

April 20, 2009

VIA E-MAIL

Elizabeth M. Murphy, Secretary
Office of the Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

File Number: S7-27-08**Re: Comments on the Proposed Rule, "Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers"**

Dear Ms. Murphy:

We are submitting this letter on behalf of our client, the Committee of Annuity Insurers (the "Committee").¹ The Committee appreciates the opportunity to provide comments in response to the request by the U.S. Securities and Exchange Commission (the "Commission") in Release No. 33-8982² (the "Proposed Roadmap") for comments on proposed rules that set forth a roadmap for the potential mandatory use of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") by U.S. issuers³ in their filings with the Commission.

The Committee commends the Commission for its efforts to move toward a single, widely accepted set of high-quality global accounting standards that would benefit

¹ The Committee of Annuity Insurers is a coalition of 30 life insurance companies that issue fixed and variable annuities. The Committee was formed in 1981 to participate in the development of federal securities law regulation and federal tax policy affecting annuities. The member companies of the Committee represent over two-thirds of the annuity business in the United States. A list of the Committee's member companies participating in this letter is attached as Appendix A.

² See Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers, Rel. No. 33-8982 (Nov. 14, 2008) (the "Proposed Roadmap"). In Release No. 33-9005 (Feb. 3, 2009), the comment period for the Proposed Roadmap was extended to April 20, 2009.

³ The term "U.S. issuer" is used in the Proposed Roadmap to refer to any issuer that files annual reports pursuant to the Securities Exchange Act of 1934 on Form 10-K or a registration statements under the Securities Act of 1933 for which foreign private issuer status is not an eligibility requirement. See Proposed Roadmap at n. 29. The Proposed Roadmap does not extend to issuers that are investment companies under the Investment Company Act of 1940. See Proposed Roadmap at 21.

investors by providing a common basis for investors to evaluate financial products in different jurisdictions. The Committee would like to offer the following comments with regard to the Roadmap Proposal.

Need to Complete IFRS Standards for Insurance Contracts

As noted in the Roadmap Proposal, IFRS does not yet have a specific standard or interpretation on accounting treatment for insurance contracts.⁴ The International Accounting Standards Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) must complete their joint Insurance Contracts project in order for the U.S. insurance industry to have a complete set of IFRS accounting standards to use in its filings with the Commission. Mandatory adoption of IFRS for U.S. issuers that are insurance companies before these standards are complete would leave such U.S. issuers free to prepare financial statements using current standards and would not achieve the purpose of developing uniform, high quality global standards. The Committee, therefore, urges the Commission to delay mandatory adoption of IFRS for U.S. issuers that are insurance companies until IFRS standards for insurance contracts have been fully developed.⁵

Continued Use of Financial Statements Prepared in Accordance with Statutory Accounting Principles

Certain forms used to register annuities with the Commission (currently Forms N-3 and N-4) permit an insurance company to include in its registration statements the company’s financial statements that are prepared in accordance with the statutory accounting principles (“SAP”) prescribed or permitted by the insurance department of the insurer’s state of domicile, in lieu of financial statements prepared in accordance with generally accepted accounting principles (“U.S. GAAP”).⁶ Specifically, if the insurance company would not have to prepare financial statements in accordance with U.S. GAAP except for use in the annuity’s registration statements or in another registration statement filed on a form with a similar exemption, then its financial statements may be prepared in accordance with SAP.

⁴ *Id.* at 43. See also Comment Letter on the Roadmap Proposal from Ernst & Young LLP (Mar. 4, 2009) (“E&Y Letter”) at 6; Comment Letter from the Financial Accounting Foundation (Mar. 11, 2009) (“FAF Letter”) at 5; and Comment Letter from the American Academy of Actuaries (Mar. 4, 2009) (“Academy Letter”) at 1.

⁵ We note that there may be instances, such as when a U.S. issuer is a subsidiary of a foreign company that has adopted IFRS, where permitting voluntary early use of IFRS in Commission filings may be appropriate.

⁶ See, e.g., Instruction I to Item 23(b) to Form N-4 (registration form for variable annuities). See also Instruction I to Item 24(b) to Form N-6 (registration form for variable life insurance products). In addition, Rule 7-02(b) of Regulation S-X permits mutual life insurance companies and their wholly-owned stock insurance companies to prepare their financial statements in accordance with SAP.

