



Philip G Scott
Aviva plc
St. Helen's 1 Undershaft
London EC3P 3DQ
ENGLAND

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH

14 July 2009

Dear Sir David

I was pleased to hear the feedback from the recent Insurance Working Group meeting about the progress that was made and that the IASB plans to meet its targets of publishing an insurance contracts' Exposure Draft later this year and of finalising a standard in 2011. My colleagues in the CFO Forum join me in welcoming this commitment. There are a few points that we raised at the recent Insurance Working Group which we thought would be helpful to reiterate.

The timetable will of course put considerable pressure on the IASB staff. In order to assist them, as Warren McGregor may have mentioned to you, one of the CFO Forum representatives at the Insurance Working Group meeting offered the assistance of the CFO Forum to the IASB in whatever way we can. We have extensively engaged in the discussions to date, producing a set of Elaborated Principles for an IFRS Phase II Insurance Accounting Standard in 2006, responding comprehensively to the Discussion Paper in 2007 and more recently providing papers on specific issues such as measurement attribute, contract boundaries and initial profit. To the extent it is helpful we are more than happy to meet with the IASB project team and share any additional background information and ways in which we may be of future assistance.

In relation to the most recent IASB discussions on the measurement attribute for insurance contracts, which will continue at your forthcoming Board meeting, we believe that it was premature to replace candidate 3 with the IAS 37 model given that the latter model has not been articulated in sufficient detail. We continue to support a Market Consistent Fulfillment Cost as defined by the CFO Forum with a separate "residual margin" liability representing the initial profit margin. The IASB need to elaborate more fully the IAS 37 model to allow us to determine whether it is a suitable alternative. Specifically, from a CFO Forum perspective, we may be able to support an IAS 37 model if it provides the features supported in our model.

Finally, while we look forward to the publication of a Phase II Exposure Draft, I think it is worth drawing to your attention that a consultation period beginning at the end of 2009 will coincide with the preparation by the majority of European insurers of their annual financial statements. As such, it will be difficult for most to devote resources to analysis and the production of comment letters, which we trust will be recognised in the time that is allowed for comment.

We look forward to continuing to engage with the IASB on this topic.

Yours sincerely

A handwritten signature in black ink, appearing to read "P. G. Scott". The signature is written in a cursive style with a large, stylized initial "P".

Philip G Scott
Chairman – European Insurance CFO Forum

Cc Warren McGregor