August 24, 2006

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Invitation to Comment on Bifurcation of Insurance and Reinsurance Contracts for Financial Reporting (File Reference No. 1325-100)

Dear Technical Director:

We appreciate the opportunity to respond to the Invitation to Comment on Bifurcation of Insurance and Reinsurance Contracts for Financial Reporting. We understand the Board’s concern with recent restatements that have resulted from abuses of the existing guidance on insurance accounting. Therefore, we fully support improvements to the existing guidance, especially on evaluating risk transfer. However, we do not agree with the broad scope of this project. We believe that existing practice problems and misinterpretation can be resolved without significant and complex changes to the current model.

Due to its complexity, ambiguity, and potential interpretation risk, we feel that the costs associated with the adoption of a bifurcation methodology would exceed the benefits. Bifurcation would require internal and external human resource talent, along with systems support. Ultimately, bifurcation will likely result in greater disparity in practice and will jeopardize the transparency of a transaction’s economic substance.

In an environment where the accounting rules have increased in volume and complexity, we are often challenged to understand how to appropriately apply new guidance. As a result, we fully support improvements to existing literature aimed at providing simple and understandable guidance.

Sincerely,

Peter Bridgman