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Mr Russell Golden
ATTN: File Reference No. EITF090B
FASB
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: *Proposed Accounting Standard Update: Financial Services – Insurance (Topic 944) – Consideration of an Insurer’s Accounting for Majority Owned Investments When Ownership is Through a Separate Account (A Consensus of the FASB Emerging Issues Task Force)*

Dear Mr. Golden:

The American Council of Life Insurers (ACLI)¹ is pleased to share with you our views on the proposed accounting standards update. We appreciate the FASB’s willingness to address this issue and provide the necessary reporting clarifications for the life insurance industry with respect to separate account investments held on behalf of the contract holder².

Response to Question 1

We agree with the conclusion reached in the proposed Update. We do not believe a life insurance entity should be required to consolidate an investment fund in the situation where a majority of the voting interest shares of the fund are held by the insurer via separate account arrangements. By confirming and clarifying this guidance, the usefulness and understandability of the life insurance entities’ financial statements is preserved.

Response to Question 2

We agree that in situations where the insurer determines that a majority owned investment should be consolidated, and separate accounts are involved, guidance should be provided. While we believe this instance would be rare, the additional guidance would be helpful given the unique nature of the separate account arrangement. In the EITF Issue No 09-B paper presented to and discussed by the Emerging Issues Task Force on September 10, 2009, the matter of consolidation was addressed in Issue 2a. The paper presented three views for Issue 2a. We strongly recommend View A as the most appropriate

¹ The American Council of Life Insurers represents 340 member companies operating in the United States, of which 332 are legal reserve life insurance companies, and 8 are fraternal benefit societies. These 340 member companies account for 93% of total life insurance company assets, 94% of the life insurance premiums, and 94% of annuity considerations in the United States.

² For purposes of this comment letter a separate account arrangement is defined as a separate account that meets the criteria outlined in the accounting for separate accounts (944-80-25-2).

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presentation for the consolidation of an investment fund held via a separate account arrangement. As prescribed in the accounting for separate accounts (Subtopic 944-80), it was determined that a single line presentation was the most appropriate presentation of separate accounts given their unique nature. For the same reasons, the aforementioned concept is applicable, reasonable and appropriate for these separate account arrangements as well; to report otherwise would result in reporting assets, liabilities, non-controlling interests and income in the various line items in consolidated financial statements. This reporting would greatly diminish the usefulness of the financial statements.

Transition Guidance

We recommend that early application of this guidance be permitted as the accounting literature does not currently contain clear guidance fully addressing the unique circumstances that can exist with separate account arrangements. We believe the majority of our membership would early adopt this guidance in order to provide support for their current practice of not consolidating majority-owned voting interest investments through separate account arrangements.

Other Matters

During discussion and deliberations of implementation issues related to SFAS No. 167, *Amendments to FASB Interpretation No. 46(R) ("SFAS 167")*, we encourage the FASB to consider the similar issues that could arise should certain investment funds be deemed to be variable interest entities under SFAS 167 and shares of those funds are held by the insurer via separate account arrangements.

Thank you for the opportunity to comment on the proposed Update.

Sincerely,



Michael M. Monahan
Director, Accounting Policy