

Liberty Mutual Group

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February 12, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. EITF090G - Financial Services - Insurance (Topic 944), Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts

Dear Director:

Liberty Mutual Group (LMG) is a diversified global insurer and the sixth largest global property and casualty insurer in the world. As of September 30, 2009, LMG had approximately \$110 billion in consolidated assets and \$96 billion in consolidated liabilities. Our consolidated revenues were approximately \$29 billion for the year ended December 31, 2008.

We appreciate the opportunity to respond to the proposed accounting standards update on Financial Services – Insurance (Topic 944), Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts ("PASU").

In response to question 2, we do not agree that for a cost to meet the definition of an acquisition cost it must relate to successful efforts as LMG prices into each policy the fully loaded costs associated with running an underwriting department. Therefore, distinguishing between unsuccessful and successful costs are both inconsistent with the economics of the contracts and how the business is operated.

Secondly, we have concerns regarding the timing of the PASU relative to the more comprehensive joint International Accounting Standards Board ("IASB") and Financial Accounting Standards Board ("FASB") project regarding insurance contracts. It is our understanding that an exposure draft on the matter is expected to be published in April 2010. Considering the relative near term publication of the exposure draft on insurance contracts, we believe the interim changes recommended by the PASU will result in sunk costs, which include but are not limited to costs associated with accounting system modifications and employee training costs associated with the implementation of a new accounting standard, as these provisions will only be temporary. We strongly believe that this is an inefficient use of LMG's capital and resources.

Thirdly, in response to question 5, we believe the implementation date of December 15, 2010 is not operational as it does not provide sufficient time for the extensive system changes that would be required from the PASU.

Lastly, if the FASB decides to move forward on this PASU regardless of the concerns noted above, we recommend the FASB provide clarifying language that premium taxes are deemed to be costs that meet the definition of a deferred acquisition costs under the PASU. Currently, the PASU is silent to this and we believe if not clarified could result in the inconsistent application of the PASU across insurers.

In summary, LMG is not in support of the PASU for the reasons discussed above.

Sincerely,

John D. Doyle

Senior Vice President & Comptroller

Liberty Mutual Group