

CLARK CONSULTING

November 23, 2010

To: The Office of the Comptroller of the Currency

Re: Consolidated Reports of Condition and Income (FFIEC 031 and 0411)

In the Federal Register, Vol. 75, No. 189 issued September 30, 2010/Notices a number of changes to the Consolidated Reports of Condition and Income are proposed for public comment by the interagency task force. We at Clark Consulting are providing public comment pursuant to the request of the task force to do so by November 29, 2010.

Under "Current Actions", section II, "Discussion of Proposed Call Report Revisions", subsection H, "Life Insurance Assets", changes in the reporting of Life Insurance Assets are proposed in item 5 of Call Report Schedule RC-F, Other Assets. Presently all Life Insurance Assets are reported in aggregate on that schedule.

It is being proposed that as of the due date of the Q1, 2011 Call Report that those holdings be reported on a split basis between General Account (line 5a) assets and Separate Account (Line 5b) assets. The Notice itself goes into depth to describe the two types of Life Insurance Assets and does an excellent job of explaining the difference in layman's terms. We would add that we support the effort at more disclosure and applaud the effort to delineate the differences in who has the investment and price risk in the two policy types described.

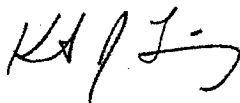
We however would point out that there have been significant changes in policy types bought by banks in past few years and believe that a third type (typically called Fixed or Hybrid Separate Account) has emerged as a dominate choice by many banks. This option provides the additional asset protection afforded by insurance company separate accounts while also providing a guaranteed minimum credited interest rate placing a floor on investment returns. These accounts are invested only in bank eligible assets identified by CUSIP number. A number of prominent and highly rated insurance carriers now provide this policy type.

Based on the above and the evolution of the life insurance asset on the books of hundreds of financial institutions, it appears that the two classifications being presented by the above referenced Notice, (1) should be amended to include either a third category called Fixed/Hybrid Separate Account (line 5c) or (2) because this policy structure does provide an interest rate guarantee by the writing carrier (similar to a General Account product), that it be allowed to be classified as such on line 5a, Schedule RC-F. We think the later is the easiest for all to implement and review from a regulatory standpoint and thus we favor it.

We are available to provide additional comment on this subject should the task force so desire.

Sincerely,

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