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January 31, 2011

Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116

File Reference No. 1890-100

Re: Effective Dates and Transition Methods

Dear Technical Director:

We appreciate the opportunity to comment on the FASB Discussion Paper, *Effective Dates and Transition Methods* (the "Discussion Paper"). This letter is submitted on behalf of OneAmerica Financial Partners, Inc. ("OneAmerica") to provide comments on the Discussion Paper. OneAmerica is an Indiana-based mutual insurance holding company (nonpublic entity) which provides life, accident & health, and annuity products.

We believe the Board should strongly consider delaying the proposed effective dates of the new accounting and reporting standards subject to the Discussion Paper, due to the significance of the time and level of effort required to adapt to these anticipated new standards. We are concerned that the current pace at which the Board is attempting to reach final accounting standards is not conducive to a rigorous, methodical, and disciplined approach. This type of approach is necessary for the appropriate adoption of standards that will fundamentally change financial reporting. In addition, we believe issues that were raised during the comment letter period on many of the exposure drafts warrant re-exposing revised standards. Appropriate time should be allowed for deliberation and additional comment prior to issuance of the final standards.

Responses to the Discussion Paper Questions:

Question 1: Please describe the entity (or the individual) responding to this Discussion Paper.

OneAmerica is nonpublic mutual insurance holding company which prepares consolidated financial statements under U.S. GAAP and statutory financial statements on a stand-alone basis for each of its three insurance company subsidiaries. OneAmerica offers a variety of products to serve the financial needs of its policyholders including retirement plan products and services, individual life insurance, annuities, long-term care solutions, and employee benefits.



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Of the seven projects included for consideration in the Discussion Paper, the following four will most significantly impact OneAmerica:

Project	Degree of Impact	Factors Driving the Impact
Accounting for financial instruments	Significant	 Will require significant systems modifications to account for changes in calculation for accrued investment income Will require significant change in current impairment analysis Will likely introduce significant volatility in the income statement as changes in fair value of investments no longer are reflected in OCI
Insurance contracts	Significant	 Will require significant systems modifications primarily to accommodate additional modeling and stochastic simulation Will require significant addition of actuarial expertise Will require significant change in identification of deferrable expenses, resulting in needed system modifications, business process re-design and additional education Will require maintenance of both new systems, processes, and methodologies for newly issued insurance policies as well as legacy systems, processes, and methodologies for existing insurance policies
Financial statement presentation	Moderate	Will require financial reporting business process redesign and system modifications Will require educational sessions for the Board of Directors and management on financial statement interpretation and analysis
Comprehensive income	Moderate	Will require financial reporting business process redesign and system modifications Will require educational sessions for the Board of Directors and management on financial statement interpretation and analysis

Question 2: Focusing only on those proposals that have been published as Exposure Drafts (accounting for financial instruments, other comprehensive income, revenue recognition and leases):

- a. How much time will you need to learn about each proposal, appropriately train personnel, plan for, and implement or otherwise adapt to each new standard?
- b. What are the types of costs you expect to incur in planning for and adapting to the new requirements and what are the primary drivers of those costs? What is the relative significance of each cost component?



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Of the four proposals that have been published as Exposure Drafts, only two are expected to have a significant or moderate impact on OneAmerica; 1) accounting for financial instruments and 2) other comprehensive income. We anticipate it will take between six and twelve months to learn about each proposal, appropriately train personnel, plan for, and implement these new standards. The cost associated with the two new standards expected to significantly or moderately impact OneAmerica is expected to be approximately 2% of net income. The types of costs expected to be incurred (in order of significance) include the following:

- System modifications
- Business process re-design, including implementation of new key controls
- Education and training
- External auditor review of implementation

Question 3: Do you foresee other effects on the broader financial reporting system arising from these new standards? For example, will the new financial reporting requirements conflict with other regulatory or tax reporting requirements? Will they give rise to a need for changes in auditing standards?

We are not aware of conflicts with other regulatory or tax reporting requirements nor are we aware of any needed changes in auditing standards.

Question 4: In the context of a broad implementation plan covering all the new requirements, do you agree with the transition method as proposed for each project? If not, what changes would you recommend and why? In particular, please explain the primary advantages of your recommended changes and their affect on the cost of adapting to the new reporting requirements.

The adoption of the proposed standards will fundamentally change OneAmerica's financial reporting. The most significant of these standards that will impact OneAmerica is the insurance contracts project. This proposed standard will require a principles-based approach to reserving for many of OneAmerica's insurance products, resulting in a significant increase to stochastic scenario generation and modeling.

The proposed IASB standard, as currently written, does not allow for full retrospective adoption. If transition guidance in the FASB's proposal is similarly written, this would result in insurance companies being required to maintain two distinct methodologies: 1) the new principles-based approach for newly issued business and 2) the legacy approach for existing business. For life insurance companies like OneAmerica, the run-off period for legacy business may be in excess of 80 years. This would add a significant amount of complexity to our actuarial area in that processes and methodologies for both the new business and existing business will need to be maintained. This would require us to maintain legacy systems to support the existing business as well. As such, we would recommend the Board consider a full retrospective adoption be permitted to allow all new and existing business to be valued following the same approach.



