August 17, 2020

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

File Reference No. 2020-400

The Accounting Principles Committee of the Illinois CPA Society (“Committee”) appreciates the opportunity to provide its perspective on the Proposed Accounting Standards Update, Financial Services - Insurance (Topic 944), Effective Date and Early Application (herein referred to as the “Update”). The Committee is a voluntary group of CPAs from public practice, industry and education. Our comments represent the collective views of the Committee members and not the individual views of the members or the organizations with which they are affiliated. The organization and operating procedures of the Committee are outlined in Appendix A to this letter.

The proposed deferral addresses the insurance industry’s concerns that the pandemic will impact their ability to effectively implement the new guidance. We support the Boards efforts to propose a deferral of the effective date of Topic 944. We also support the Board allowing calendar year-end insurers planning for a January 1, 2022 adoption date, flexibility in selecting their adoption date without having to change their transition date measurements.

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We appreciate the opportunity to provide our comments and observations on the proposed Update and would be pleased to discuss them with the Board members or the FASB staff at your convenience.

Sincerely,

William Keirse, CPA
Chair, Accounting Principles Committee

Matt Mitzen, CPA
Vice Chair, Accounting Principles Committee
Targeted Improvements to the Accounting for Long-Duration Contracts

Question 1: Should the effective date of Targeted Improvements to the Accounting for Long-Duration Contracts be deferred for Calendar year-end SEC filers, other than smaller reporting companies, and be required to adopt ASU 2018-12 on January 1, 2023 and allow other calendar year-end entities to be required to adopt on January 1, 2025?

Response to question 1: We agree with the effective date of Targeted Improvements to the Accounting for Long-Duration Contracts be deferred for Calendar year-end SEC filers, other than smaller reporting companies, and be required to adopt ASU 2018-12 on January 1, 2023. We believe this accommodation will benefit the industry’s concern that the pandemic limited insurers’ ability to devote necessary resources to effectively implement the new guidance, especially considering changed work environments.

Question 2: Should other calendar year-end entities will be required to adopt the ASU on January 1, 2025.

Response to question 2: We agree that other calendar year-end entities be allowed to adopt on January 1, 2025 for the same response to question 1.

Question 3: Should early application still be permitted?

Response to question 3: We agree that early application should still be permitted based on an entities ability to adopt.

Question 4: Should entities planning to early adopt be allowed flexibility in selecting their adoption date without having to change their transition date measurements?

Response to question 4: We agree that entities planning early adoption be allowed some flexibility in selecting their adoption date without having to change their transition date measurements. We believe that several entities may be uncertain about the impacts of the pandemic on their plans and allowing some flexibility in selecting their adoption date, without having to change their transition date measurements, will make the adoption more efficient.
The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee’s comments reflect solely the views of the Committee and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to fully study and discuss exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times includes a minority viewpoint. Current members of the Committee and their business affiliations are as follows:

**Public Accounting Firms:**

**Large:** (national & regional)
- Ryan Brady, CPA (national & regional)
  - Grant Thornton LLP
- Ashley Carboni, CPA (national & regional)
  - KPMG LLP
- Michael Couillard, CPA (national & regional)
  - Baker Tilly Virchow Krause LLP
- Matthew Denton, CPA (national & regional)
  - Sikich LLP
- Jason Eaves, CPA (national & regional)
  - Crowe LLP
- William Keirse, CPA (Chair)
  - Ernst & Young LLP
- Melissa Lynch, CPA (national & regional)
  - Plante Moran, PLLC
- Reid Mitchell, CPA (national & regional)
  - Wipfli LLP
- Jason Plourde, CPA (national & regional)
  - Grant Thornton LLP
- Darshana Raigaga, CPA (national & regional)
  - BKD LLP
- David Wentzel, CPA (national & regional)
  - Crowe LLP

**Medium:** (more than 40 professionals)
- Danielle Martin, CPA
  - Porte Brown LLC
- Jeffery Watson, CPA
  - Miller Cooper & Company Ltd

**Small:** (less than 40 professionals)
- Peggy Brady, CPA
  - Selden Fox, Ltd.
- Brian Kot, CPA
  - Cray Kaiser Ltd CPAs
- Matthew Mitzen, CPA (Vice Chair)
  - Bronswick Benjamin P.C.

**Educators:**
- Mollie Adams, CPA
  - Bradley University
- John Hepp, CPA
  - University of Illinois at Urbana-Champaign

**Industry:**
- John Bercerril, CPA
  - Elkay Manufacturing
- Jeffrey Ellis, CPA
  - FTI Consulting, Inc.
- Michael Maffei, CPA
  - GATX Corporation
- Thomas Masterson, CPA
  - Medix
- Elizabeth Prossnitz, CPA
  - Consultant
- Lisa Sezonov, CPA
  - Northern Trust
- Richard Tarapchak, CPA
  - Reynolds Group Holdings
- William Wang, CPA
  - Union Tank Car Company
- Daniel Wilfong, CPA
  - Ansira, Inc.

**Staff Representative:** Rafael Wiesenberg, CPA
- Illinois CPA Society