STOCKMANS BANK

July 21, 2006

LETTER OF COMMENT NO. 43

VIA EMAIL (director@fasb.org)

Director
Financial Accounting Standards Board
Emerging Issues Task Force

Re: EITF0604 – Split Dollar Life Insurance

To whom it may concern:

We are informed that the EITF is proposing a radical change to accounting for split-dollar life insurance benefits under endorsement-style arrangements. As a bank with Bank-Owned Life Insurance (BOLI) and endorsement split-dollar arrangements, we are concerned about the impact this will have on our bank and its benefit plans, not to mention, the reduction in retained earnings if we choose to retain these plans.

When we first put this plan in place, it was our understanding, and our documents reflect this understanding, that our employees' beneficiaries would only receive a death benefit if there was an insurance policy in place at the time of death. If there is no policy, there is no death benefit. If there is a policy, there is a death benefit. Why would the bank, under these proposed accounting changes, essentially be required to accrue for a benefit that it never, under any circumstances, would be required to pay?

It does not make sense that we would have to book an expense twice for the same benefit – once for the mortality charges and once for the pre-retirement accrual, both of which represent the present value of the expected death benefit. We are at a loss to understand how an insurance policy with guaranteed death benefit coverage past mortality age should require an accrual, especially if the split-dollar agreement does not promise a benefit if the policy goes away. Also, our accountants, in all the years w have had these plans, have never suggested that we accrue for the present value of the death benefit.

Accordingly, Stockmans Bank recommends the FASB not adopt this proposed change in accounting treatment of post-retirement split-dollar life insurance benefits.

Very truly yours,

Gary W. Wright

Gary W. Wright
President/CEO