



**NATIONAL ASSOCIATION OF SURETY BOND PRODUCERS**

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November 1, 2010

Mr. Russell G. Golden  
Technical Director  
Financial Accounting Standards Board  
Norwalk, CT 06856-5116  
director@fasb.org

Re: File Reference Number 1860-100 – Compensation-Retirement Benefits-Multiemployer Plans (Subtopic 715-80)

Dear Mr. Golden:

We appreciate the opportunity to comment on the FASB 715 Exposure Draft issued on September 1, 2010 with respect to disclosure about an Employer's Participation in a Multiemployer Plan. We submit these comments on behalf of the National Association of Surety Bond Producers (the "NASBP").

Background of the NASBP

Founded in 1942, the NASBP is an international trade association of firms employing surety bond professionals. NASBP bond producers specialize in providing surety bonds, such as bid, performance and payment bonds, for construction contracts and other purposes to companies and individuals needing the assurance offered by surety bonds. NASBP bond producers engage in contract and commercial surety production throughout the United States, Puerto Rico, Guam, and a number of countries. They have broad knowledge of the surety marketplace and the business strategies and underwriting differences among surety companies.

As trusted advisors, professional surety bond producers act in many key roles to position their clients to meet the underwriting requirements for surety credit. Bond producers refer clients to and interface with lenders, certified public accountants, and attorneys to ensure that construction businesses, contractors, subcontractors and suppliers, evidence the capital, capacity, and character needed to merit surety credit. Critical to the underwriting process for surety credit is an assessment of the financial wherewithal of the business seeking such credit. For that reason, the surety industry is a significant user of company financial statements and has a deep and singular interest in ensuring the accuracy and completeness of such statements.

It is worth noting that surety bonding is a key ingredient of the construction marketplace in the United States, providing the protections of prequalification and guarantees of performance and payment. Public construction projects and many private construction projects require surety bonds. Statutes at federal, state, and local levels require surety bonds for public construction contracts exceeding certain dollar thresholds, ensuring that virtually all public construction contracts of any significant size are bonded, a

distinctive feature of the United States construction contracting environment. It is in the interest of promulgators of proposed accounting rules impacting the financial statements of U.S. construction and related businesses to take into account the comments and concerns of the surety industry.

### Requests for Consideration

As an initial matter, we request that FASB extend the comment period for Exposure Draft 715-80 in order to allow our members and other interested parties adequate time to analyze the effect the complicated proposed rules will have on them. In addition, it is difficult to separate issues regarding the proposed changes to the contingent liability issues contained in Exposure Draft 450 from the issues presented in Exposure Draft 715-80. We ask that you incorporate our September 20, 2010 comments to Exposure Draft 450 into our comments here on Exposure Draft 715-80.

We also request that FASB withdraw Exposure Draft 715-80 since we believe that the changes to the reporting rules will not elicit accurate information and will mislead users of the financial statements. In our view, the information required by the Exposure Draft will make it more difficult for our members to determine the financial capital, character, and capacity of construction employer's who seek surety bonding. NASBP is not aware of any entity in the surety bond industry that has requested or suggested that FASB amend its standards as set forth in Exposure Draft 715-80.

We believe that the reporting of withdrawal liability is not helpful to the user of the financial statement, because it will often suggest that a liability exists when the employer has no intention to withdraw and an exception or limitation to the obligation would apply. This could result in the inappropriate denial of surety bond coverage when such coverage would otherwise be extended. We also believe that the cost of the disclosure to the employers and multiemployer plans will outweigh the benefit to users.

Our concerns and comments regarding specific disclosures required by Exposure Draft 715-80 are set forth in the attached chart (pages 3 through 6 of this letter). Please do not hesitate to contact us if we can provide any additional information or can help in any other way.

Yours sincerely,



Mark H. McCallum  
Chief Executive Officer

The chart below summarizes the concerns and comments of NASBP regarding the increased disclosure proposed in Exposure Draft 715-80-1B, File Reference No. 1860-100.

