



June 22, 2007

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 1530-100

Dear Sir/Madam:

The Accounting Principles Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide our perspective on the proposed Statement, Accounting for Financial Guarantee Insurance Contracts, an Interpretation of FASB Statement No. 60. The organization and operating procedures of the Committee are reflected in Appendix A to this letter. These comments represent the position of the Illinois CPA Society rather than any members of the Committee or of the organizations with which the members are associated.

The Committee has no comments with respect to the technical matters in this proposed Statement.

However, since this proposed Statement has been written in a new format intended to improve its understandability, we believe that it is appropriate to respond to the "General" request for comment regarding this new format, as follows:

Do you believe the new format increases the understandability of this proposed Statement?

The new format does increase the understandability of this proposed Statement. The FASB's recognition of understandability and its efforts to enhance future pronouncements in that respect are appreciated by the Committee.

What changes do you like?

While the use of bold text to convey the appropriate accounting principle for a particular section can result in less attention to detail on the user's part, this emphasis is consistent with implementation of a principle-based approach.

The inclusion of examples in the body of the standard enhances the user's ability to understand the concept without the necessity for searching to find an appropriate example that may be located in the document's Appendix. The proximity of the appropriate example to the specific principle should also enhance the internal consistency of the overall pronouncement.

The intention to eliminate multiple accounting guidance formats is also important, as it simplifies the nature of GAAP's hierarchy. Simplification should result in an improvement in the user's understanding and make the documents easier to use.

What changes do you not like?

None of the changes are disliked.

What additional improvements could be made to increase understandability?

Committee members believe that there should be increased emphasis in order to eliminate inconsistencies between a Statement and its Appendices. Such inconsistencies were particularly noted by members in their application of SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R).

In addition, the Committee believes some well placed basis for conclusions in the body of the statement could make the principles more understandable without having to look in two places. For example, paragraph 7 of this proposed Statement indicates that recognition will be at inception; paragraph B7 explains why in two sentences. Paragraph 7 indicates that the premium measures the obligation; paragraph B8 explains why in two sentences. Paragraphs 10 - 11 prescribe the measurement of the premium receivable; paragraph B9 explains why it is treated that way in one sentence.

We appreciate the opportunity to offer our comments.

Sincerely,

John A. Hepp, Chair Accounting Principles Committee

APPENDIX A ILLINOIS CPA SOCIETY

ACCOUNTING PRINCIPLES COMMITTEE ORGANIZATION AND OPERATING PROCEDURES 2007-2008

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee's comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times, includes a minority viewpoint.

Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large: (national & regional) James L. Fuehrmeyer, Jr., CPA Retired/Deloitte & Touche LLP John A. Hepp, CPA Grant Thornton LLP Alvin W. Herbert, Jr., CPA Retired/Clifton Gunderson LLP Steven C. Johnson, CPA McGladrey & Pullen LLP Matthew G. Mitzen, CPA Virchow Krause & Company, LLP Laura T, Naddy, CPA Crowe Chizek and Company LLC J. Christopher Rabin, CPA McGladrey & Pullen LLP Reva B. Steinberg, CPA BDO Seidman LLP Joan Waggoner, CPA Blackman Kallick Bartelstein LLP Medium: (more than 40 employees)

Barbara Dennison, CPA Marvin A. Gordon, CPA

Ronald R. Knakmuhs, CPA Laurence A. Sophian, CPA

Small: (less than 40 employees) Walter J. Jagiello, CPA Kathleen A. Musial, CPA

Industry:

Peter J. Bensen, CPA Melinda S. Henbest, CPA James B. Lindsey, CPA Jeffery P. Watson, CPA John H. Wolter, CPA

Educators:

David L. Senteney, CPA Leonard C. Soffer, CPA

Staff Representative: Paul E. Pierson, CPA Selden Fox, Ltd.

Frost, Ruttenberg & Rothblatt, P.C. Miller, Cooper & Co. Ltd.

Ostrow, Reisin, Berk & Abrams, Ltd.

Walter J. Jagiello, CPA Benham, Ichen & Knox LLP

McDonald's Corporation

The Boeing Co. TTX Company

Playboy Enterprises, Inc.

Retired/Natural Gas Pipeline Company of America

Ohio University University of Chicago

Illinois CPA Society