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Technical Director
Financial Accounting Standards Board
401 Merrit 7
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Unum Group (“Unum”) operates in the United States, the United Kingdom, and to a limited extent, in certain other countries around the world. Unum Group is the largest provider of disability insurance products in the United States and the United Kingdom. We also provide a complementary portfolio of other insurance products, including employer- and employee-paid group benefits, life insurance, and other related services.

We appreciate the opportunity to provide comments to the Financial Accounting Standards Board (“FASB”) on its June 27 Exposure Draft regarding proposed disclosures about liquidity risk and interest rate risk. While we appreciate the FASB’s intent to provide financial statement users with more information concerning liquidity and interest rate risks, we do not believe that the proposed additional disclosures accurately reflect the way Unum and other insurers manage those risks. Additionally, due to the subjectivity used in creating the proposed disclosures, we do not believe that the disclosures will be comparable between companies, nor will they provide significantly better information than that which is already disclosed in Management’s Discussion and Analysis (“MD&A”) pursuant to SEC requirements.

We also have concerns with the segment reporting guidance in paragraph 825-10-50-23B. As we currently understand the requirement, we would be required to combine information for our insurance subsidiaries into one disclosure, with our corporate segment reported as a separate disclosure. Segregating the disclosures in this way would not provide the reader with an overall view of the company’s risk mitigation nor would it align with information prepared for other regulatory agencies or on an ongoing basis for internal risk management. Additionally, the required qualitative disclosures would not provide the preparer with any insight into our overall risk management strategies or residual risk.

We are also concerned about the costs to implement the proposed disclosures, the associated internal controls over financial reporting, and the difficulties we anticipate to be encountered in auditing the disclosures. Many of the systems and process that would be utilized to develop the proposed disclosures have not been subject to internal controls in the past and will require significant effort to develop and test the related processes and controls. Additionally, the data used to develop the disclosures would be based on forward looking data using management assumptions. Because of the significant amount of estimation that will be necessary to develop the proposed disclosures, additional time and more experienced audit team members will be required, resulting in increased audit costs.

We are also concerned about the proposed interim disclosure requirement. Given the accelerated filing deadlines for SEC registrants, we believe it would be very difficult to prepare the proposed disclosures on a quarterly basis and propose that any required disclosure be on an annual basis with a qualitative update should anything significant occur during the interim periods.

The following represents our comments to the questions for preparers of financial statements.

Questions for Preparers and Auditors—Liquidity Risk

Question 1: For a financial institution, the proposed amendments would require a liquidity gap table that includes the expected maturities of an entity's financial assets and financial liabilities. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Unum Response: Developing the liquidity gap table will require additional modeling by financial institutions to develop assumptions for expected maturities. This type of analysis is not currently performed. It is also unclear how to classify securities with prepayments (i.e. in the interval where the weighted average life falls or all the time periods in which payments occur). Additionally, the majority of our insurance contract liabilities are difficult to categorize into the proposed disclosure since they have no liquidity and have no surrender value. While preparation of this type of disclosure is not impossible, it will require that we use significant judgment in some circumstances and will require a significant amount of time to prepare. Considering the estimates that will need to be used and the short reporting timeframe for interim quarterly reporting, we are concerned that there will not be enough time to properly evaluate the disclosures and to provide our auditors with sufficient time to complete their procedures. As a result, we would propose that the Board consider making the liquidity gap table an annual disclosure and not require quarterly reporting.

Question 2: For an entity that is not a financial institution, the proposed amendments would require a cash flow obligations table that includes the expected maturities of an entity's obligations. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Unum Response: As noted above in the general section, the segment reporting guidance appears to indicate that our corporate segment would require separate disclosures from our insurance segments. A separate corporate segment disclosure for Unum would be very similar to the disclosures already provided pursuant to current SEC Regulation S-K, Item 303(a)(5), *Tabular disclosure of contractual obligations*, and thus appears to be duplicative for public filers.

Question 3: The proposed amendments would require information about expected maturities for financial assets and financial liabilities to highlight liquidity risk. *Expected maturity* is the expected settlement of the instrument resulting from contractual terms (for example, call dates, put dates, maturity dates, and prepayment expectations) rather than an entity's expected timing of the sale or transfer of the instrument. Do you agree that the term *expected maturity* is more meaningful than the

term *contractual maturity* in the context of the proposed liquidity risk disclosures? If not, please explain the reasons and suggest an alternative approach.

Unum Response: Expected maturity refers to the expected settlement of the instrument resulting from contractual terms (for example, call dates, put dates, maturity dates, and prepayment expectations). From a theoretical point of view, expected maturity would be preferable only if investors had perfect knowledge of the expected behavior of issuers of securities. From a practical matter, we do not have perfect knowledge. As noted in our response to Question 1, there will be significant assumptions by financial institutions that will attempt to predict issuer behavior based on a prediction of economic conditions. In practical terms, a significant amount of corporate actions are not based solely on economic conditions but have business strategy rationale that cannot be predicted and in fact may go against what economic conditions would have predicted. An alternative is to use contractual maturity and current observable prepayment speeds to provide consistent results from various financial institutions since contractual maturity and current prepayment speeds are observable. For most of Unum's insurance liabilities, the concept of an "expected" maturity is meaningless since these products have no surrender value for the policy holder.

