



Director of Research and Technical Activities
Project No. 34-P

Subject: Comment on Government Accounting Standards Board ("GASB") - Governmental Accounting Standards Series Exposure Draft: Proposed Statement for Pension Plans an amendment of GASB Statement No. 25 ("Exposure Draft").

Dear Sir or Madam:

The Institutional Life Markets Association ("ILMA") is a trade association comprised of a number of the world's leading institutional investors and intermediaries in the longevity marketplace, formed to encourage the prudent and competitive development of a suite of evolving longevity related financial businesses, including the businesses of life settlements.

ILMA would like to comment on the Exposure Draft. In particular, ILMA's comments relate to paragraph 18 therein, "Investments." In this paragraph, the following statement is provided: "Investments in life insurance should be reported at cash surrender value."

If this statement relates to how pension funds should carry the value of their investments in life insurance policies, or life settlement contracts, then ILMA respectfully recommends that in order to maintain a consistency in the accounting treatment of this asset, that GASB adopt the position articulated in FASB Staff Position No. FTB 85-4-1 posted on March 27, 2006 and titled "Accounting for Life Settlement Contracts by Third-Party Investors" ("FASB Statement").

The FASB Statement provides at paragraph 5: "An investor may elect to account for its investments in life settlement contracts using either the investment method or the fair value method. The election shall be made on an instrument-by-instrument basis and is irrevocable. The election shall be supported by concurrent documentation or preexisting documented policy for automatic election."

Typically, an investor in a life settlement pays several times the cash surrender value of the policy that is purchased. By valuing this investment at the cash surrender value, the investor's balance sheet will reflect a significant reduction from the true value of the investment.

We appreciate the opportunity to provide these comments and we urge that GASB adopt the position articulated by FASB in that it more truly reflects the value of an investment in a life settlement. If you have any questions please feel free to contact me at 202-552-2788.

Yours truly,

A handwritten signature in blue ink that reads "Jack Kelly". The signature is written in a cursive, flowing style.

Managing Director