<b>Proposed Disclosure</b>	<b>NASBP Comments</b>
a. The number of plans in which the employer participates.	This information is not necessarily relevant and does not add to the user's understanding of the employer's potential funding exposure
b. For individually material plans, the name of the plan(s).	This information could be helpful if an underwriter had additional questions regarding a particular plan
c. Narrative descriptions of all of the following: 1. The employer's exposure to significant risks and uncertainties arising from its participation in the plan(s). That narrative description shall include the extent to which, under the terms and conditions of the plan(s), the employer can be liable to the plan(s) for other participating employer's obligations.	This information is not helpful since it is difficult to ascertain which employees should be attributed to a particular contributing employer
2. How benefit levels for plan participants are determined.	This information does not add to the user's understanding of the employer's potential funding exposure
3. Whether the employer is or is not represented on the board of trustees of the plan(s) or a similar body.	This information does not add to the user's understanding of the employer's potential funding exposure
4. The consequences the employer may face if it ceases contributing to the plan(s).	It is not clear how a financial statement footnote could meaningfully summarize the complex funding rules contained in ERISA.
5. Any funding improvement plan(s) or rehabilitation plan(s), including the expected effects on the employer. For plans in regulatory warning zones, the warning status and remedies being considered by the plan(s) should be described, if known.	The funding status of each plan to which an employer contributes may only be significant after the CBA has expired and if the employers contributions to the plan are material and constitute a significant

	portion of its total contributions to all multiemployer plans to which it contributes (e.g., 33%).
d. A description of the nature and effect of any changes affecting comparability from period to period, including both of the following: <ol style="list-style-type: none"> <li>1. A business combination or a divestiture.</li> <li>2. The rate of employer contributions for each period for which a statement of income is presented.</li> </ol>	Changes in rate contributions may not be relevant to the employers liability. Changes in business combinations should be reported.
e. Total assets and the accumulated benefit obligation of the plan(s), if obtainable, as of the most recent financial statement plan year-end and, for comparability, those amounts for the corresponding prior periods.	The plan's funding status is not the determining factor with respect to an employer's future obligations to contribute. The exceptions and limitations on withdrawal liability and the terms of the collective bargaining agreement are more important factors for underwriting.
f. Employer's contributions as a percentage of total contribution to the plan(s), if obtainable, for the year ended as of the employer's latest statement of financial position date or most recent date available before the statement of financial position date and, for comparability, that percentage for the corresponding prior periods.	To the extent available from the plan's most recent publicly available Form 5500, the information with respect to the last plan year should be included for material plans which constitute a significant portion of the employer's total contributions to multiemployer plans (e.g., 33%)
g. A description of the contractual arrangement(s), including all of the following: <ol style="list-style-type: none"> <li>1. The term of the current arrangement(s).</li> <li>2. For each future year covered by a contract, the agreed-upon basis for determining contribution(s).</li> <li>3. Any minimum contribution(s) required by the agreement(s).</li> </ol>	The range of expiration dates and percentage contribution increases should be disclosed for material plans that constitute a significant portion of the total contributions made by the

	employer to all the multiemployer plans (e.g., 33%).
h. Percentage of the employer's employees covered by such plan(s).	This information is not helpful since it is difficult to ascertain which employees should be attributed to a particular contributing employer
i. Quantitative information about the employer's participation in the plan(s), for example, the number of its employee participants as a percentage of total plan participants disaggregated between active and retired participants, if obtainable, as of the most recent date available.	This information is not helpful since it is difficult to ascertain which employees should be attributed to a particular contributing employer
j. Amount of contributions for the current reporting period.	This information should be disaggregated for material plans that constitute a significant portion of the employer's total contributions to multiemployer plans (e.g., 33%) and aggregated for the remainder.
k. Expected contributions for the next annual period.	Speculative predictions are not helpful. A range of aggregate percentage increases contained in the currently effective CBA may be helpful.
l. Known trends in contributions, including the extent to which a surplus or deficit in the plan may affect future contributions.	Speculative predictions are not helpful. A range of aggregate percentage increases contained in the currently effective CBA may be helpful.
m. For plans for which an amount is required to be paid on withdrawal from the plan or windup of the plan: <ol style="list-style-type: none"> <li>1. Details of any agreed deficit or surplus allocation to participating employers on windup.</li> <li>2. The amount that is required to be paid on withdrawal from the plan as of the most recent date available, if that</li> </ol>	Withdrawal liability is not an accurate measure of an employer's potential exposure to continued funding obligations for a multiemployer plan.

<p>information is obtainable.</p> <p>3. If the amount required to be paid on withdrawal is not obtainable, information about the employer's relative participation in those plans (such as percentage of total contributions to such plans or percentage of participants covered by such plan(s)).</p>	<p>Especially in the construction industry, an employer may be exempt from withdrawal liability if it ceases to perform covered work in the jurisdiction of the CBA for a period of 5 years. The requirement would be expensive and administratively burdensome without a commensurate benefit to users. The requirement to report withdrawal liability should be deleted.</p>
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