



International Accounting Standards Committee Foundation  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

cc: [info@efrag.org](mailto:info@efrag.org); [main@businessseurope.eu](mailto:main@businessseurope.eu)

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## DP Preliminary Views on Insurance Contracts

The Swedish Enterprise Accounting Group (SEAG) is a forum for Chief Accountants from the largest Swedish listed companies. SEAG is administered by the Confederation of Swedish Enterprise, to which most participating companies of SEAG are joined.

Representing preparers' point of view, SEAG welcomes the opportunity to comment on the abovementioned discussion paper.

We limit our comments to a few general concerns presented below.

We are aware of the need to replace the interim standard IFRS 4 Insurance Contracts with a complete and modern standard, in order to deal with the varying accounting principles that distinguish the insurance business today. However, with this aim in mind, we believe that many of the proposals in the discussion paper are based on measurement principles and other important conclusions that do not serve the purpose of such a standard.

One important objection is related to the use of the "current exit value" attribute. We have strong doubts whether this hypothetical transfer value represents a meaningful representation of the liabilities in an on-going insurance business. Firstly, because the guaranteed insurability concept will exclude many future cash flows that would influence a real life transfer value. Secondly, because a transfer value is relevant to a user of the accounts only if such a transfer is seen as a probable exit of the insurance portfolio.

Another important weakness in the discussion paper is the open question of how the performance of the insurance business shall be measured and presented in the income statement. In this fundamental respect we believe that it is necessary to make further progress in the Revenue recognition project before finalising the insurance project.

The reason for this is that we are strongly opposing a situation where the insurance business sets a standard for other industries. Instead, we find it natural to have a general understanding of performance measurement and presentation in place before discussing any deviations needed to deal with special insurance business characteristics.

We are pleased to be at your service in case further clarification to our comments will be needed.

Yours sincerely,

CONFEDERATION OF SWEDISH ENTERPRISE

Carl-Gustaf Burén  
Secretary of the Swedish Enterprise Accounting Group