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Question 5: In thinking about an overall implementation plan covering all of the standards in this Discussion Paper:

- a. Do you prefer the single date approach or the sequential approach? Why? What are the advantages and disadvantages of your preferred approach? How would your preferred approach minimize the cost of implementation or bring other benefits? Please describe the sources of those benefits (for example, economies of scale, minimizing disruption, or other synergistic benefits).
- b. Under a single date approach, what should the mandatory effective date be and why?
- c. Under the sequential approach, how should the new standards be sequenced (or grouped) and what should the mandatory effective dates for each group be? Please explain the primary factors that drive your recommended adoption sequence, such as the impact of interdependencies among the new standards.
- d. Do you think another approach would be viable and preferable? If so, please describe that approach and its advantages.
- a. Due to the significance of the proposed changes, we believe following the sequential approach versus a single date approach is more appropriate. Adopting the new standards in a sequential manner will allow for a more disciplined approach in the implementation of each new standard. We believe this more methodical and regimented approach will help minimize errors in the implementation and increase transparency to the users of the financial statements by separately identifying each significant change as it is reflected in the financial statements.

One potential disadvantage of the sequential approach is the prolonged disruption to the company that would likely occur with the adoption being implemented over a number of years. Following a single date approach would likely limit disruption to a shorter time period; although, the disruption during this period would be more significant. We believe the disadvantage of a prolonged period of disruption is outweighed by the increased rigor and discipline that would be permitted by following the sequential approach.

We further believe that following the sequential approach will minimize costs expected to be incurred in adopting the new standards. The most significant cost OneAmerica anticipates from adoption of the new standards relates to required systems modifications. If a single date approach was followed, the volume of changes required in a shorter time period would likely result in the use of outside consultants to implement all of the needed systems changes. This additional external cost could be avoided by allowing the new standards and the resulting required systems changes to be made internally, as would be permitted by following the sequential approach.

b. If a single date approach was deemed most appropriate, the mandatory effective date should be no earlier than reporting periods beginning after December 15, 2016 for public registrants and after December 15, 2017 for private companies.



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c. Under the sequential approach, we believe the following timetable and groupings should be followed to help increase transparency (by allowing users of the financial statements to identify and understand key changes resulting from each group of new standards) and allow companies sufficient time to implement each new standard. Note we have only commented on timing for the four standards that will most significantly impact OneAmerica.

Effective Date	Standard(s)	Rationale
2015	Accounting for financial instruments	We believe this standard should be implemented in a year with minimal additional standard changes in order to isolate the source of increased volatility in the income statement that will result from changes in fair value of investments no longer being reflected in OCI.
2016	Insurance contracts	This standard will fundamentally change the accounting for insurance contracts by incorporating stochastic simulation and additional modeling. Due to the significance of these changes, we believe this standard should be adopted in a year with minimal additional standard changes.
2017	Financial statement presentation and Comprehensive income	We believe these two standards should be grouped together, as both will significantly impact the presentation of the financial statements. These changes will likely create challenges in reading and interpreting financial statements. By grouping both standards into one adoption period, users of the financial statements will only be required to re-learn how to read financials once. We believe it is important to have these changes occur after the other significant accounting standard changes are adopted to allow for increased transparency in the financial statements of each individual accounting change as it occurs without the added noise of changes in presentation of the data.

d. We are not aware of any other approach that would be preferable.

Question 6: Should the Board give companies the option of adopting some or all of the new standards before their mandatory effective date? Why or why not? Which ones? What restrictions, if any, should there be on early adoption (for example, are there related requirements that should be adopted at the same time)?

We believe early adoption should be permitted. This will allow companies to adopt the standards following a time table and order that is most effective and efficient for them. We do not believe it is necessary to place restrictions on early adoption.



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Question 7: For which standards, if any, should the Board provide particular types of entities a delayed effective date? How long should such a delay be and to which entities should it apply? What would be the primary advantages and disadvantages of the delay to each class of stakeholders (financial statement preparers, financial statement users, and auditors)? Should companies eligible for a delayed effective date have the option of adopting the requirements as of an earlier date?

We believe it is often beneficial to require public registrants to implement new accounting standards with private companies following at least one year behind. The primary advantage of requiring public registrants to adopt ahead of private entities is to the financial statement preparers of private companies, who benefit from the review and comparison of their proposed implementation to previously filed public registrant's financial statements.

Question 8: Should the FASB and IASB require the same effective dates and transition methods for their comparable standards? Why or why not?

In order to continue moving forward with the planned convergence, we believe it is important for FASB and IASB standards to mirror each other as much as possible. This includes requiring the same effective dates and transition methods.

Question 9: How does the Foundation's ongoing evaluation of standards setting for private companies affect your views on the questions raised in this Discussion Paper?

The Foundation's evaluation of standards setting for private companies did not significantly affect our views on the questions raised in this Discussion Paper.

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Thank you for your consideration.

Respectfully,

J. Scott Davison

Chief Financial Officer