example, a hurricane) and the amount of the payoff is solely compensation for the amount of the holder's loss, the contract would be a traditional insurance contract that is excluded from the scope of Statement 133 under paragraph 10(c).

In addition, we refer to DIG Issue B26, Dual-Trigger Property and Casualty Insurance Contracts (DIG B26) as support, which states, in part:

A property and casualty contract that provides for the payment of benefits/claims as a result of both an identifiable insurable event and changes in a variable would in its entirety qualify for the insurance exclusion in paragraph 10(c)(2) of Statement 133 (and thus not contain an embedded derivative instrument that is required to be separately

accounted for as a derivative instrument) provided all of the following conditions are met: The amount of the payment is limited to the amount of the policyholder's incurred insured loss.

Observation: as described in the Background information, the amount of the indemnity is always limited to the amount of the policyholder's incurred insured loss.

III / US GAAP / IFRS CONVERGENCE ON FINANCIAL GUARANTEE CONTRACTS THAT MEET THE DEFINITION OF AN INSURANCE CONTRACT

While trade credit insurers and their auditors have from the beginning consistently applied FAS 60 short duration contract accounting in US GAAP, the classification of trade credit insurance contracts under IFRS standards have long been a subject of debate for reasons mainly external to the industry.

As a short summary, it could be noted that :

- in 1999, in the *Insurance Issue Paper* (§65 b), trade credit insurance was considered to be in the scope of the coming *Insurance Contract Standard*,
- in 2001, in the *Draft Statement of Principle* (§1.58), trade credit insurance was considered to be outside the scope of the future *Insurance Contract Standard*,
- in 2003, in the *Exposure Draft n°5*, trade credit insurance was scoped back into the future *Insurance Contract Standard*,
- in 2004, the newly released IFRS 4 confirmed the scoping provisions of *Exposure Draft n°5*,
- however, in December 2004, an *Exposure Draft on Financial Guarantee Contracts and Credit Insurance* scoped trade credit insurance out of IFRS 4, and
- eventually, trade credit insurance contracts were offered an option back to IFRS 4 in the final *Financial Guarantee Contracts Standard* released by the IASB in August 2005.

The reasons for these various shifts were explained in the Basis for Conclusions of the above mentioned documents and were most of the times not related to the trade credit insurance industry.

Indeed, while insurers generally agreed with ED 5 provisions, bank respondents typically opposed the proposals in ED 5, arguing that financial guarantees should be scoped in IAS 39 on the following grounds:

BC 11 (c) of the Exposure Draft on Financial Guarantee Contracts and Credit Insurance :

If viewed as an insurance product, these financial guarantees may be measured at fair value in phase II of the project on insurance contracts, which bank respondents regarded as less appropriate than applying IAS 37.

In addition, the IAS Board was concerned with some issues that had arisen in the response to the December 2003 revisions to IAS 39 :

BC 13 of the Exposure Draft on Financial Guarantee Contracts and Credit Insurance :

Some respondents to the June 2002 Exposure Draft of amendments to IAS 39 expressed concern that applying IAS 37 after initial recognition would result in individual financial guarantee contracts being measured at nil immediately after initial recognition if the possibility threshold in IAS 37 was not met, and thus the entity would recognise an immediate gain

Hence the Board decided to publish an Exposure Draft on Financial Guarantee Contracts and Credit Insurance :

BC 22 of the Exposure Draft on Financial Guarantee Contracts and Credit Insurance :

To counter the view that IFRSs (and especially IAS 37) do not require an entity to recognise a liability when it issues a financial guarantee contract, the Board concluded that it should publish this Exposure Draft now and not wait for further work on phase II of the Insurance project.

Of course these concerns did not apply to trade credit insurance as the IAS Board noted :

BC 23 A of the Standard on Financial Guarantee Contracts (in part) :

The Board noted that when credit insurers issue credit insurance contracts, they typically recognise a liability measured as either the premium received or an estimate of the expected losses. However the Board was concerned that some other issuers of financial guarantee contracts might argue that no recognisable liability existed at inception.

It can thus be concluded that the shifts in the classification of the trade credit insurance contracts were not trade credit insurance related and were due to issues with “*other issuers of financial guarantee contracts*”.

It should also be noted that the insurance nature of the trade credit insurance contract was never challenged by the IASB. As an evidence to this, Appendix B 18 of IFRS 4 lists examples of contracts that are insurance contracts and states in part :

Appendix B 18 (g)

- credit insurance that provides for specified payments to be made to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due under the original or modified terms of a debt instrument

Coming back to the scoping provisions of the proposed Statement, it should be noted that financial guarantees are ruled since January 1st, 2006 in IFRS by the Standard on Financial Guarantee Contracts (Amendment to IAS 39 and to IFRS 4).

