

October 24, 2013

Russell G. Golden
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
Via email: director@fasb.org

File Reference: FASB No. 2013-290 Insurance Contracts

Dear Chairman Golden:

The Association of Bermuda Insurers and Reinsurers (ABIR) appreciates the opportunity to comment on the exposure draft, *Insurance Contracts* (ED). Bermuda's global insurers and reinsurers provide important insurance and reinsurance market support in all the world's major economies. Bermuda's market leading insurers are members of ABIR and they include 15 of the top 40 global reinsurers as reported by Standard and Poor's. These companies wrote global gross written premium of \$66 billion USD on a capital base of \$95 billion USD for the year ended December 31, 2012.

Current U.S. GAAP Model

Whilst we do not wish to preempt comments that have or will be filed directly by our member companies, we wish to submit to you overarching views shared by ABIR as it relates to the current ED project.

The current US GAAP is recognized as being both well understood and easily comparable over an established period of time giving stakeholders the ability to evaluate the financial statements across insurance and reinsurance companies. ABIR believes the proposed model described in the ED will result in reduced comparability and less decision useful information to the stakeholders especially for property and casualty insurance and reinsurance companies. This standard will be costly for our member companies to implement and will permanently increase the costs related to external audit and compliance due to the increased complexity and subjectivity inherent in the ED.

Targeted Approach to Changes

ABIR does not support a wholesale rewrite of U.S. insurance contract accounting; any deficiencies in the existing property and casualty insurance accounting should be addressed

through a targeted approach rather than introducing an entirely new, untested model. The judgments required throughout the proposed standard significantly increase subjectivity in estimation processes and correspondingly reduce the ability of auditors and other third parties to objectively verify financial statements.

2013-290
Comment Letter No. 29

A global accounting standard for insurance contracts

The ED does not address convergence with the IASB so it is difficult to justify these extensive changes if in fact the benefit of a global standard is not achieved. As mentioned above, U.S. GAAP already has a complete, comprehensive set of standards which have produced high quality financial reporting for many years. If convergence with IASB is not achieved through the ED, any benefit of a new insurance accounting model is significantly reduced.

Thanks for your consideration of ABIR's views. Please do not hesitate to call me if you wish to discuss further.

Sincerely,



Bradley L. Kading
President and Executive Director