



August 15, 2006



LETTER OF COMMENT NO. 4

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

Dear Sir or Madam:

We appreciate the opportunity to respond to the Invitation to Comment, *Bifurcation of Insurance and Reinsurance Contracts for Financial Reporting* (the "Invitation to Comment"). We have given this matter significant consideration, and are hopeful that our input, together with that of other constituents, will be helpful in your future deliberations on this important topic.

Celanese Corporation ("Celanese") is a global manufacturer of chemical products that are found in various consumer and industrial applications. Celanese owns two captive insurance companies. The captives are key components of our global risk management program, but also insure certain third-party risks. Our comments herein are from our perspective as both an insured and an insurer. We have elected not to comment on the specific issues set forth in the Invitation to Comment given our overall position as set forth below.

We do not support a bifurcation approach of accounting for insurance contracts. Whereas certain abuses of the existing guidance on insurance accounting may have occurred, we do not agree that the commensurate course of action is to create new rules that significantly depart from current rules that are conceptually sound. We echo the sentiments of certain board members as reflected in the April 22, 2005 Financial Accounting Standards Board ("FASB" or the "Board") meeting minutes, which state "...the incorrect application of insurance accounting guidance is an enforcement issue rather than an accounting issue."

The costs of implementing a bifurcation methodology may be excessive for many companies. The implementation would likely be unachievable without the addition of significant resources and/or external consultant costs. Any reasonable methodology would be inherently subjective and would not likely lend itself to an automated process, thereby jeopardizing public companies' ability to meet mandated accelerated filing deadlines. It would also increase the need for appropriate manually intensive internal controls especially critical for Sarbanes-Oxley 404 compliance.

With respect to the assessment of whether bifurcation would increase financial reporting transparency, we believe it may heighten confusion among financial statement users. It

is unlikely that the same insurance contract assessed by three separate registrants would result in the same bifurcated result. It is much more likely that each would reach the same conclusion under the current accounting model. Bifurcation would introduce further variability into the accounting process, and would suggest a level of precision that does not exist in an inherently subjective assessment.

Further, we believe there is an additional layer of complexity in the bifurcation model that has yet to be considered – the accounting for subsequent loss development throughout the life of a given policy. It is unclear how changing estimates would be factored into the financing and insurance components. Again, it seems the process would be very subjective.

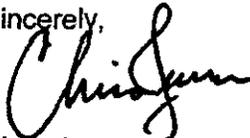
We believe it would be appropriate to broaden the application of the risk transfer guidance in Statement of Financial Accounting Standards No. 113, *Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts* ("Statement 113"), to cover insurance contracts. Item 4 of the April 6, 2005 Board meeting minutes sets forth the following concern:

...the 10/10 bright-line guidance is industry practice, not GAAP, and was established as informal implementation guidance likely based on language in Statement 113 read by some to infer that significant risk transfer is anything greater than trivial or remote.

If the Board believes that there is a pervasive misunderstanding of the term *significant*, we would support additional guidance sufficiently detailed to preclude misinterpretation that it means "anything greater than trivial or remote".

In closing, we believe that introducing a bifurcation model would be a costly move that would not improve the understandability, comparability, and transparency of financial statements. We believe a better course of action would be to provide additional guidance aimed towards eliminating any abuse of the current model, which we believe to be conceptually sound. We appreciate the ability to provide input in the process, and respectfully ask that the Board consider our position on bifurcation as it further deliberates this matter.

Sincerely,



Chris Jensen
Director of Technical Accounting



Mark Falloon
Director of Insurance, Risk
Management