

March 30, 2009



120 Monument Circle
Indianapolis, IN 46204



LETTER OF COMMENT NO. 135

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Via email: director@fasb.org

File Reference: Proposed FASB Staff Position No. FAS 115-a, FAS 124-a, and EITF 99-20-b

Dear Mr. Golden:

WellPoint, Inc. ("WellPoint") is the largest health benefits company in terms of commercial membership in the United States, serving 35 million members as of December 31, 2008 and with total revenues of \$61.3 billion for the year ended December 31, 2008. We also had total investments of \$14.5 billion classified as available-for-sale at December 31, 2008, comprised of approximately 16,000 individual holdings.

We appreciate the opportunity to comment on the FASB's (the "Board") proposed FASB Staff Position No. FAS 115-a, FAS 124-a, and EITF 99-20-b. *Recognition and Presentation of Other-Than-Temporary Impairments* ("OTTI FSP").

Summary

We commend the Board in its effort to enhance accounting for other-than-temporary impairments of investment securities. This area of accounting continues to evolve and continues to require refinement and clarification. We agree with the Board's proposal to modify the evaluation of a company's intent and ability to hold an impaired security until recovery or maturity to an evaluation of the intent or likelihood to sell the security. However, we do not agree with certain other concepts of the OTTI FSP and provide our comments below. For your ease, we have organized our responses according to your questions, which are repeated herein.

Comments

Question 1: This proposed FSP would require entities to separate (and present separately on the statement of earnings or "performance indicator") an other-than-temporary impairment of a debt security into two components when there are credit losses

associated with an impaired debt security for which management asserts that it does not have the intent to sell the security and it is more likely than not that it will not have to sell the security before recovery of its cost basis. The two components would be (a) the credit component and (b) the noncredit component (residual related to other factors). Does this separate presentation provide decision-useful information?

Response: We agree with the Board that this presentation would provide decision-useful information. We believe investors are primarily concerned about the future cash flows received from an investment in debt securities. The current guidance requires that when an other-than-temporary impairment is present, the entity recognizes the full amount of impairment in earnings, including the component related to interest rates or liquidity constraints in the markets. This accounting model does not properly reflect the expected cash flows of the investment. The proposed presentation would provide better information to investors. However, as discussed in our response to Question 2 below, we are concerned that sufficient information is not always available to bifurcate the components of an impairment.

Question 2: This proposed FSP would require that the credit component of the other-than-temporary impairment of a debt security be determined by the reporting entity using its best estimate of the amount of the impairment that relates to an increase in the credit risk associated with the specific instrument. One way of estimating that amount would be to consider the measurement methodology described in paragraphs 12–16 of FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*. For debt securities that are beneficial interests in securitized financial assets within the scope of Issue 99-20, the amount of the total impairment related to credit losses would be determined considering the guidance in paragraph 12(b) of Issue 99-20. Do you believe this guidance is clear and operational? Do you agree with the requirement to recognize the credit component of an other-than-temporary impairment in income and the remaining portion in other comprehensive income? Under what circumstances should the remaining portion be recognized in earnings?

Response: We agree with the requirement that the component of the impairment related to factors other than credit losses should be recognized in other comprehensive income rather than in earnings. The underlying reasons are outlined in our response to Question 1 above. However, we are concerned that the Board has not provided sufficient guidance to determine the credit related component of an other-than-temporary impairment. In volatile markets, it is not always possible to determine specifically whether a decline in fair value is caused by expected credit losses or the result of tightening liquidity. A determination one way or another could have significantly different accounting results.

In addition, we are concerned about whether bifurcation is operational. As discussed in the introductory paragraph, our investment portfolio encompasses approximately 16,000 individual holdings. We, like other SEC registrants, have a very tight timeline to close our books at each reporting period in order to provide investors with timely financial information. Under this timeline we generally report our quarterly financial information within 17 business days. In order to meet this timeline, we must identify all investments

subject to other-than-temporary impairment by the end of the first business day after quarter end. We believe the proposed bifurcation of the other-than-temporary impairment might significantly impact our ability to continue to provide investors with timely financial information.

Lastly, due to the lack of available information at any time, but in particular when markets are disrupted, that would be required to bifurcate the impairment, two different entities might come to vastly different conclusions about the impairment components for the same security resulting in significantly different accounting results. This could have unintended consequences of causing incomparability of results of operations of the two entities.

