FSPFIN48B

LETTER OF COMMENT NO. 41

ACLI
Financial Security. For Life.

Paul Graham
Vice President, Insurance Regulation & Chief Actuary
(202) 624-2164 t (202) 572-4766 f
paulgraham@acli.com

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Mr. Robert Herz
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Proposed FSP FIN 48-b, *Effective Date of FASB Interpretation No. 48 for Nonpublic Enterprises*

Dear Mr. Herz:

The American Council of Life Insurers (ACLI) is pleased to submit the following comments regarding the Proposed FSP FIN 48-b, *Effective Date of FASB Interpretation No. 48 for Nonpublic Enterprises* (the FSP). The ACLI represents three hundred seventy-three (373) member companies operating in the United States, of which three hundred sixty-four (364) are legal reserve life insurance companies, and nine (9) are fraternal benefit societies. These 373 member companies account for 93 percent of total assets, 91 percent of the life insurance premiums, and 95 percent of annuity considerations in the United States.

We appreciate the Board's recognition of the complexities within the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, (FIN 48) and agree with the proposed deferral of the effective date to fiscal years beginning after December 15, 2007 for nonpublic enterprises. We believe that this deferral, though, should be available for a broader range of nonpublic companies than that provided through the FAS 109 definition. We believe that nonpublic insurance enterprises that file their financial statements with registered separate account products should also qualify for the deferral.

In addition to our comments above regarding the population of nonpublic entities that qualify for the deferral, we are also concerned about the use of certain undefined terminology in the FSP that may lead to further confusion and complexity upon adoption. Paragraph 7 of the FSP introduces the terminology "or information to third parties" as an additional limitation to the scope of nonpublic entities qualifying for the deferral. This terminology has not been explicitly defined in current accounting guidance; therefore we believe that the addition of this language may cause companies to struggle with its interpretation, which will lead to diversity in practice. We recommend that the Board remove this language from paragraph 7, which will then direct companies to the criteria of "issued financial statements", which is defined in existing literature, when determining whether they qualify for the deferral.

In conclusion, we believe that the quality and consistency of implementation of this FSP would be greatly improved by expanding the definition of nonpublic enterprise and removing certain language that is not defined within the current accounting literature. We believe that significantly more nonpublic enterprises may benefit from the deferral to allow adequate time to address the complexities of FIN 48 than what is currently afforded under the narrow definition. We also believe that removing the language "or information to third parties" from the FSP and relying on previously defined terminology will help ensure that the Board's goal of reducing complexity and confusion in applying FIN 48 is achieved. We appreciate the opportunity to respond to the Board with these comments and are available to answer any questions that the Board or FASB Staff may raise.

Sincerely,

Paul S. Graham III
Vice President, Insurance Regulation and
Chief Actuary