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

26 April 2011

Dear Sir David,

Exposure draft: Offsetting Financial Assets and Financial Liabilities

We welcome the opportunity to comment on your exposure draft 'Offsetting Financial Assets and Financial Liabilities' (the "ED"). This letter has been drafted jointly by the European Insurance CFO Forum, which is a body representing the views of 21 of Europe's largest insurance companies and by the CEA which is the European Federation of insurers and reinsurers, which represents all types of insurance and reinsurance undertakings, accounting for approximately 95% of the total European premium income. Accordingly, it represents the consensus views of a significant element of the European insurance industry.

Overview
Overall we support the proposals in the exposure draft for offsetting financial assets and financial liabilities to the extent that these align US GAAP to the existing offsetting criteria in IAS 32. However, whilst we support the proposed criteria for offsetting, we are concerned with the proposed disclosure requirements in the ED.

Proposed disclosure requirements (Question 4)
We do not agree with the proposed disclosure requirements in the ED. Under the proposals an entity would be required to disclose the gross amount of financial assets and financial liabilities offset on its balance sheet and also the amounts for financial assets and financial liabilities where the criteria for offsetting was not met (e.g. when setoff rights are only conditional, such as in a master netting arrangement, or in cases where there is no intention to settle on a net basis). This will mean companies are not only required to maintain the disclosure information for arrangements that meet the offsetting criteria but also for those arrangements which do not meet the criteria. This will place an operational burden and additional cost on preparers, whilst in our view, the disclosures would be of little benefit to users of financial statements. We believe that credit exposure disclosures are adequately covered in IFRS 7 where paragraph 32 focuses on the disclosure of risks that arise from financial instruments and how they have been managed and paragraph 36(a) which requires disclosure of maximum exposure to credit risk.

If you have any queries or questions that you would like to raise in relation to the matters raised in this letter, please feel free to contact us.

Yours sincerely

Dieter Wemmer
Chair, European Insurance CFO Forum

Michaela Koller
CEA Director General