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13 March 2009

Dear Sir/Madam,

Re: FRC Draft Plan 2009/10, Proposed Updates to the Strategic Framework and 2009/10 Levy Proposals

The ABI represents leading institutional investors as well as preparers of accounts and corporate reporting in a highly complicated sector. Our 400 members provide around 91% of the UK's domestic insurance and have around £1.3 trillion invested. We therefore have a strong interest in maintaining the highest standards in accounting, auditing and corporate governance. The ABI therefore welcomes the opportunity to comment on the draft plan, updates to the strategic framework and the levy proposals.

We remain firm supporters of the work of the FRC and continue to believe that it offers a high quality service and its levy is in proportion to the contribution it makes. However we do believe that in the current economic conditions it behoves every organisation to seek to control costs. We have only limited comments on the specific proposals, which we have placed in the attached annex.

We look forward to continue to work constructively with the FRC and others in this challenging environment.

Yours sincerely

Marc Jobling
Assistant Director, Corporate Governance

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Annex

Q1. Do you agree with our proposed updates to our strategic framework?

The inclusion of related audit services in Strategic Outcome 3 (auditing) would seem to be in keeping with our view that it may be appropriate to review the definition of audit services.

The separation of supporting outcomes legislation and regulation within the Strategic Outcomes framework seems a sensible move.

Updating Outcome 6 to reflect the Better Regulation agenda is acceptable.

Q2. Do you agree that the major risks we have identified in the draft Plan 2009/10 are significant in relation to confidence in corporate reporting and governance in the UK? Are there major risks which we have not identified? Do you agree with our draft risk assessments in section B?

We agree that the major risks identified are significant and the draft risk assessment is generally adequate. We would emphasise that many of the identified risks come with significant potential upsides that all parties should focus on crystallising given the current environment.

Q3. Do you have any comments on the scope and relevance of the proposed major activities and projects included in the draft Plan 2009/10? Are there any additional major activities or projects which should be included in the Plan? Do you agree with our draft work programme 2009/10 in section B?

They appear sensible, however we believe that further thought to some of the activities in relation to Corporate Reporting and Auditing. In general, we agree that current economic conditions do make it more challenging for accounts to be prepared in accordance with required standards.

We believe that the IASB faces challenges to its ability to act as an independent standard setter and from jurisdictions implement carve-outs, which will ultimately reduce quality.

We also agree that despite the requirements of the EBR, companies will be reticent to discuss in a meaningful way the risks and uncertainties associated with their business model. The ABI recognises its role in helping to define what investors expect and/or find useful.

We note that Supporting Outcome Two (b), component (ii), refers to the ASB having an influential role in Europe. We consider this to be important for the UK and its insurance industry. EFRAG has a forward-looking agenda, amongst its various roles, and it is to receive considerably increased funding from the EC to develop that still further. Though the ASB clearly consults

about some of the EFRAG work (its comment letters to the IASB) etc, it doesn't so clearly do so for the EFRAG's agenda and priority setting, including through the PAAinE. We suggest that the ASB should widen the scope of its consultation with its stakeholders in relation to the EFRAG.

Q4. Do you believe there are any other significant risks which may emerge, beyond the 2009/10 horizon, which may be relevant to our future planning?

We have no comments on specific risks, however we do recognise that that given the current environment there will be considerable scope for new risks to emerge.

Q5,6,7 on draft budget and proposed levy division?

We have no significant comments to make in this regard, however we would again emphasise that in the current environment every organisation should make efforts to control costs and reduce unnecessary expenditure.
