November 22, 2016

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

Via email: director@fasb.org


Dear Ms. Cosper:

This letter is submitted on behalf of UnitedHealth Group, Incorporated (“UnitedHealth Group” or the “Company”), a diversified health and well-being company dedicated to helping people live healthier lives and making the health system work better for everyone. UnitedHealth Group employs more than 200,000 individuals, is a Fortune 10 company with annual expected revenues of $180 billion in 2016, and a market capitalization in excess of $133 billion as of September 30, 2016. We are writing in response to your request for comments regarding the Proposed Update.

Overview

The Financial Accounting Standards Board (“FASB” or the “Board”) is issuing this proposed Update to amend the amortization period for callable debt securities purchased at a premium. The Board is proposing to shorten the amortization period for the premium to the earliest call date. Under current generally accepted accounting principles (GAAP), entities generally amortize the premium as an adjustment of yield over the contractual life of the instrument.

UnitedHealth Group supports the efforts of the Board to improve guidance on this topic, and generally agrees with the Board’s Proposed Update. The remainder of this letter contains our responses to certain questions raised by the Board.

Responses to Board’s Questions

**Question 1:** Do you agree that premiums on purchased callable debt securities should be amortized to the earliest call date? Please explain why or why not.

UnitedHealth Group generally agrees that premiums on purchased callable debt securities should be amortized to the earliest call date. We agree with the FASB’s rationale as outlined in the Proposed Update’s Summary and Basis for Conclusions. In addition, insurance entities reporting using statutory accounting principles under the National Association of Insurance Commissioners...
(NAIC) Accounting Practices and Procedures manual (NAIC SAP) already follow similar accounting rules. Under NAIC SAP, bonds containing call provisions are amortized to the call or maturity value/date which produces the lowest asset value (yield to worst). The Proposed Update will more closely align GAAP to NAIC SAP.

Though we agree with the Proposed Update, the Board should consider modifying the Proposed Update to follow a yield to worst method similar to NAIC SAP. Generally, the two methods will be the same; however, in an instance where a security purchased at a premium is callable at an amount greater than par, amortizing the security to the stated maturity date may produce the lowest asset yield and may better reflect the economics of the security.

Question 2: How much time would be needed to implement the proposed amendments? Should entities other than public business entities be provided more time? Should early adoption be permitted?

The Company does not believe the Proposed Update will be burdensome to implement and does not believe a significant amount of time would be required to adopt the amendments. For public business entities, the amendments in the Proposed Update should be effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities, the amendments in the Proposed Update should be effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. This would align the effective dates with that of the FASB’s Accounting Standards Update (ASU) 2016-01 – Financial Instruments Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities, which also requires an adjustment to opening retained earnings upon transition. Creating the same effective date for both standards would allow a simultaneous adjustment to opening retained earnings as a result of new accounting standards impacting an entity’s investment portfolio. However, early adoption of an issued standard should be permitted by both public business entities and other entities.

Question 3: Do you agree with the proposed transition method and disclosures in paragraph 310-20-65-1(c)? Please explain why or why not.

No objection or comment.

Summary / Conclusion

UnitedHealth Group believes the Proposed Update is an improvement to current GAAP and agrees with the Board’s proposal; however, the Board should consider modifying the proposal to follow a yield to worst method, similar to NAIC SAP.

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UNITEDHEALTH GROUP

We appreciate your consideration of our comments on the Proposed Update. If we can provide further information or clarification of our comments, please call me.

Sincerely,

[Signature]

Thomas E. Roos
Senior Vice President and Chief Accounting Officer
UnitedHealth Group, Incorporated
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