

Principal

**Financial
Group**

Letter of Comment No: 41
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Technical Director – File Reference No. 1201-100
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Sir or Madam:

The Principal Financial Group (PFG) appreciates the opportunity to provide comments related to the Proposed Statement of Financial Accounting Standards, "Fair Value Measurements". PFG is a publicly held financial services organization, providing retirement and investment services, life and health insurance and banking services.

The application of this proposed guidance to existing fair value measurements seems reasonable to us, however, we are concerned about the potential application of this proposed guidance to insurance liability accounting as it is currently being discussed by the International Accounting Standards Board.

Specifically, we have concerns with Issue 9, which requires that in the absence of quoted prices for identical or similar assets or liabilities in active markets, fair value be estimated using multiple valuation techniques. For liabilities and certain private placement securities, it may be impossible to come up with more than one technique due to the lack of any public market. Thus, fair value would rely on models to produce future cash flows.

The guidance in Appendix B is vague, which potentially gives rise to differing values for identical products/companies. Since the value will be a modeled one, numerous assumptions must be selected. The lack of market assumptions leads to entity specific assumptions, generating inconsistency across companies' financial results. In addition, a short term view of updating assumptions will lead to volatility in the financial statements, making the benefit of a fair value disclosure to the investing public uncertain at best.

We appreciate your consideration of our comments. If you would like to discuss this letter with us in more detail, please feel free to contact Ellen Lamale at (515) 247-6337.

Sincerely,

Elle Lamale
Senior Vice President and Chief Actuary
Principal Financial Group

Greg Elming
Vice President and Controller
Principal Financial Group