MassMutual
FINANCIAL GROUP®

Douglas Endorf, FSA, MAAA
Vice President, Product Development
Large Corporate Markets
100 Bright Meadow Boulevard
Enfield, Connecticut 06082
Tel: 860-562-4747
Fax: 860-562-6151
DEndorf@Massmutual.com

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Mr. Lawrence W. Smith
Chairman of Emerging Issues Task Force
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

LETTER OF COMMENT NO. 7

Re: EITF Issue 06-5 – Accounting for Purchases of Life Insurance – Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4, *Accounting for Purchases of Life Insurance (EITF)*

Dear Mr. Smith:

We support the FASB for attempting to clarify the intent of Technical Bulletin 85-4, and would like to provide input into the deliberations. A material portion of life insurance issued by MassMutual is owned by entities that would be impacted by this draft abstract. The following comments may or may not reflect the opinions of our clients.

As written, we are concerned that the draft could be interpreted to require financial statements for corporate policyowners that would not depict the substance of the life insurance policies they purchased. Based on our reading, the EITF implies that if a surrender of an individual life causes a feature or enhancement of a group policy (or collection of multiple individual policies) to be extinguished, then one should not record that enhancement. The EITF also appears to imply that if a surrender of an individual life merely causes a delay to the enhancement and full value of the enhancement can be received upon surrender of the whole group, then it is appropriate to record the enhancement. The language in the draft may seem ambiguous with respect to certain policy structures, and a strict reading may lead to some unintended consequences:

- The insurance policy structures described in Paragraphs 2-4 do not recognize that some group life policies specifically prohibit the surrender of individual certificates, effectively allowing only the master policy to be surrendered. It would be helpful to clarify that policies structured this way are not impacted by the individual-life by individual-life prescriptions in paragraph 7 of EITF 06-5, and therefore, can be recorded for the surrender value of the entire group including any enhancement.

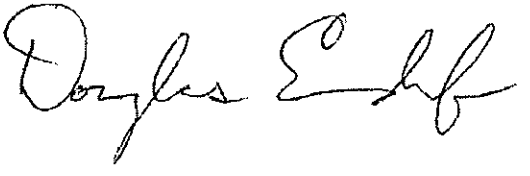
- The insurance policy structures described in Paragraphs 2-4 do not recognize that some group life policies allow at least one individual life to be surrendered with the

enhancement, and also allow a subsequent full surrender of the entire group at the full enhancement value. It would be helpful to clarify in the Abstract and Example that in such situations, the full enhancement value can be recorded.

The Task Force also specifically requested that constituents provide comments or information on "How often a policyholder surrenders all of the individual policies (or the group policy) at once for cash, excluding those surrenders where the individual policies (or the group policy) are transferred to another carrier." Based on more than 20 years of experience and more than 3,000 COLI/BOLI contracts, we can comfortably state that surrenders for cash are rare, and that in virtually all of those situations, all of the policies were surrendered at once.

Thank you for the opportunity to provide these comments.

Sincerely,



Douglas Endorf

Cc Norman Smith, Vice President and Corporate Controller

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Supervisory Office: 1295 State Street • Springfield MA 01111-0001 • (413) 737-8400
Massachusetts Mutual Life Insurance Company and affiliated companies • Springfield MA 01111-0001
www.massmutual.com • (800) 665-2654