Lowndes A. Smith
Chairman, Audit Committee

David T. Foy
Executive Vice President
and Chief Financial Officer

December 14, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

Dear Board Members:

Thank you for the invitation to comment on your Concept Release on Auditor Independence and Audit Firm Rotation (PCAOB Release No. 2011-006).

We support the PCAOB's goal to enhance audit quality in ways that benefit shareholders and other users of financial statements issued by public companies. We do not believe mandatory audit firm rotation would accomplish such a goal, however. To the contrary, we believe that any marginal improvements to auditors' independence resulting from mandatory audit firm rotations would be more than offset by increased costs and a deterioration in audit performance, thereby reducing audit quality.

Costs of Mandatory Audit Firm Rotations

Mandatory audit firm rotations would significantly increase audit related costs. For example, the GAO report referred to in PCAOB Release No. 2011-006 contained a survey in which nearly 90% of respondents indicated that they believe that first-year auditing costs exceed the annual auditing costs of subsequent years by 20% or more. If the PCAOB requires mandatory audit firm rotations, we believe complex, global organizations like ours could see increases in audit fees for the first year of an audit that would be substantially higher than 20%.

The costs to an organization resulting from a change in auditor are far more extensive than audit fees, however. The evaluation, selection and education of a new auditor requires significant time and effort from all levels of management, particularly since the implementation of audits of internal control over financial reporting mandated by the Sarbanes-Oxley Act of 2002. Although there are circumstances where the benefit to shareholders of selecting a new audit firm exceeds the costs of making such a change, we believe this is not often the case, as management resources are drawn away from activities that increase shareholder value.

Impact on Audit Performance

Public companies and the accounting rules and regulations thereon have become increasingly complex. We believe this is particularly true for global public insurance companies like ours, where regulatory requirements are extensive and vary by country and by state. As a result, we believe that only the "Big 4" auditing firms are capable of delivering a high-quality audit for our organization, because other auditing firms do not have the resources needed to audit an organization that does business in many geographic markets throughout the world.

In addition, non-incumbent audit firms are often not eligible to become the auditor of a company because they are not independent of the company. The reasons can be related to an action the company has taken, such as hiring the audit firm for work that impairs independence, or can be related to issues outside of the company's control, such as investments made in the company's stock by some of the audit firm's employees. As a result, the number of audit firms able to audit companies like ours is very small. This has become an increasingly troubling issue for audit committees over the last several years since the merger of Price Waterhouse and Coopers & Lybrand and the dissolution of Arthur Andersen. Mandatory audit firm rotations would severely inhibit an audit committee's ability to select the best audit firm, as the incumbent audit firm would no longer be an option when the number of options is limited to begin with. We believe this would cause audit performance to suffer. Furthermore, given these practical constraints, we question whether mandatory audit-firm rotation would cause meaningful improvements in auditor independence when the outgoing audit firm views itself as likely to be rehired in the next mandated audit firm rotation due to a lack of other viable alternatives.

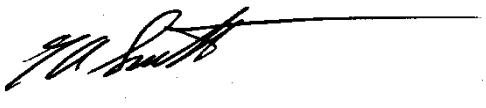
Suggested Improvements

Significant judgment is required when evaluating the appropriate audit firm for an organization, and the individuals making such a determination require extensive expertise and knowledge of the organization subject to audit. As a result, we believe that strong, independent audit committees are in the best position to represent shareholders by evaluating all of the costs and benefits of choosing an audit firm. We believe that improvements should be focused on enhancing the audit committee's ability to perform this role. Many audit committees, including ours, have implemented practices that we believe underscore the importance of the relationship between the audit committee and the auditor and would improve overall audit quality if they were a requirement for all public companies. Examples include:

- Communication by the auditor to the audit committee regarding the results of the work performed by the auditor prior to the public release of financial results
- Direct guidance and oversight from the audit committee during fee negotiations
- Meeting between the audit committee and new partners assigned to replace others whose audit term has expired

We appreciate the Board's commitment to improving audit quality. Please feel free to contact either of us if you would like to discuss these matters further.

Respectfully submitted,



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