



October 27, 2009

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

File Reference No. EITF090B

Dear Mr. Golden:

The Accounting Principles Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide our perspective on the proposed Accounting Standards Update “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).” The Committee is a voluntary group of CPAs from public practice, industry and education. Our comments represent the collective views of the Committee members and not the individual view of the members or the organizations with which they are affiliated. The organization and operating procedures of our Committee are outlined in Appendix A to this letter.

General Comments

We agree with the objective of the proposed Accounting Standard Update (i.e., to address questions about whether an insurance entity is required to consolidate a majority-owned voting-interest investment when ownership is held through the insurer’s separate account or through a combination of investments in the separate and general account). We also commend the Board for not adding an additional layer of complexity and not expanding upon the disclosure framework associated with insurance entities. While differences may exist for insurance entities under U.S. GAAP and IFRS, we believe this update clarifies and maintains the reporting of investments held in separate accounts and insurance entities overall. Lastly, we recommend the Board continue working closely with the IASB in its convergence efforts as it relates specifically to insurance entities.



Responses to Questions

Question 1: The amendments in this proposed Update would not require an insurance entity to consolidate an investment in a voting-interest mutual fund when that investment is held entirely or partially in a separate account with the characteristics outlined in paragraph 944-8-25-2, and the separate account is considered an investment company or would be considered an investment company if the entity issued separate financial statements. Do you agree with this conclusion? If not, do you believe that the insurance entity should or should not consolidate the mutual fund? Please provide the reasons for your review.

We agree with the proposed Update that an insurance entity should not be required to consolidate an investment in a voting-interest mutual fund or any other investment held entirely or partially in a separate account. As the Board identified in paragraph 944-8-25-2, conditions a - d, a separate account represents a contractual requirement to a contract holder and is not subject to insurer default risk. Further, contract holders direct their investment choices and all investment performance is passed along to the contract holder. These conditions clearly indicate that the insurance entity is not controlling any voting-interest investments through the insurance entity's separate account.

Question 2: Do you believe additional guidance is required on how an insurer should consolidate a majority-owned investment in a mutual fund if some or all of that interest is held by a separate account with the characteristics outlined in paragraph 944-80-25-2 and the insurer has determined that it should consolidate the investment?

We believe the proposed guidance in the Update is clear and on the mark for accounting and reporting separate accounts of insurance entities. We believe no additional guidance will be needed for U.S. GAAP once this Update is effective.

We appreciate the opportunity to offer our comments.

Sincerely,

Reva Steinberg, CPA

Chair, Accounting Principles Committee



ILLINOIS CPA SOCIETY

APPENDIX A
ILLINOIS CPA SOCIETY
ACCOUNTING PRINCIPLES COMMITTEE
ORGANIZATION AND OPERATING PROCEDURES
2009-2010

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee's comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times, includes a minority viewpoint.

Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large: (national & regional)

John A. Hepp, CPA	Grant Thornton LLP
Alvin W. Herbert, Jr., CPA	Retired/Clifton Gunderson LLP
Matthew G. Mitzen, CPA	Blackman Kallick LLP
Reva B. Steinberg, CPA	BDO Seidman LLP
Jeffery P. Watson, CPA	Blackman Kallick LLP

Medium: (more than 40 employees)

Barbara Dennison, CPA	Selden Fox, Ltd.
Marvin A. Gordon, CPA	Frost, Ruttenberg & Rothblatt, P.C.
Ronald R. Knakmuhs, CPA	Miller, Cooper & Co. Ltd.
Gary W. Mills, CPA	Frost, Ruttenberg & Rothblatt, P.C.
Kathleen A. Musial, CPA	BIK & Co, LLP

Industry:

John M. Becerril, CPA	Cabot Microelectronics
James B. Lindsey, CPA	TTX Company
Michael J. Maffei, CPA	GATX Corp.
Laura T. Naddy, CPA	
Anthony Peters, CPA	McDonald's Corporation

Educators:

James L. Fuehrmeyer, Jr. CPA	University of Notre Dame
David L. Senteney, CPA	Ohio University
Leonard C. Soffer, CPA	University of Chicago

Staff Representative:

Paul E. Pierson, CPA	Illinois CPA Society
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