

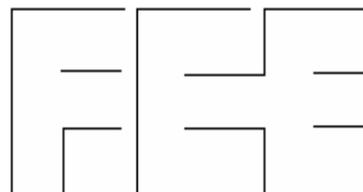
Date
15 May 2007

Le Président

Fédération
des Experts
Comptables
Européens
AISBL

Av. d'Auderghem 22-28/8
1040 Bruxelles
Tél. 32 (0) 2 285 40 85
Fax: 32 (0) 2 231 11 12
E-mail: secretariat@fee.be

Mr. Yves Guérard
Secretary General
International Actuarial Association
150 rue Metcalfe, Bureau 800
Ottawa (Ontario)
CND - K2P 1P1Canada

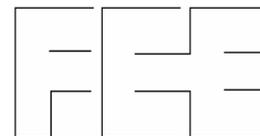


Email: katy.martin@actuaries.org

Dear Mr. Guérard,

Re: International Actuarial Association Exposure Draft Measurement of Liabilities for Insurance Contracts: Current estimates and Risk Margins

1. FEE (Fédération des Experts Comptables Européens, European Federation of Accountants) appreciates your invitation to comment on the Exposure Draft Measurement of Liabilities for Insurance Contracts: Current Estimates and Risk Margins. We are pleased to share the following general observations on the Exposure Draft with you. We have decided not to address the detailed questions as raised in your letter but to provide you with our overall views.
2. In general we welcome and do see a need for IAIS's involvement of the actuarial profession in the determination of current estimates of mean values of risk weighted uncertain cash flows under insurance contracts.
3. We understand that the main objective of the Exposure Draft is to develop insight in current practice, challenges and solutions for solvency purposes. We welcome, that the Risk Management Working Group has extended its elaboration to financial reporting. Similar challenges and questions arise under a current exit value approach as proposed by the IASB for the phase II of the insurance project as well as discussed in the Discussion Paper on fair value measurement.
4. The relevance of current exit values in general and especially for the measurement of rights and obligations under insurance contracts will perhaps be the most critical issues in relation to IASB's Discussion Paper on fair value measurement and the upcoming Discussion Paper for phase II of the insurance project. We believe however, that the determination of the measurement attribute and related questions like the unit of account or the definition of reference undertakings are rather accounting questions to be treated in the accounting standards and the corresponding solvency regulations respectively.
5. With respect to the discussion of the three methods of determining risk margins, it may be worth to investigate further to which extent the methods match with discussed measurement attributes. Those may not be the same for supervisory and financial reporting purposes.
6. Another area of concern is the reliability of statistical calculations that shall form the basis for measurement. We therefore would have expected that the Exposure Draft would concentrate on a discussion on methodologies, limitations, and the necessary data for the calculation of a current estimate of the mean value and risk weights.



7. We do have special concerns with respect to the modelling of risks related to the conduct of individual market participants, e.g. policyholders. We suggest that the capabilities and limitations for stochastic modelling in this area are discussed further, especially the determination of margins on costs and lapses.
8. Furthermore it should be made clearer, where assumptions can be deducted objectively from market figures or statistics and where they need to be set more or less arbitrarily by the reporting enterprise itself.

We would be pleased to discuss any aspect of this letter you may wish to raise with us.

Yours sincerely,

Jacques Potdevin
President