

June 8, 2012

Ms. Leslie Seidman, Chairman Financial Accounting Standards Board 401 Merritt 7 Norwalk, CT 06856

**Subject:** Accounting for Short-duration Non-life Insurance Contracts

Dear Leslie,

We want to acknowledge your recent comments on the difficult realization that the goal of a fully converged insurance contract standard is no longer realistic.

We support the Board's decision to independently reassess its approach. We believe this decision is consistent with the FASB's mission to improve accounting and reporting standards by enhancing the decision-usefulness of information provided to investors and other financial statement users.

We have met with U.S. non-life insurers representing more than half of the U.S. non-life annual premiums as well as U.S. non-life investors and analysts and can confirm support for using current U.S. GAAP for insurance as the primary reference point from which to determine what modifications may enhance existing insurance contract reporting. We can also confirm support for the existing U.S. GAAP measurement framework which utilizes separate accounting models for short-duration (typically non-life and health) and long-duration (typically life) contracts which we believe is an appropriate approach.

In our opinion, your decision reflects the recent hard work of the FASB staff to collect user feedback. Your decision to reassess reflects the consistent feedback the Board has received from preparers, investors and other financial statement users that the existing measurement model for short-duration insurance contracts provides decision-useful information that meets their needs.

We believe the reassessment decision provides an opportunity for the FASB to consider targeted improvements to existing U.S. GAAP for short-duration insurance contracts. There is widespread agreement among insurance accounting preparers and users that targeted improvements to the short-duration insurance contract reporting and disclosure framework would be sufficient changes to existing U.S. GAAP. Our discussions with preparers, investors and analysts considered a variety of targeted improvements that could be made in the area of disclosures for short-duration contracts. We believe a dialogue about specific changes would benefit by being held in a public forum with key stakeholders and members of the FASB Board and staff present.

The FASB's reassessment of its approach to the Insurance Contracts project provides a great opportunity for formal discussions in a roundtable format with representatives from industry, investors, analysts and regulators, and FASB Board and staff members. We would like to pursue roundtable discussions with the FASB.

We view this opportunity for the Board to reassess the direction of the Insurance Contracts project very positively. We look forward to working together with the Board and staff.

Sincerely,

Samuel H. Pilch Senior Group Vice President & Controller Allstate Insurance Company

Kevin A. Spataro Senior Vice President- Accounting Policy & Research Allstate Insurance Company

## Copies to:

James Kroeker – Chief Accountant, Securities and Exchange Commission Kevin McCarty – President, National Association of Insurance Commissioners