Question 3: This proposed FSP modifies the current indicator that, to avoid considering an impairment to be other than temporary, management must assert that it has both the intent and the ability to hold an impaired security for a period of time sufficient to allow for any anticipated recovery in fair value. The Board believes that, compared to current requirements, it is more operational for management to assert that (a) it does not have the intent to sell the security and (b) it is more likely than not that it will not have to sell the security before its recovery. Does this modification make this aspect of the other-than-temporary impairment assessment more operational (the remaining factors discussed in FSP FAS 115-1/FAS 124-1, *The Meaning of Other- Than-Temporary Impairment and Its Application to Certain Investments*, would remain unchanged)? Should this modification apply to both debt and equity securities? Will this change result in a significant change to the assessment of whether an equity security is other-than-temporarily impaired?

Response: We agree that it is more operational to make an assertion about the intent to sell or the likelihood of having to sell a security rather than the intent and ability to hold a security until recovery or maturity. By definition, the intent and ability to hold until recovery or maturity is a conclusive assertion with a potentially very long time horizon. Future events cannot always be predicted with enough certainty to support such a definitive assertion. A good example was the lack of liquidity available in the credit markets in the fourth quarter of 2008 that likely caused some companies to sell portions of their investment portfolios to support their cash flow needs. Coupled with the downturn in the financial markets, the securities that were available to be sold were likely impaired and such sales would have violated those companies' prior assertion to hold a security until recovery. Such developments could not have been foreseen at prior quarter end dates when the assertion was made.

In contrast, the intent to sell or likelihood to have to sell a security is more flexible in that it acknowledges that circumstances can change. We believe that this is more aligned with how a company manages its investment portfolio to react to changing external or internal forces.

We believe that this aspect of an other-than-temporary impairment analysis should apply to both fixed maturity and equity securities. However, given that the other factors for determining whether an impairment is other-than-temporary (e.g., extent and duration of

impairment) still apply and would likely be hard to overcome, we do not believe that this change in methodology will significantly change recognition of other-than-temporary impairments related to equity securities.

Question 4: This proposed FSP would require that the portion of an impairment recognized in other comprehensive income for held-to-maturity securities be amortized (through other comprehensive income) over the remaining life of the debt security in a prospective manner based on the amount and timing of future estimated cash flows by offsetting the recorded value of the asset (that is, an entity would not be permitted to adjust the fair value of a held-to-maturity security for subsequent recoveries in the fair value of the security similar to the accounting for available-for-sale securities). Do you agree with this requirement?

Response: We do not classify investments as held to maturity and do not have any comments on this proposal.

Question 5: Is the proposed effective date of interim and annual periods after March 15, 2009, operational?

Response: We do not believe the proposed effective date is operational. As discussed above, we must determine the investments subject to other-than-temporary impairment by the end of the first business day after quarter end. Given that the Board is not expected to meet until April 2, 2009 to vote on this OTTI FSP, we will not know on April 1, 2009 whether to apply this proposed guidance or not. In addition, this revised guidance will require changes in companies' systems, processes and controls enabling them to capture the required data, analyze such data and apply the accounting guidance in a proper manner. This will take significant additional time and prohibits an effective date retroactive to periods ending after March 15, 2009.

Conclusion

We generally agree with the concept of revising existing other-than-temporary impairment guidance related to investments. In particular, we agree with the OTTI FSP's proposal to change the assertion about intent and ability to hold until recovery with an analysis of intent or likelihood of having to sell a security.

However, we do not believe that this OTTI FSP provides sufficient information to allow preparers to make it operational. Specifically, we are concerned that not enough information is provided to allow prepares to bifurcate other-than-temporary impairments into a credit component and other components.

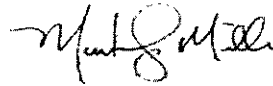
We recommend that the Board provide more detailed implementation guidance with respect to how to bifurcate impairments and provide for an effective date in the future to allow preparers to properly adopt the new provisions.

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We appreciate the opportunity to provide comments on this OTTI FSP and hope the Board finds our comments helpful. Should you have any questions on our comments or wish to discuss any of our responses with us directly, please feel free to contact me directly at (317) 488-6684.

Very truly yours,

WellPoint, Inc.



Martin L. Miller
Senior Vice President,
Chief Accounting Officer and
Controller

Copy to: Angela F. Braly
President and Chief Executive Officer

Wayne S. DeVeydt
Executive Vice President and
Chief Financial Officer