

## THE CHUBB CORPORATION

15 Mountain View Road, Warren, New Jersey 07059

September 9, 2010

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

Re: File Reference No. 1830-100

Dear Mr. Golden:

The Chubb Corporation is a holding company with subsidiaries principally engaged in the property and casualty insurance business. We appreciate the opportunity to comment on the proposed Accounting Standards Update (ASU), Fair Value Measurements (Topic 820) - Amendments for Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. At June 30, 2010, the Corporation held \$42 billion of invested assets. Accordingly, this proposed ASU would affect the Corporation's financial statements.

Our primary concern with the proposed ASU is the proposed requirement to disclose measurement uncertainty for financial instruments categorized within Level 3 of the fair value hierarchy. The presentation of such information implies that there is a range around the amount selected and that any number within that range would have been a reasonable substitute for the amount selected by management. Extended to any number of other estimates within the financial statements, such disclosures weaken the value of financial statements and imply that results in any period could be any amount along a continuum of options. As importantly, the level of effort required to prepare such information far outweighs its decision usefulness.

In order to measure fair value, the preparer identifies the inputs that best reflect the assumptions that market participants would use in pricing the financial asset or liability. These inputs are developed based on the best information available in the circumstances and reflect management's best estimates. Requiring the preparer to develop additional fair value estimates based on inputs that the preparer did not choose and did not deem to be the most appropriate would result in the costly preparation and presentation of information that could potentially be misleading to users of financial statements.

While we understand that the Board's objective is to improve comparability and understandability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRSs, we believe that the proposed ASU advances a flawed notion of including alternative fair value measurement information within the financial statements. Disclosing alternative fair value amounts may suggest that the fair value amounts reported may represent an amount selected from among a range of otherwise acceptable amounts and do not represent the most appropriate fair values. The inference is that management may not have selected the most appropriate unobservable inputs. Management's best estimate is the only appropriate measure to disclose and analyze.

A significant amount of time and resources would be required to produce the proposed measurement uncertainty disclosure. The cost of compliance would exceed the benefit to users. Valuation methods commonly used in estimating the fair value of financial instruments are based on multiple techniques and a significant number of inputs. It would be difficult and time consuming to determine reasonable possible alternative inputs as a result of the numerous correlations between changes in significant inputs and the iterative impact they may cause. Correlations are not static and the more unobservable inputs there are, the more complicated the calculations and disclosures become.

The ASU observes that some financial statement users assert that the disclosure would be valuable. While some users may find the information to be interesting, we believe the information is not decision useful – and that the cost to produce it far outweighs its utility.

We would be pleased to discuss our comments and recommendations with members of the Board or its staff.

Very truly yours,

John J. Kennedy Senior Vice President and Chief Accounting Officer