



LETTER OF COMMENT NO. 236

March 31, 2009

Technical Director
FASB
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File Reference: Proposed FSP FAS 157-e, FSP 115-a, FAS 124-a, EITF 99-20-b

To Whom It May Concern:

As a mutual insurance company, the MassMutual Financial Group ("MMFG") has followed with deep interest the debate around fair value accounting and the highly correlated matter of Other Than Temporary Impairments ("OTTI"). While MMFG does not file GAAP statements with regulatory bodies, a number of our downstream subsidiaries obtain GAAP audits and it is obvious that Statutory ("STAT") regulations governing insurance companies are heavily influenced by what goes on in the GAAP world and, so, we wanted to respond to the FASB's request for comment on both fair value measurement and OTTI in its recent proposals.

In our opinion the combination of fair value measurement rules and OTTI guidelines as promulgated under FAS 115, FAS 157, FAS 91 and EITF 99-20 have exacerbated greatly the global financial crisis as capital balances have been eroded far beyond current economic realities. This fiction, nonetheless, has become fact as companies with their earnings and capital in decline, have decreased their actual business activities leading to a self reinforcing downward spiral.

The ultimate irony for a regulated entity like MMFG is just as the FASB appears ready to shift course from today's methodologies and prepares to "about face", creating an internal control Sarbanes-Oxley nightmare, insurance regulators are poised to steam straight ahead and implement an OTTI regime which closely follows that of current GAAP.

In our opinion the following issues need to be addressed by the FASB with regards to the fair value and OTTI accounting proposals under consideration.

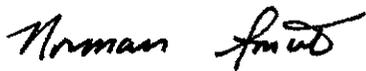
- We endorse the movement to an economic loss OTTI model particularly as it relates to structured investments. With the benefit of hindsight it is clear that the adverse cash flow standard utilized as the triggering event for structured investment OTTI treatment was deeply flawed and needed revision. At a minimum the rule should have been re-written to make clear that immaterial cash

flow changes not warrant OTTI analysis. Currently, given the fact that the market for even the highest rated structured investments is selling at a deep discount, it is very easy to have impairment losses that are two, three, or four hundred times the level of economic losses based upon blindly following these rules and their implied first dollar adverse cash flow standard. Unfortunately, just as GAAP is embracing an economic loss model, STAT regulators are going in the opposite direction and requiring that OTTI be taken to "fair value". Given this inconsistency the economic benefit sought by many through these proposed GAAP changes will be lost if regulatory capital is still being punished under rules which mimic the old standards.

- The proposed presumption that financial markets are distressed and that associated fair values are not "valid" creates a level 3 pricing crisis for companies and their auditors due to the prospect of manually creating prices for thousands of individual securities. At a minimum, we would like to see a matrix pricing option such that reasonable categories of similar investments could be priced en masse.
- Lastly, we would apply these new standards retrospectively. For the past two years companies have been forced to take staggering non-economic OTTI losses. In the interest of transparency and truth companies should be allowed to restate earnings and demonstrate to the public the actual level of credit losses incurred.

Thank you for this opportunity to comment on a subject that we believe to be of paramount importance.

Sincerely,



Norman Smith
Corporate Vice President and Corporate Controller