



Property Casualty Insurers
Association of America

Shaping the Future of American Insurance



LETTER OF COMMENT NO. 229

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Via email: director@fasb.org

Reference: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b: *Recognition and Presentation of Other-Than-Temporary Impairments*

Dear Technical Director:

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on the above referenced FSP. PCI is a full-service property casualty insurance trade association, with over 1,000 members writing over \$178 billion in direct written premiums, over 35 percent of the U.S. property/casualty insurance market. Many of our members are publicly-traded companies that file GAAP financial statements.

We commend the Board for its efforts to improve the implementation guidance for other than temporary impairments during this difficult time.

We agree with the proposed modifications to the guidance provided in FSP FAS 115-a, FAS 124-a, and EITF 99-20-b changing the indicator to avoid considering an impairment to be other than temporary from asserting that management has the intent and ability to hold an impaired security for a period of time sufficient to allow for any anticipated recovery in fair value to management asserts that (a) it does not have the intent to sell the security and (b) it is more likely than not that it will not sell the security before its recovery. We believe the modified language better reflects how companies operate.

We agree with requirement to recognize the credit component of an OTTI in income with the remaining non-credit/market related components in other comprehensive income. This guidance would also be appropriate for equity investments such as mutual funds exclusively investing in debt securities.

However, the effective date for interim and annual periods ending after March 15, 2009 creates an operational problem for many companies. We suggest the effective date be changed to reporting periods beginning after June 15, 2009, at the earliest, with early adoption permitted. Given the fact that the final decision won't be made regarding this proposal until after April 1, many companies may need additional time to gather the information required for implementing this new guidance.

If you have any questions, please contact me at your convenience.

Sincerely

James M. Olsen