



UnitedHealth Group 9900 Bren Rd East Minnetonka MN 55343

November 16, 2007

Technical Director – File Reference No. 1540-100 Financial Accounting Standards Board (FASB) 401 Merritt 7 Norwalk, CT 06856-5116

Re: Invitation to Comment: An FASB Agenda Proposal: Accounting for Insurance Contracts by Insurers and Policyholders, Including the IASB Discussion Paper, *Preliminary Views on Insurance Contracts* (File Reference No. 1540-100)

Dear FASB Staff:

UnitedHealth Group appreciates the opportunity to provide our views on the FASB Invitation to Comment, An FASB Agenda Proposal: Accounting for Insurance Contracts by Insurers and Policyholders, Including the IASB Discussion Paper, "Preliminary Views on Insurance Contracts", (hereinafter referred to as the "ITC").

With regard to specific questions in the ITC, we have the following comments:

Question 1: Is there a need for the FASB to comprehensively address accounting for insurance contracts? Why or why not?

UnitedHealth Group believes the adoption of any accounting principles should be based on the premise they will result in consistent, comparable and reliable financial statements between reporting entities. We believe that current insurance industry practices generally provide such results. We also recognize we operate in a dynamic environment with changing demographics, increased healthcare needs, and rising costs requiring a wide spectrum of services and product offerings. It has become increasingly difficult for financial accounting and reporting practitioners to wrap the technical literature around the new face of insurance contracts and products. We encourage debate and collaboration in the development and updating of industry principles and standards and believe that any proposed principles or standards should be well voiced and well vetted by various constituencies including financial statement preparers, financial statement users, regulators, promulgative bodies, etc.

Question 1a: What aspects of existing U.S. GAAP accounting for insurance contracts could be improved or simplified and how pervasive are these issues?

We would recommend that the Board consider certain key areas such as reinsurance, bifurcation, significant insurance risk, and deferred acquisition costs.

Question 1b: How important is the development of a common, high-quality standard used in both the U.S. and IFRS jurisdictions?

We support the convergence efforts toward a single set of high quality standards provided that the effort is well coordinated with all constituencies, transitions with the least amount of disruption, and results in sensible standard setting, reporting and future oversight. This process should not overshadow or slow the existing efforts to improve U.S. GAAP but instead be completed in tandem.

Question 2: Are the preliminary views expressed in the IASB's Discussion Paper a suitable starting point for a project to improve, simplify, and converge U.S. financial reporting for insurance contracts? If not, why not?

Question 2a: Do you believe the preliminary views would be feasible to implement? If not, what aspects of the preliminary views do you believe could be difficult to apply and why?

We do not currently support the preliminary views as expressed in the IASB Discussion Paper. This is largely predicated on (1) differing markets and regulation for health care and insurance domestically and internationally, and (2) our belief that use of entity-specific assumptions is more appropriate in the measurement of and accounting for insurance contracts.

The legal requirements for the insurance industry vary across jurisdictions; not only between countries but also within countries (e.g., state to state). Therefore, adoption of the IASB's framework as it is currently written under a fair value and exit value basis will only result in further divergence from the economic realities of these arrangements. Lack of transferability, measurement of outstanding claims, and overall disruption to the insured parties limits the ability to meaningfully rely on an exit value measure. Additionally, use of market participant measures, as provided in FASB Statement 157, could distort the timing of the financial results and cash flows of insurance contracts and result in less representative information to the users of financial statements.

We also question whether the scope of the standard should extend to certain contracts that otherwise meet the IFRS 4 definition. Currently the ITC lists a few examples (including letters of credit and warranties) that we believe are captured in other standards that provide better measurement and reporting than would exist if they are scoped into this standard.

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Question 3: Is there a need to address accounting by policyholders in an insurance contracts project? Why? If yes, should accounting by policyholders be addressed at the same time as the accounting by insurers? Can or should that wait until after the accounting by insurers is completed?

We do not believe that inclusion of policyholders accounting should in any way impede the Board's progress on accounting for insurance contracts and is not otherwise in need of attention ahead of other projects.

Question 4: How would you address the interaction between the accounting for insurance contracts and the FASB's other projects on the conceptual framework, revenue recognition, liabilities and equity, financial instruments, and financial statement presentation? Are certain projects precedential?

We understand and recognize that the Board's current projects on the conceptual framework and financial statement presentation are part of a larger convergence effort. We believe it is important to have a framework and guiding principles in place before making significant changes in long-standing industry practices.

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Thank you for the opportunity to provide our views on this Invitation to Comment. We urge the FASB to consider these comments as it continues to deliberate accounting for insurance contracts and proceeds to the issuance of amended literature. Please contact me at (952) 936-5778, with any questions on our comments.

Sincerely,

Eric S. Ranger

Senior Vice President and Chief Accounting Officer

UnitedHealth Group