Hence, the IFRS definition of financial guarantee contracts is the following :

IFRS 4 - Appendix A (Defined terms)

A contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

This definition is to be compared with the definition of the proposed Statement :

Paragraph 3 of the proposed Statement

Financial guarantee insurance (and reinsurance) contracts are contracts issued by insurance enterprises that provide protection to the holder of a financial obligation from a financial loss in the event of a default

Paragraph 4 of the proposed Statement

The event of default (insured event) refers to non-payment (when due) of insured contractual payments (generally principal and interest) by the issuer of the issuer of the insured financial obligation

It derives from the comparison of the above two definitions (and from the provisions given by paragraph 5 of the proposed Statement, see below) that if financial guarantee insurance contracts and trade credit insurance contracts are ruled identically in IFRS (under the Standard on Financial Guarantee Contracts), the current Exposure Draft proposes not to rule them identically in US GAAP although the two types of contracts have been identified by the FASB as being similar :

Paragraph 5 of the proposed Statement

Because the scope of this Statement is limited to financial guarantee insurance (and reinsurance) contracts and insurance enterprises that issue those contracts, this Statement does not apply to the following :

- a - Financial guarantee contracts issued by non insurance enterprises (for example, some financial institutions and government-sponsored enterprises)
- b - Insurance contracts that are similar to financial guarantee insurance contracts issued by insurance enterprises (for example mortgage guaranty insurance and credit insurance on trade receivables)

Therefore, contrary to what is mentioned on page ix (*What is the impact of this proposed Statement on Convergence with International Financial Reporting Standard ?*), this difference in the accounting treatment, as all additional differences, should increase future convergence issues.

This is all the more so surprising as at the same time, the FASB and the IASB are reported on the same page ix to have decided to approach the IASB Insurance Contract project as a modified joint FASB / IASB project.

The reason for this dual accounting treatment is nonetheless explained in the Basis for Conclusion of the proposed Statement :

Basis for Conclusion B3

That scope expansion would delay issuance of needed guidance to resolve current practice issues relating to financial guarantee insurance contracts issued by insurance enterprises.

Yet, we disagree with the above assertion. We believe that similar products should get similar accounting within the same accounting referential and across multiple converging accounting referentials. We therefore believe that financial guarantee contracts that meet the definition of an insurance contract (as opposed to other financial guarantee contract which do not meet the definition of an insurance contract) should be accounted for in the same way in each referential (financial guarantee insurance and trade credit insurance in IFRS or in US GAAP – ie consistency within each referential) and in both referential (financial guarantee insurance and trade credit insurance in IFRS and US GAAP – convergence of two referentials).

We also believe that accounting for trade credit insurance raises few, if any, accounting issues and that these issues could be easily solved by interpreting existing US insurance accounting literature as trade credit insurers have always applied consistently FAS 60 short duration contract accounting. There is therefore no risk of delaying “*issuance of needed guidance to resolve current practice issues relating to financial guarantee insurance contracts*”.

ICISA Members will therefore make themselves available to FASB Staff in order to accelerate any additional work required by this scoping issue.

ANNEX 1

ICISA MEMBERS June 2007

Group Members

(Worldwide operations)

Atradius

Coface

Euler Hermes

Members

Askrindo

AXA Assurcredit

CESCE

CLAL

COSEC

Credit Guarantee

Crédito y Caución

Dansk Kaution

Ducroire | Delcredere

ECICS

Ethniki

Fianzas Atlas

Fianzas Monterrey

Guarantee Company of North America

HCC Insurance

ICIC

Malayan Insurance

Mapfre

Mitsui Sumitomo

Nationale Borg

Prisma

QBE

SACE BT

Seoul Guarantee

Sompo Japan

Tokio Marine & Nichido Fire

Warta

Winterthur

Zurich GSG

Zurich Versicherung

Indonesia

France

Spain

Israel

Portugal

South Africa

Spain

Denmark

Belgium

Singapore

Greece

Mexico

Mexico

Canada

United Kingdom

Israel

Philippines

Spain

Japan

Netherlands

Austria

Australia

Italy

Korea

Japan

Japan

Poland

Switzerland

United Kingdom

Germany

Reinsurance Members

Converium

Hannover Re

Munich Re

Partner Re

Swiss Re