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August 4, 2006

Mr. Lawrence W. Smith Chairman, Emerging Issues Task Force Financial Accounting Standards Board 401 Merritt 7, P.O. Box 5116 Norwalk, Connecticut 06856-5116

Re: EITF Issue 06-4, Accounting for Split-Dollar Life Insurance

Dear Mr. Smith:

CBA is pleased to respond to the recent tentative conclusion reached by the Emerging Issues Task Force (EITF) on Issue 06-4, "Accounting for Deferred Compensation and Post-retirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements" (the consensus). CBA is a professional non-profit association established in 1891 representing most of the depository financial institutions doing business in California. Given the potential impact of the EITF tentative decision, we urge the FASB Board not to adopt the changes at this time.

Where the obligation to pay rests with the carrier and not the policy holder, requiring the policy holder to account the obligation as a liability results in distortions and hardships, particularly as to the policy holder's financial condition and regulatory capital. Requiring the policy holder to recognize a liability for a payment for which it will never be liable is to distort the nature of the underlying transaction. This in turn will mislead users of financial statements. Also, requiring the policy holder bank to reduce its regulatory capital available for investment by the amount of the liability required to be recognized would limit the amount of funds with which to make loans and conduct other business. It is our understanding that policies do not allow for the remittance of proceeds from insurer to policy holder to employee-beneficiary. The absence of an obligation between employer and employee should support the premise that the liability lies with the insurer.

For the reasons stated above, CBA urges EITF and FASB to conduct more research to ensure the proper accounting for split-dollar insurance arrangements. Thank you for your consideration of our letter, and please do not hesitate to call if you have any questions.

Sincerely,

Leland Chan