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GNAIE

September 21, 2007

Mr. Russell G. Golden
Director of Technical Application & Implementation Activities
Financial Accounting Standards Board
401 Merritt 7 PO Box 5116
Norwalk, Connecticut 06856-5116

File Reference: Proposed FSP FAS 140-d

FSPFAS140D

LETTER OF COMMENT NO. 24

Dear Mr. Golden:

ACLI is the principal trade association of life insurance companies, representing 373 member companies that account for 91 percent of total assets, 90 percent of the life insurance premiums and 95 percent of annuity considerations in the United States. GNAIE consists of Chief Financial Officers of leading insurance companies including life insurers, property and casualty insurers, and reinsurers. GNAIE members include companies who are the largest global providers of insurance and substantial multi-national corporations.

Our organizations would like to offer the following comments regarding the exposure draft. While we agree with the intent of the proposed guidance, we are concerned with the following areas.

Issue #1 – Clarification of Scope (Paragraph 2)

It would be beneficial to preparers if the scope of the final FSP was clarified by specifically identifying types of transactions that are excluded from the scope. Paragraph 4 of the proposed FSP and footnote 1 indicate that the proposed FSP refers to repurchase transactions only (as defined in paragraph 97 of FAS 140). However, footnote 2 states that the legal form of the repurchase financing may vary and the substance of the transaction should be considered to determine whether a repurchase financing exists. We ask that the final FSP specifically clarify whether the FSP is affects the guidance in paragraphs 91-95 of FAS 140 that provides detailed guidance on the considerations for applying the provisions of FAS 140 to securities lending transactions, which today results in billions of dollars industry-wide being accounted for as secured borrowings symmetrically by both parties to the transaction.

Issue #2 - Presumption of Linkage (Paragraphs 3 and 7)

Overall Approach

The proposed FSP concludes that the two transactions are automatically presumed to be linked unless certain criteria are met. We are concerned with the application of this "rules-based" approach, as it is inconsistent with the most recent approach taken with respect to "linkage" provided in EITF 04-13, "Accounting for Purchases and Sales of Inventory with the Same Counterparty". In EITF 04-13, the Task Force took into consideration the concept of intent in reaching the consensus that two or more inventory purchase and sales transactions with the same counterparty (the performance of which was not contingently linked) that are entered into *in contemplation of one another* should be combined for purposes of applying Opinion 29. The EITF goes on to list factors to consider in making the determination as to whether the transactions were entered into in contemplation with one another, rather than providing a definitive list of criteria that must be met.

We believe that the transactions that are most troublesome for the Board, and the impetus for this FSP, would be captured using this alternative approach. Furthermore, using the current approach presented in the proposed FSP, transactions that were clearly not executed in contemplation of one another could end up being subject to the requirements of this FSP, which we do not believe was the intent.

For example, in a large organization, there could be purchase/sale transactions in one area/division and completed unrelated repurchase transactions occurring at another location within the organization with the same counterparty that may not meet all of the criteria listed in paragraph 7 of the proposed FSP, thus falling under the guidance in the proposed FSP.

Contemporaneous

There could also be transactions in the same area of the organization with the same counterparty for which an extended time elapses between the initial transfer and subsequent repurchase that are not executed in contemplation with one another that may also fail to meet all of the criteria in paragraph 7. We believe it would be operationally burdensome, with little benefit to be gained, to implement systems and procedures to monitor and evaluate transactions occurring over long periods of time, which is what this proposed FSP requires. Our recommendation, in this case, is that timing of the two transactions be an indicator to determining "in contemplation", where simultaneous transactions would be a very strong indication that the two transactions were executed in contemplation of one another.

Marketability

Additionally, we recommend that the Level 1 requirement in paragraph 7(c) be removed, as there are instances where Level 2 financial assets would be considered highly marketable. If our recommended approach were taken by the Board, we believe that the degree of marketability of the transferred financial asset would be a one of the factors to consider in determining whether the two transactions were entered into in contemplation of one another and, therefore, considered linked for accounting purposes.

Overall, we agree with the need to issue guidance in this area, but are concerned that the approach taken by the board should allow for more judgment and consider management intent, which, given the proper factors to consider in the aggregate, should be more cost effective to apply and provide an accounting result that is more representative of the underlying economics.

If you have any questions regarding the contents of this letter, please contact Steve Belcher at 212-770-6252. Thank you in advance for your consideration in this matter.

Sincerely,

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