



Christopher J. Swift  
Executive Vice President and  
Chief Financial Officer

December 5, 2011

Office of the Secretary  
PCAOB  
1666 K Street, N.W.  
Washington, D.C. 20006-2803

Reference: PCAOB Rulemaking Docket Matter No. 37

Dear Secretary:

The Hartford Financial Services Group Inc., or The Hartford, is a leading provider of insurance and wealth management services for millions of consumers and businesses worldwide. At September 30, 2011, total assets and stockholders' equity of The Hartford were \$305.6 billion and \$22.8 billion, respectively. The Hartford is consistently recognized for its superior service and as one of the world's most ethical companies.

We are responding to the Public Company Accounting Oversight Board ("PCAOB")'s concept release requesting public comment on the advisability of imposing a regulatory limitation on audit firm tenure. We do not believe that the potential benefits associated with mandatory audit firm rotation would sufficiently enhance independence, objectivity or professional skepticism to justify the cost and risk. We believe that the changes implemented as a result of the Sarbanes-Oxley Act of 2002 ("the Act") have addressed these objectives and are unaware of a correlation between audit failures and auditing firm tenure. Finally, we believe that the Board should conduct a cost-benefit analysis before mandatory auditor rotation is imposed.

Specifically, we believe that mandatory audit firm rotation could result in increased service costs, a decrease in audit quality, and may be inoperable as a practical matter. The following discusses each of these points.

- Increased Audit and Non-Audit Service Costs — Mandatory audit firm rotation would result in increased costs for issuers due to the learning curve that audit firms face with any new audit. These costs consist of higher fees and additional time spent acquainting the new audit firm with our business, accounting practices and internal controls. The audit firm selection process requires both a successor auditor and the issuer to incur costs getting up to speed on an audit engagement, and the length of time necessary to implement a change in auditors could result in redundant charges by both the predecessor and successor audit firms. For example, in 2012 we will adopt new guidance associated with deferred acquisition costs, which will require retrospective presentation in our first quarter 2012 reporting. This adoption is significant to our company and the insurance industry. It has required considerable effort to analyze and document for the past year. A requirement for mandatory audit firm rotation for 2012 would likely increase the cost as both the predecessor and successor firms incur costs to audit our adoption of this accounting. Finally, the costs of mandatory firm rotation may be compounded if in prior years the successor audit firm performed non-audit services for the issuer that had to be transitioned to a new firm to be compliant with the Act.

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- Decrease in Audit Quality — Mandatory auditor rotation could result in a decrease in audit quality, especially in the first few years of a new engagement due to loss of knowledge of our complex transactions and judgments made on critical accounting estimates in prior years. It takes time for an audit firm to gain knowledge of an issuer's operations, systems, and judgments, and it is unlikely that the successor firm would have cumulative knowledge comparable to the predecessor firm.
- Questionable Operability — The Hartford's various insurance and financial subsidiaries offer complex products and operate in multiple state and regulatory environments, including international operations most notably a \$30 billion subsidiary in Japan, requiring an audit firm with highly specialized knowledge and depth both in the United States of America and globally. Not only are there a limited number of large, sophisticated firms capable of providing this level of service, but we are further limited by regulatory constraints that restrict an auditing firm's ability to engage in non-audit services. Mandatory rotation could adversely affect our ability to adopt complex accounting standards or undertake potential mergers or acquisitions while maintaining our current reporting timelines. As discussed above, in 2012 we will adopt new guidance associated with deferred acquisition costs retrospectively in our first quarter 2012 reporting. The ability of the successor audit firm to satisfactorily audit the information in a timely manner would be a significant concern. The recommended cost-benefit analysis should consider transition costs of both the audit firms and the issuer, as well as costs for business opportunities delayed or forgone due to practical restrictions associated with an untimely change in auditor.

Mandatory audit firm rotation may also limit our Company's ability to support self-imposed efforts that ensure auditor independence and efficiency. We have engaged audit firms to conduct reviews of specific aspects of our operations, i.e. a non-audit service, including enterprise risk management, benchmarking, and regulatory assessment projects. Given the limited number of qualified firms available, it may be increasingly more difficult to continue to engage these firms and avoid incompatible audit and non-audit service providers.

Because the requirements of the Act have improved auditor independence, objectivity and professional skepticism, we believe mandatory auditor rotation is unnecessary. For example:

- Audit Committee Auditor Engagement — Our Audit Committee is responsible for the appointment, compensation, and oversight of our registered public accounting firm. Our audit firm participates in all meetings, including executive sessions, with the Audit Committee and has complete access to the Audit Committee.
- Audit Committee Oversight of Services by Audit Firm — The registered public accounting firm that audits our financial statements is prohibited by regulation from providing certain non-audit services. As discussed in our proxy statement, our Audit Committee has established policies requiring pre-approval of audit and non-audit services provided by the audit firm. The policies require that the Audit Committee pre-approve specifically described audit and audit-related services, annually. For the annual pre-approval, the Audit Committee approves categories of audit services and audit-related services, and related fee budgets. For all pre-approvals, the Audit Committee considers whether such services are consistent with the rules of the Securities and Exchange Commission and the PCAOB on auditor independence. The audit firm and management report to the Audit Committee on a timely basis regarding the services rendered by and actual fees paid to the audit firm to ensure that such services are within the limits approved. The Audit Committee's policies require specific pre-approval of all tax services, internal control-related services and all other permitted services on an individual project basis above \$100,000. Between meetings any pre-approvals below this amount are reported to the full Audit Committee at its next scheduled meeting.

- Mandatory Lead and Review Partner Rotation — As required by the Act, we have experienced one lead audit partner rotate, and anticipate the present lead partner will rotate within the next year. While this rotation may not provide as complete of a “fresh look” as a full rotation of the audit firm, it does offer a new look to our financial statements with minimal disruption and knowledge loss.

These practices along with PCAOB oversight of audit firms have mitigated the risks identified by proponents of mandatory audit firm rotation appropriately such that adopting a mandatory audit firm rotation requirement would result in additional costs and risks that outweigh perceived and speculative benefits.

Thank you for the opportunity to comment on this concept release. Please contact us if you would like to discuss.

Sincerely,

A handwritten signature in blue ink that reads "Christopher Swift". The signature is written in a cursive style with a large, stylized 'S' at the end.

Christopher J. Swift  
Executive Vice President and Chief Financial Officer  
The Hartford