January 31, 2011

Ms. Leslie F. Seidman
Acting Chairman, Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Ms. Seidman,

We appreciate the opportunity to comment on the Discussion Paper, *Effective Dates and Transition Methods* (Effective Dates DP) issued in October 2010. The ACE Group of Companies provides a broad range of insurance and reinsurance products to insureds worldwide through operations in more than 50 countries around the world, and has the authority to conduct business in over 140 countries. ACE Limited, the Swiss incorporated holding company of the ACE Group of Companies, is publicly traded on the New York Stock Exchange. Given our global presence and public reporting responsibilities, we are very interested in the impact that the effective dates and transition methods that are selected in the proposed convergence projects with the International Accounting Standards Board that are scheduled to be completed in the coming year.

Given the significant number of projects that are included as high priority in the convergence efforts between the two accounting standard boards, we feel that the maximum allotment of time should be considered in order to allow entities to properly implement the new accounting guidance. This implementation time frame should be consistent between the two boards and be the same for all significant projects detailed in the Effective Dates DP to minimize the ongoing impact on companies.

We have included our responses to the specific questions requested in the Effective Dates DP as Appendix A.

We would be pleased to discuss our comments with you, the FASB Board members, or the FASB staff at your convenience.

Sincerely,

Philip V. Bancroft
Chief Financial Officer
Appendix A

Q1. Please describe the entity (or the individual) responding to this Discussion Paper. For example:

a. Please indicate whether you are primarily a preparer of financial statements, an auditor, or an investor, creditor, or other user of financial statements (such as a regulator). Please also indicate whether you primarily prepare, use, or audit financial information prepared in accordance with U.S. GAAP, IFRSs, or both.

We are a preparer of financial information. Our primary basis of accounting as a U.S. stock exchange listed security is U.S. GAAP. We do have subsidiaries around the world some of which are required to apply IFRS at the local level as well as the U.S. GAAP financial information reported in the consolidation process.

b. If you are a preparer of financial statements, please describe your primary business or businesses, their size (in terms of the number of employees or other relevant metric), and whether you have securities registered on a securities exchange.

We provide a broad range of insurance and reinsurance products worldwide. We employ approximately 15,000 individuals. Our 2009 annual net written premiums were in excess of $13 billion. Our stock is publicly traded on the New York Stock Exchange.

c. Please describe the degree to which each of the proposed new standards will likely affect you and the factors driving that effect (for example, preparers of financial statements might explain the frequency or materiality of the transactions to their business and investors might explain the significance of the transactions to the particular industries or sectors they follow).

The projects that will have the most significant impact on our operations include the following. All financial information reflects the amount reported in our December 31, 2009 Form 10-K.

- **Preliminary Views on Insurance Contracts** (Insurance Contracts DP) – This project will have a direct and material impact to all operations in our company as we are a global insurance company. We reported in excess of $13 billion in Net premiums earned in 2009. We held $38 billion in Unpaid losses and loss expenses and an additional $3 billion in Future policy benefits.

- **Accounting for Financial Instruments and revisions to the Accounting for Derivative Instruments and Hedging Activities** (Financial Instruments ED) – As an insurance company, we hold significant invested assets, and investment income represents a critical component of our operations. We also report a significant impact in our equity related to unrealized investment gains and losses. We carried $47 billion in Total investments. We reported $2 billion of Net investment income.

- **Statement of Comprehensive Income** – The current requirement to include changes in the fair value of investments within comprehensive income results in this being significant to us. We reported $3 billion related to Unrealized appreciation (depreciation).
Financial Statement Presentation – Generally, insurance companies apply a financial statement presentation that is defined in Regulation S-X of the Securities and Exchange Commission. It is unclear how any presentation changes will impact our reporting under that guidance.

Q2. Focusing only on those proposals that have been published as Exposure Drafts (accounting for financial instruments, other comprehensive income, revenue recognition, and leases):

a. How much time will you need to learn about each proposal, appropriately train personnel, plan for, and implement or otherwise adapt to each the new standard?

The Financial Instruments ED will result in the most significant changes for our company. This Financial Instruments ED will require at least a year of lead in time to allow us to analyze the impact that the classification decisions will have on our operations in order to allow us to adequately understand the implications of these decisions. This includes obtaining an understanding of potential documentation issues associated with the decision to make a certain classification election.

The Lease ED will also require significant work efforts to comply with since we will be required to inventory all of our leases from around the world. Once those are inventoried, additional analysis will be required to arrive at the appropriate accounting treatment. While these amounts are not likely to be material to our balance sheet, the work effort required to comply will be significant.

While not in ED status at this time, the Insurance Contracts DP is obviously of great importance to us and will take considerable time for adoption. This will include the need to educate users of our financial statements about an entirely new accounting model that is entirely distinct from the present model and will have little meaning to users without additional education.

b. What are the types of costs you expect to incur in planning for and adapting to the new requirements and what are the primary drivers of those costs? What is the relative significance of each cost component?

