Prudential Financial

PRUDENTIAL FINANCIAL

August 4, 2006

Technical Director- File Reference No. EITF 06-5 Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116



Re: Draft Abstract- 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"

Dear Technical Director-

Prudential Financial, Inc. ("Prudential") is pleased to have this opportunity to comment on the draft abstract for EITF Issue No. 06-5- "Accounting For Purchases of Life Insurance- Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4".

It has been Prudential's experience in the group COLI market that group policies are rarely surrendered in their entirety for cash. In most cases, the prospect of taxable gains and penalties leads the contract holder to consider withdrawals, partial surrenders, or reductions in death benefit amounts, depending upon whether or not the policy is a modified endowment contract ("MEC") and depending upon the age of the policy.

It is more common to see a transfer of a subset of the insured lives to another carrier through a 1035 exchange. This is a subset of the insured lives rather than the entire group since the new carrier must ascertain insurable interest (generally the individuals must still be "actively at work" with the employer). In these cases, the contract holder is motivated to transfer as many insured lives as possible in order to secure the most favorable group pricing with the new carrier. Rarely would a single insured life be surrendered from a group policy.

Analyzing the asset value for a group policy assuming lives surrender individually is inconsistent with the concept of the group policy design. Important components of the contractual surrender value may apply to partial surrenders of a policy but not to a single life. This is the case with a CSR. The contractual amount realizable under a stable value agreement is another important component of the surrender value for BOLI policies. Once again, though, the contractual terms may contemplate a partial surrender but almost never the surrender of a single insured.

In summary, the assumption underlying the proposed accounting rule of a life by life surrender of the covered lives in order to determine asset value is inconsistent with the design and reality of group COLI/BOLI policies. It would be more consistent with both to determine the asset value based on an assumption of subsets of lives surrendering all at once.

We hope our above referenced input will be helpful to you as you reconsider the EITF Issue 06-5 Draft Abstract at your September 6-7, 2006 EITF meeting. If you would like to discuss any issue in our comment letter in further detail, please contact Donald Rassaert at 973-802-5662 or Terry Dwyer at 973-548-6345.

Sincerely,

Prudential Financial