From: Bruce Evans [mailto:bdevans@gsm.udallas.edu]
Sent: Monday, August 21, 2006 3:45 PM
To: Director - FASB
Cc: chris@gsm.udallas.edu
Subject: Your File Reference 1325-100

Having reviewed the eleven issues that are clearly stated in the FASB Invitation to Comment regarding Bifurcation of Insurance and Reinsurance Contracts for Financial Reporting, I recommend still another issue, to wit: Can state insurance departments effectively implement any change to the current guidelines?

I have delivered reinsurance seminars to (a) several state insurance departments, including 9 renditions to the Texas Department of Insurance personnel, (b) to the Internal Revenue Service field auditors on more than a dozen daily occasions, (c) to technical staff members of the Federal Crop Insurance Corporation, since re-named as the Risk Management Agency in eleven seminars and (d) a trio of seminars for the United States Treasury Department’s Surety Bond Branch. Each of these governing organizations would be implementing whatever the FASB decides.

Quite frankly, your much more complex proposed solutions would swamp the expertise of these regulators.

Within the understandable quest for more careful definitions of significant risk limiting features, I urge the FASB decision makers to consider the implementation problems ahead, and to cope with a troublesome visualized future. The sharpies within our industry will be granted the rights of deliberate confusion when utilizing any of the three Bifurcation Methods described in your draft proposal. I strongly favor instead the “go/no go” approach currently being used, where the pressure remains on the petitioner to demonstrate sufficient risk transfer.

respectfully submitted,

professor bruce evans
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