The National Association of Insurance Commissioners (“NAIC”) publishes statutory accounting principles for use by insurance companies in their filings with state insurance regulators. However, many of the SAP principles promulgated by the NAIC are based on U.S. GAAP.⁷ Any decision to replace U.S. GAAP with IFRS would require the NAIC to determine whether to accept IFRS principles into SAP (a decision which may be dependent on the successful completion of the joint IASB/FASB project to develop IFRS standards for insurance contracts mentioned above) and could have significant economic impacts on insurance companies.⁸ We presume that any transition planning to an IFRS standard by the Commission will take these potential impacts into account.

In light of the importance of SAP financial statements to the insurance industry, the Committee urges the Commission to clarify in any future rulemaking regarding IFRS that, in cases where a registration statement form permits an insurer to file financial statements in accordance with SAP, rather than U.S. GAAP, the same accommodation to permit SAP will continue if the Commission were to require companies to file financial statements prepared in accordance with IFRS, rather than U.S. GAAP.

Continued Use of U.S. GAAP for Registered Investment Companies

The Roadmap Proposal appropriately does not address the possible use of IFRS by issuers that are investment companies under the Investment Company Act of 1940, including registered separate accounts of insurance companies.⁹ Rather, the Roadmap Proposal proposes to exclude investment companies from the proposed definition of “IFRS Issuer” in Rule 1-02(cc) of Regulation S-X.¹⁰

Currently IFRS provides limited guidance on accounting for investment companies.¹¹ In light of the limited nature of this guidance, the Committee believes that it would be premature to include registered investment companies, including registered separate accounts, in the Roadmap Proposal. Therefore, the Committee supports the Commission’s proposal to exclude registered investment companies, including registered separate accounts, from the Roadmap.

⁷ See, e.g., Academy Letter at 2; Comment Letter of the Group of North American Insurance Enterprises (Feb. 26, 2009) at 6.

⁸ See id.

⁹ See Roadmap Proposal at 21.

¹⁰ See id. at 60. The Roadmap Proposal asks whether it is appropriate to exclude investment companies from the scope of the Roadmap. See id. at 49.

¹¹ See, e.g., FAF Letter at 5; E&Y Letter at 6.


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The Committee appreciates the opportunity to comment on the Roadmap Proposal. Please feel free to contact us if you would like with any additional information in connection with this important proposal.

Respectfully Submitted,

SUTHERLAND ASBILL & BRENNAN LLP

BY: 
Stephen E. Roth

BY: 
Mary Jane Wilson-Bilik

FOR THE COMMITTEE OF ANNUITY INSURERS

cc: The Honorable Mary L. Schapiro, Chairman
The Honorable Kathleen L. Casey
The Honorable Elisse B. Walter
The Honorable Luis A. Aguilar
The Honorable Troy A. Paredes
Andrew J. Donohue, Division of Investment Management
Susan Nash, Division of Investment Management

APPENDIX A

THE COMMITTEE OF ANNUITY INSURERS

AEGON USA, Inc.
Allstate Financial
AmerUs Annuity Group Co.
AXA Equitable Life Insurance Company
Commonwealth Annuity and Life Insurance Company
Conseco, Inc.
Fidelity Investments Life Insurance Company
Genworth Financial
Great American Life Insurance Co.
Guardian Insurance & Annuity Co., Inc.
Hartford Life Insurance Company
ING North America Insurance Corporation
Jackson National Life Insurance Company
John Hancock Life Insurance Company
Life Insurance Company of the Southwest
Lincoln Financial Group
MassMutual Financial Group
Metropolitan Life Insurance Company
Nationwide Life Insurance Companies
New York Life Insurance Company
Northwestern Mutual Life Insurance Company
Ohio National Financial Services
Pacific Life Insurance Company
Protective Life Insurance Company
Prudential Insurance Company of America
RiverSource Life Insurance Company
(an Ameriprise Financial company)
Sun Life Financial
Symetra Financial
USAA Life Insurance Company