

September 14th, 2006

Mr. Lawrence W. Smith
Chairman of Emerging Issues Task Force
Financial Accounting Standards Board
401 Merritt 7
Norwalk, Connecticut 06856-5116

Dear Mr. Smith,

Clark Consulting appreciates the opportunity to comment on the consensus reached by the EITF on September 7, 2006, on Issue No. 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements."

Cost of Insurance under View A'

Our company has over 750 clients with over 10,000 policies subject to postretirement endorsement split dollar arrangements. We are writing to suggest a practicable methodology for implementation of View A' (as labeled in Supplement 2 to the Issue Summary.)

As we mentioned in our letter of September 1, 2006, the actual cost of insurance (COI) charges inherent in a permanent insurance policy are often unobtainable. Many whole life policies do not separately disclose these charges and these imbedded costs are generally not available from the insurance carriers. In certain cases, where dividend scales are involved, carriers may be prohibited from projecting these elements into the future. While universal life annual reports typically disclose cost of insurance charges retrospectively, few, if any, universal life carriers are willing to project future COI's (necessary to calculate the postretirement COI liability).

Given the inability to obtain projected COI costs, implementation of View A' could lead to further diversity of practice and lack of comparability as individual carriers, servicing companies and policy owners attempt to quantify postretirement COI without at least some general guidance from the Task Force in the soon to be published final abstract.

We suggest that there is a practicable approach that would be within the intent of View A'. Mortality tables published by the Society of Actuaries like the 2001 VBT and those required for state reserve requirements like the 1980 CSO tables are most commonly blended with a carriers' own experience to develop the cost of insurance rates for specific policies. In lieu of projected cost of insurance rates for specific policies, it is possible to estimate them based upon the projected COI rates implied by a published table.

We believe such an approach to valuing cost of insurance will yield a fair measure of those costs within practicable parameters and is consistent with SFAC 1, paragraph 20, which notes that "[t]he information provided by financial reporting often results from approximate, rather than exact, measures. The measures commonly involve numerous estimates, classifications, summarizations, judgments, and allocations. The outcome of economic activity in a dynamic economy is uncertain and results from combinations of many factors. Thus, despite the aura of

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precision that may seem to surround financial reporting in general and financial statements in particular, with few exceptions the measures are approximations, which may be based on rules and conventions, rather than exact amounts.”

We encourage the EITF to include guidance in this area as the final abstract is prepared for ratification by the FASB.

Sincerely,



David W. Clark, CPA (inactive)
Vice President – Senior Technical Advisor
Banking Practice



Bruce Bengtson, FSA
Senior Vice President – Chief Actuary
Banking Practice