Via Email: director@fasb.org

September 10, 2010

Mr. Russell G. Golden  
Technical Director  
File Reference No. EITF090G  
Financial Accounting Standards Board  
401 Merritt 7  
Post Office Box 5116  
Norwalk, Connecticut  06856-5116

RE: Proposed Accounting Standards Update “Financial Services – Insurance (Topic 944) Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts”

Dear Mr. Golden:

Ameriprise Financial, Inc., one of the nation’s leading financial planning, asset management and insurance companies, appreciates the opportunity to offer comments with respect to the Proposed Accounting Standards Update: “Financial Services – Insurance (Topic 944) Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts” (the “Proposed Update”). As the parent company of RiverSource Life Insurance Company, an insurance company with a $4.1 billion deferred acquisition cost (“DAC”) asset, we are very concerned with the changes proposed in the recently posted Staff Draft of the Proposed Update.

Overall Concerns

We share the concerns expressed in the American Council of Life Insurers’ (“ACLI”) letter regarding the burdensome costs and challenges of implementing significant changes to our deferral methods twice in a very short period of time – once under the Proposed Update and a second time under the Insurance Contracts standard, which is expected to be effective within a year or two of the Proposed Update. Also, as noted in the ACLI’s comment letter, the Proposed Update could result in significant comparability issues among companies’ financial statements.

Based on investor analyst commentaries, it appears that the concerns with the Proposed Update noted above are shared by some in the investor community.
**Concerns Related to New Independent Third Parties Section**

In addition to the overall concerns noted above, we are very concerned with the new section on independent third parties that was added to the Proposed Update. We believe that the new language could require us to obtain information from third party agents (“franchisees”) that we are not in a position to access or that would be inadequate to accurately estimate successful efforts.

We currently acquire insurance contracts through agents who are our employees as well as through agents who are not our employees (“our franchisees”). While our franchisees operate their businesses independently, we have an agreement with the franchisees that limits which products they can sell so we can ensure our regulatory, suitability, and compliance standards are met. The existence of this agreement, however, does not provide us with the necessary access to the franchisee’s records to perform a “successful efforts” evaluation of the franchisee’s activities. We are concerned that the following language that was added to the Proposed Update would treat our franchisees differently from other non-employee agents due to interpretations of the definition of an independent third party noted below:

>> Independent Third Parties

944-30-55-1A Independent third parties generally possess the following characteristics:
   a. They are not employees of the insurer.
   b. They are not receiving employee benefits of the insurer.
   c. The party is not under the control of the insurer.
   d. Generally, the party also would provide similar services to other entities unrelated to the insurer, and there would not be an agreement between the insurer and the party that precludes the party from providing similar services to other entities.

944-30-55-1B In determining whether an entity that provided contract acquisition-related services on behalf of the insurer could be considered an independent third party if the insurer has an ownership or equity interest in the entity, such ownership interest should be evaluated on the basis of the level of ownership and influence that could be imposed. Generally, the existence of an ownership interest indicates a relationship that would not qualify as an independent third party. A nominal passive investment from the standpoint of both the insurer and the provider of service probably would not affect the provider’s independence.

944-30-55-1C If an entity utilizes a third party for contract acquisitions and the third party is not considered an independent third party for several reasons but also is not an employee of the entity, the entity should defer those costs directly related to specified activities that can be determined to meet the criteria in paragraph 944-30-25-1A(b) for acquisition costs under the definition of that term as long as those costs would not have been incurred by the insurance entity had that acquisition contract transaction not occurred.

While we understand that it was the Emerging Issues Task Force’s (“EITF”) intent to add language from the FASB Special Report, *A Guide to Implementation of Statement 91 on Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases: Questions and Answers*, into the Proposed Update to help constituents answer implementation questions, we believe the language above is problematic. We believe that a commission paid to an individual who does not entirely meet the independent third party criteria of 944-30-55-1A, but is independent in most respects (meets a through c above but not d), should be allowed to be deferred in its entirety. Our franchisee agreement is primarily a branding agreement that ensures
franchisees sell products that meet our regulatory, suitability, and compliance standards but does not grant us other control over the franchisee nor does it provide us with access to the activity of the franchisee to determine successful efforts. Accordingly, we recommend that the EITF clarify that the definition of an independent third party and the requirement to defer incremental direct acquisition costs incurred with these third parties not be restricted to those entities meeting all four of the criteria listed in 944-30-55-1A.

We believe the argument for deferring incremental direct costs of independent third parties provided in the Basis for Conclusions section of Statement of Financial Accounting Standards No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases (“FAS 91”) is equally applicable to our franchisees:

When origination activities are being performed by an independent third party, the Board believes that the lender is not in a position to determine the portion of time spent by the third party on each of the activities and therefore is unable to determine the amount of cost applicable to the origination activities. Because of that difficulty and because incremental direct costs incurred with an independent third party represent a reliable measure of the lender's economic sacrifice to acquire a specific loan, the Board concluded that the incremental direct costs of loan origination incurred in transactions with independent third parties should be deferred.

We do not believe that there are compelling arguments for distinguishing between our franchisees and independent third parties described above when it comes to commissions. Commissions are typically tied to individual sales; therefore, it is unclear to us why the EITF would not have the same successful efforts factor applied to commissions paid to third parties whether or not they meet all of the independence criteria of 944-30-15-1A. If the basis for distinguishing between these parties is the information needed to assess the time spent on successful versus unsuccessful acquisitions, this data will be just as difficult to obtain for our franchisees as it would be for independent third parties. The existence of our franchisee agreement does not result in an insurer's insight into the time that agent spends on successfully binding business versus the time spent on other activities. Furthermore, the incremental direct costs incurred with our franchisees (i.e., commissions) are just as reliable a measure of our economic sacrifice to acquire a specific contract.

Assuming we could access the information necessary from our franchisees to determine the portion of their time that is spent on successful insurance contracts, the requirement to assess the successful efforts related portion of our franchisees’ total compensation would require a significant amount of work and would not likely result in a more reliable measure of our economic sacrifice to acquire a contract than if we deferred 100% of the commission paid to the franchisee for each successful insurance contract. Our franchisees not only receive commissions on successful insurance sales but also on sales of mutual funds and other non-insurance products. The effort to obtain an adequate level of documentation from our franchisees in order to accurately determine the portion of total compensation paid to franchisees related to successful sales of insurance products is substantial, given we have approximately 7500 franchisees and that each of these franchisees run independent businesses. Accordingly, even if it is possible for us to...
access the necessary information from our franchisees, we would be required to incur a significant amount of time and costs for no apparent benefit.

A significant portion of our insurance sales comes from our franchisees. Accordingly, this matter is very important to our business. We ask the EITF to provide clarity regarding the definition of independent third parties because we are concerned that auditors could interpret the existence of our franchisee agreements to require us to follow an employee successful efforts deferral model even though our franchisees are independent of us apart from the product pre-approval requirement in our franchisee agreement and the difficulty in performing a successful efforts approach with our franchisees is more comparable to the difficulty performing a successful efforts approach with an independent third party than an employee.

Finally, given the significant impact of the changes noted above by us as well as the ACLI, we are concerned that the EITF did not re-expose these changes. We believe the release of a Staff Draft in lieu of an updated Proposed Update with a formal comment period does not reflect the due process that we have come to expect as a part of ensuring that our accounting standards are of high quality.

Thank you for your consideration of our comments on these very important matters. If you have any questions, comments, or would like further information, please contact me at (612) 678-4769.

Sincerely,

David K. Stewart
Senior Vice President & Controller