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> Robert C. Tarnok Vice President Technical Accounting Services

September 14, 2010

Mr. Kevin W. Brower Practice Fellow Financial Accounting Standard Board (FASB) 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

Re: Staff Draft - Accounting Standards Update on Financial Services—Insurance (Topic 944): Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts

MetLife Inc. (MetLife), as a member of the Emerging Issue Task Force (Task Force) Issue 09-G Working Group, appreciates the opportunity to comment on the August 19, 2010 Staff Draft - Accounting Standards Update on Financial Services—Insurance (Topic 944): Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts (Staff Draft). MetLife is a leading provider of insurance, employee benefits and financial services with operations throughout the United States and the Latin America, Europe and Asia Pacific regions.

MetLife continues to believe investors and preparers would benefit substantially if participants in all of the major securities markets agree to a common, understandable set of accounting standards. We support FASB and International Accounting Standards Board (IASB) actions that align with that goal and result in accounting standards that best enhance users' comprehension of companies' financial information and users' decision-making processes. However, we fail to understand how the Staff Draft guidance for capitalization of acquisition costs is consistent with the convergence goal and how it will enhance users' comprehension of financial statements of insurance entities.

As indicated in Issue Summary No. 1, Supplement No. 3, the loan origination model for capitalizing acquisition costs incorporated in the Staff Draft (i) is different from a reasonable interpretation of the original proposed language, (ii) is not aligned with the model contemplated by the IASB and (iii) is a significant change from existing practice relating to commissions paid to employees / career agents. Under the loan origination model, only a portion of agents' commissions would be capitalized since recognition would require an allocation of commissions between acquired and unsuccessful contracts. Under the IASB Exposure Draft *Insurance Contracts* (IASB ED), which was issued subsequent to the Task Force's last discussions, incremental acquisition costs would include all agents commissions since such costs are only incurred if a contract is acquired.

The Task Force has acknowledged the importance of soliciting user input regarding proposed changes in accounting guidance. Specifically, Summary No. 1, Supplement No. 3 Paragraph No. 12 highlights limited user input received on the question of whether they believed the changes in the proposed would be beneficial to investors in light of the potential future changes to DAC as part of the insurance contracts project. The input received and documented by the staff was as follows:

One sell-side analyst and one buy-side analyst believed that if there is a high likelihood that the joint insurance contracts project will move forward as planned, it would be better to wait to address this Issue as part of that project than to have the EITF move forward with the changes in the proposed Update now. Those analysts believed that moving forward with the proposed Update would cause more disruption and confusion to users than the potential benefits of the Update. Another sell-side analyst did not believe there was anything wrong with **minor changes** followed by major changes, and supported the EITF moving forward with the project **provided that the decisions in the joint insurance contracts project are directionally similar.** The staff expects to obtain additional user feedback and will provide the Task Force with an update of the user outreach at the March meeting. (emphasis added)

As indicated above, the proposed loan origination model for capitalizing is not a minor change from existing practice and the guidance in the Staff Draft is not directionally similar to the IASB ED. We are not aware of any other user feedback received by the Task Force on this specific issue. Therefore, we would strongly recommend that the Task Force solicit additional user input on the Staff Draft to determine if this significant change in accounting, which could be short-lived, would be disruptive to insurance enterprise analysts and investors.

If you have any questions regarding the contents of this letter, please contact me anytime to discuss our comments.

Sincerely,

Robert C. Tarnok

cc: Russell G. Golden

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