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April 20, 2009

Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100F Street NE
Washington DC 20549-1090

Re: SEC Request for Comment, File Number S7-27-08 *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U. S Issuers*

Dear Ms. Murphy:

The American Council of Life Insurers (ACLI)[1] appreciates the opportunity to respond to the proposed SEC *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U. S Issuers* ("Proposed Roadmap").

We appreciate the opportunity to respond to the request by the SEC for comment regarding the Proposed Roadmap for preparing financial statements in accordance with International Financial Reporting Standards ("IFRS"). We support the Proposed Roadmap's objective of moving the United States toward a single set of high-quality global accounting standards, as represented by IFRS. We believe that a common platform for financial reporting will enhance the efficiency and effectiveness of capital formation by providing improved comparability of financial information globally.

We also support the need/development of a single, principle based insurance accounting standard (i.e., Insurance Contracts Phase II Project).

However, we have some concerns:

1. Timing of the SEC's decision to require adoption of IFRS – 2011
2. Proposal for the Early Adoption
3. Milestones
4. Scope
5. Funding and Governance structure

[1] The American Council of Life Insurers (ACLI) represents 340 member companies operating in the United States, of which 332 are legal reserve life insurance companies, and 8 are fraternal benefit societies. These 340 member companies account for 93% of total life insurance company assets, 94% of the insurance premiums, and 94% of annuity considerations in the United States.

Timing of the SEC's decision to require adoption of IFRS – 2011

As noted above we support the SEC's issuance of the Proposed Roadmap; however we are concerned that the Proposed Roadmap does not provide adequate time to successfully implement IFRS if the SEC does not make a final decision regarding the use of IFRS until 2011. Given the uncertainty on conversion and the significant resources necessary for conversion to IFRS, companies will not commit all resources needed to adopt IFRS until a final decision is made. The transition to IFRS will require IFRS education, establishment of accounting policies, system changes, and data collection, all in a "Sarbanes-Oxley Section 404: Assessment of internal control" compliant manner. This will take significant time and costs. As a result, the 2014 adopters will not have enough time in between the final decision in 2011 and the first opening financial statement required to be presented on an IFRS basis (January 1, 2012 for larger accelerated filers).

To provide companies with sufficient lead-time between the final decision and the required adoption date we recommend:

1. A firm date using the timetable of 2016 for larger accelerated filers, 2017 for accelerated filers and 2018 for non-accelerated filers. This would provide for a clear adoption date to work toward. At the present time the milestones established are subjective and rely on entities outside of the SEC to complete. For example, currently there is a lack of a comprehensive insurance accounting standard under IFRS (i.e., Insurance Contracts Phase II Project), which needs to be addressed before adoption of IFRS by insurance companies. Although progress is being made and final guidance is expected by May 2011, it will be dependent upon the IASB to complete this standard.
2. In lieu of the above, a firm date using the timetable of 2015 for larger accelerated filers, 2016 for accelerated filers and 2017 for non accelerated filers but requiring only one year of comparative financial statements to be prepared under IFRS. This would provide the same relief given by the SEC to Foreign Private Issuers in their first time adoption of IFRS as well as EU companies upon their adoption of IFRS in 2005.

Proposal for the Early Adoption

We support the inclusion of an early adoption option and believe there is interest among our members, including subsidiaries of foreign private issuers. Therefore, we would encourage that the early adoption criteria be expanded, if not extended to all companies, as the information that the SEC will obtain from early adoption is important. At a minimum, we would expand the population to include SEC registrants with a parent that publishes financial statements in accordance with IFRS, as issued by the IASB (e.g., subsidiaries of foreign private issuers). These entities already prepare financial statements on an IFRS basis for reporting to the parent and users of financial statements will benefit from the reporting consistency with the parent. This group is willing to early adopt in order to realize internal cost/efficiency benefits, thus propelling the migration to IFRS.

However, we do not expect that early adoption as proposed will be chosen by many companies due to:

1. The uncertainty of a final conversion decision until 2011.
2. The risk that early adopters may be required to "unadopt".
3. U.S. GAAP reconciliation requirements.
4. Incompleteness of IFRS given that a substantial portion of the entire body of IFRS accounting guidance is undergoing revision and in some cases, actual development.

To address this issue, we recommend that 1) early adopters be allowed to continue using IFRS even if the SEC decides not to go forward with the use in the U.S. and 2) the U.S. GAAP reconciliation requirements be minimized and in the case of subsidiaries of foreign private issuers, eliminated. These companies have determined that IFRS is the best accounting basis for their companies. Investors and analysts today see the statements of foreign private issuers that use IFRS, and thus are experienced with companies reporting IFRS. Allowing companies to continue with IFRS once adopted may increase the number of issuers that will early adopt IFRS.

Milestones

Significant progress has been made and the IASB and FASB continue to improve their accounting standards. However, we are concerned with the lack of a comprehensive insurance accounting standard under IFRS (i.e., Insurance Contracts Phase II Project), which needs to be addressed before adoption of IFRS by insurance companies.

The commission should continue to monitor the FASB and IASB as they continue to improve existing accounting standards. It is critical that the FASB and IASB work jointly to issue converged standards, and that there be consistent global enforcement of such standards in order for convergence to be initially achieved and maintained on a going forward basis. There are currently some new standards being issued that are not the same (e.g. Business Combinations). The continued effort of convergence is critical, as this will facilitate the adoption of IFRS as the differences between IFRS and U.S. GAAP become fewer. Additionally, there are several significant projects such as Financial Statement Presentation, Revenue Recognition, Consolidations and Insurance Contracts which are to be completed and then implemented. If these standards are not issued the same by both the FASB and IASB, the transition to IFRS will be much more difficult.

Given the number of significant projects being worked on which need to be successfully completed and converged before the adoption of the IFRS in the U.S. we would suggest a moratorium on IFRS standards issued during the implementation period. It will be difficult enough to adopt IFRS, but near impossible if the standards are moving targets.

We encourage the SEC to consider an additional milestone, which is the resolution of issues, related to the interaction of our legal system within the context of operation of IFRS compliant statements. For example, IFRS 7 requires sensitivity disclosures that use forward-looking information. Similar U.S. disclosures are Market Risk disclosures, which are currently included by U.S. filers in the MD&A, which are protected by safe harbor rules. These will be required in the IFRS financial statements, and thus, unprotected by safe harbor rules. Issues such as these need to be addressed before IFRS is adopted by U.S Issuers.

Scope

Investment companies are not included in the scope of this proposal. Currently IFRS does not recognize the specialized industry practices we have under U.S. GAAP such as those employed by Investment Companies who account for investments at fair value. IFRS will be a significant change for these investment entities. Accordingly, we support the Proposed Roadmap to exclude registered investment companies, including Insurance Company Separate Accounts, from the Roadmap as we recommend that the reporting for these entities be resolved before they adopt IFRS.

Funding and Governance structure

The funding mechanism proposed by the IASCF in the current round of the Constitutional Review appears adequate to promote the necessary independence of the IASB. However, any decision by the SEC to recognize the standards of a private standard setting body as “generally accepted” in the United States needs to comply with Sections 108 and 109 of the Sarbanes-Oxley Act of 2002. It is not clear that the IASB meets those requirements or on what other basis IFRS would be accepted or required.

Please feel free to contact us with any questions.

Sincerely,

Michael M. Monahan
Director, Accounting Policy