Currently much of the information that would be required to comply with the Financial Instruments ED is provided by a third party vendor. This vendor is required to provide a minimum information level to comply with revised standards. Costs associated with these changes may be passed on to us. Any company specific information that would be required above and beyond this minimum information level would be incremental to us.

In addition, the National Association of Insurance Commissioners (NAIC) is the governing body for the various state insurance regulators. We are required to file statutory financial statements in accordance with the NAIC Accounting Practices and Procedures Manual. The NAIC may or may not decide to revise its statutory accounting treatment as a result of these changes to U.S. GAAP. Any such changes by the NAIC would require significant system modifications at the various state regulators that may or may not be passed on to the insurance entities currently regulated by a specific state.
Q3. Do you foresee other effects on the broader financial reporting system arising from these new standards? For example, will the new financial reporting requirements conflict with other regulatory or tax reporting requirements? Will they give rise to a need for changes in auditing standards?

The insurance contracts guidance will have a significant impact on our current financial reporting system since it changes completely the model that is applied to insurance contracts. This new guidance will result in a different reserve estimation process if the industry is required to move to a probability weighted cash flow estimation process. It will also require the capture of significant new information on a quarterly reporting basis to generate the proposed insurance reserve liability. These are massive undertakings for our industry and will include significant operational and system changes as well as the hiring of additional actuaries, accountants, and other professionals to support this new process.

For purposes of reporting information in our regulatory filings with the SEC, we are required to apply the format requirements of Regulation S-X. For insurance companies, these reporting standards are distinct from those requirements for general businesses. It is unclear how this new standard will impact these reporting requirements as well as those associated with the Insurance Contracts DP.

Also as an insurance company, we are required to file statutory financial statements with the various state regulators. The format and content of these financial statements are promulgated by the NAIC. The NAIC allows a reserving methodology that is substantially the same as the reserving process currently utilized under U.S. GAAP. Any change in this reserving process will require additional differences between U.S. GAAP and the NAIC statutory practices and may ultimately result in dual reserving practices to meet these differing requirements.

Q4. In the context of a broad implementation plan covering all the new requirements, do you agree with the transition method as proposed for each project? If not, what changes would you recommend and why? In particular, please explain the primary advantages of your recommended changes and their effect on the cost of adapting to the new reporting requirements.

We do not agree with the accounting proposed in the Insurance Contracts DP. The transition provisions included in that DP highlight the complexity of this model and will require substantial time and efforts upon transition. We believe that the current insurance contract accounting applied under U.S. GAAP is tried and true in that it provides decision useful and reliable financial information that is readily understood by those individuals who follow the industry.

We do not have significant issues with the transition provisions associated with the Financial Instruments ED. More time given to incorporate this guidance, especially if the timing is similar to the Insurance Contracts DP, will result in a more effective transition.

Q5. In thinking about an overall implementation plan covering all of the standards that are the subject of this Discussion Paper:

a. Do you prefer the single date approach or the sequential approach? Why? What are the advantages and disadvantages of your preferred approach? How would your
preferred approach minimize the cost of implementation or bring other benefits? Please describe the sources of those benefits (for example, economies of scale, minimizing disruption, or other synergistic benefits).

We prefer single date approach. The impact of these standards on companies is going to be significant no matter whether they are implemented sequentially or not. A single date implementation with a significant lead in time would minimize the impact of the adoption of these standards. The longer the lead time, the less impact that implementation will have even with a significant number of new pronouncements.

b. Under a single date approach, what should the mandatory effective date be and why?

We would prefer an implementation period that begins no sooner than January 1, 2014. This is based on the premise that the proposed guidance is not going to be finalized until sometime in 2011.

c. Under the sequential approach, how should the new standards be sequenced (or grouped) and what should the mandatory effective dates for each group be? Please explain the primary factors that drive your recommended adoption sequence, such as the impact of interdependencies among the new standards.

See above.

d. Do you think another approach would be viable and preferable? If so, please describe that approach and its advantages.

We do not feel that other approaches would be appropriate.

Q6. Should the Board give companies the option of adopting some or all of the new standards before their mandatory effective date? Why or why not? Which ones? What restrictions, if any, should there be on early adoption (for example, are there related requirements that should be adopted at the same time)?

No, an option to early adopt individual standards does not seem consistent with the goal of a single implementation time frame. The ability to early adopt also reduces the comparability of the financial information that is reported. This temporary lack of comparability could be significant given the massive impact that some of these proposed standards will have.

Q7. For which standards, if any, should the Board provide particular types of entities a delayed effective date? How long should such a delay be and to which entities should it apply? What would be the primary advantages and disadvantages of the delay to each class of stakeholders (financial statement preparers, financial statement users, and auditors)? Should companies eligible for a delayed effective date have the option of adopting the requirements as of an earlier date?

There is no advantage to providing a delayed effective date.
Q8. Should the FASB and IASB require the same effective dates and transition methods for their comparable standards? Why or why not?

Since we are a global insurer, we currently have operations within jurisdictions that require IFRS accounting. Similar effective dates for both Boards would simplify the implementation impact on global companies such as us.