Question 4: The proposed amendments would require a quantitative disclosure of an entity's available liquid funds, as discussed in paragraphs 825-10-50-23S through 50-23V. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Unum Response: In the proposed disclosure, one of the categories which would be included in the "Available Liquid Funds" table is unpledged liquid assets of a high quality. Additionally, these assets must be free from restrictions and readily convertible to cash. This seems to imply that unrestricted cash and cash equivalents are the only available liquid funds. Unfortunately, it is difficult to apply such a vague definition to companies which have a business strategy of holding long-term investments to match long-term liabilities. Many of these long-term investments are readily convertible to cash in the bond market, but because of their fixed-coupon nature are exposed to market risk since they are sensitive to changes in interest rates at the time of sale. It would be helpful if the proposed disclosure would clarify whether the disclosure requirement intent was aimed at short-term securities or short- and long-term securities?

Question 5: For depository institutions, the proposed Update would require a time deposit table that includes the issuances and acquisitions of brokered deposits during the previous four fiscal quarters. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Unum Response: Unum is not a depository institution.

Question 6: As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statements to develop an understanding of your entity's exposure to liquidity risk? If not, what other information would better achieve this objective?

Unum Response: As noted above in the general comments section, we do not believe that the proposed disclosures accurately reflect the way Unum and other insurers manage liquidity risk. We note that the proposed disclosure considers only existing assets and available borrowings when in practice a financial institution has other available capital sources, such as the ability to issue additional equity, overnight or short-term debt, or long-term debt to fund short-term needs. We believe that consideration should be given to the other various options when discussing available liquid funds.

Questions for Preparers and Auditors—Interest Rate Risk

Question 13: The interest rate risk disclosures in this proposed Update would require a repricing gap table. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Unum Response: While preparation of this type of disclosure is not impossible, it will require that we develop a model to facilitate the disclosure. As noted in our general response and again in our response to Question 1, we are concerned that there will not be enough time to properly evaluate the disclosure as well as provide our auditors with sufficient time to complete their procedures given the short timeframe for interim reporting. Similarly, we would propose that the Board consider making the repricing gap table an annual disclosure and not require quarterly reporting.

Question 14: The interest rate risk disclosures in this proposed Update would include a sensitivity analysis of net income and shareholders' equity. Do you foresee any significant operational concerns or constraints in determining the effect of changes in interest rates on net income and shareholders' equity? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Unum Response: We do not foresee any significant operational concerns or constraints with regard to this disclosure as it is very similar to disclosures currently required within the MD&A section of our Form 10-K.

Question 15: As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statements to understand your entity's exposure to interest rate risk? If not, what other information would better achieve this objective?

Unum Response: We do not feel that the proposed amendment will provide sufficient information to the user to understand a company's exposure to interest rate risk. For the table to be meaningful and comparable across companies, the disclosures should require that the assumptions be standardized across companies. The proposed disclosure is complicated by the fact that there is not a standardized liability market value discount rate methodology. Additionally, the sophistication of asset/liability management and interest rate risk management required for different insurance products cannot be distilled into a common subset of measures without significant commentary. We have concerns that the level of disclosure necessary to help the reader understand our asset/liability strategies may result in

disclosing proprietary strategies. Also, as noted in the general comments section, we have concerns over the external auditor's ability to audit such subjective information.

Questions for All Respondents

Question 20: The amendments in this proposed Update would apply to all entities. Are there any entities, such as nonpublic entities, that should not be within the scope of this proposed Update? If yes, please identify the entities and explain why.

Unum Response: It is unclear whether benefit plans and other entities such as separate accounts would be included in this requirement. We believe these entities are not intended to be included, but it would be helpful if the FASB clarified.

Question 21: Although the proposed amendments do not have an effective date, the Board intends to address the needs of users of financial statements for more information about liquidity risk and interest rate risk. Therefore, the Board will strive to make these proposed amendments effective on a timely basis. How much time do you think stakeholders would require to prepare for, and implement the amendments in this proposed Update? Should nonpublic entities be provided with a delayed effective date? If so, how long of a delay should be permitted and why? Are there specific amendments that would require more time to implement than others? If so, please identify which ones and explain why.

Unum Response: Due to the development, testing, and auditing of various models as well as considering the other efforts to modify existing U.S. GAAP (i.e. insurance contracts and financial instruments), we believe that the requirements of the proposed amendments should align with the timeframe for the new insurance contract and financial instruments accounting standards that are being developed. However, if the FASB is pushing for timelier implementation, we suggest no earlier than a December 31, 2014 effective date given the models that will need development as well as the other FASB projects that are underway which will require various resources.

Additionally, we believe that the proposed disclosures should be an annual reporting requirement. As an alternative, preparers could discuss any significant changes that might have occurred during the quarter if necessary. We believe this will help to streamline the reporting process and addresses one of our biggest concerns around interim reporting timelines.

Question 22: Do you believe that any of the amendments in this proposed Update provide information that overlaps with the SEC's current disclosure requirements for public companies without providing incremental information? If yes, please identify which proposed amendments you believe overlap and discuss whether you believe that the costs in implementing the potentially overlapping amendments outweigh their benefits? Please explain why.

Unum Response: We believe that there is some overlap with SEC requirements in Item 7A, the contractual obligations table, and the holding company liquidity disclosures; however, much of what is contained in the proposed amendment is incremental to these required disclosures.

Sincerely,

A handwritten signature in cursive script that reads "Roger L. VanCleave".

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