August 28, 2020

Hillary H. Salo  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856-5116

RE: File Reference No. 2020-400 Proposed Accounting Standards Update—Financial Services—Insurance (Topic 944): Effective Date and Early Application


AIG appreciates the FASB’s reconsideration of the effective date of ASU 2018-12, *Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts* (“LDTI”) considering the unprecedented COVID-19 crisis. AIG supports the FASB’s proposal to defer the effective date for LDTI by one year.

While AIG remains committed to our implementation plans, the timeline is challenging given the complexity of the standard as well as various open technical accounting questions that are being discussed among various industry groups. The resulting impacts of COVID-19 continue to have a significant strain on our resources, and the shift to an entirely remote working environment has resulted in some inefficiencies and conflicting priorities as we focus on the needs of our policyholders and other stakeholders. For instance, COVID-19 as well as the recent market volatility has resulted in AIG diverting resources to perform additional projections and financial analysis to understand how these complicated events will impact AIG, as well as addressing increased inquiries from AIG’s various regulators. AIG believes a one-year deferral is reasonable and prudent given the current and potential future COVID-19 related disruptions. The additional time option will allow AIG to remain agile in response to the needs of policyholders and other stakeholders given the uncertainty related to the resulting impacts of COVID-19, while also providing AIG the ability to modify the implementation timeline, if needed. An additional year will provide insurers with much needed certainty around the effective date while providing flexibility to early adopt if it fits their individual circumstances.

AIG strongly believes in producing financial results in a disciplined manner and providing decision useful information to users of our financial statements. The one-year deferral will allow AIG to continue to work with the life insurance industry to enhance transparency and comparability, where possible, regarding evolving technical accounting interpretations, financial statement presentation, and the nature and extent of disclosures.

The appendix contains our detailed responses to the Questions for Respondents.
If you have any questions regarding our comments, please contact Elias Habayeb at (212) 770 5815 or elias.habayeb@aig.com.

Sincerely,

Elias Habayeb  
Senior Vice President, Deputy Chief Financial Officer and Chief Accounting Officer  
American International Group, Inc.
Appendix

**Question 1 – Effective Date:** Should the effective date of LDTI be deferred for all insurance entities by one year? Please explain.

Yes, AIG supports the deferral of the implementation of LDTI for an additional year. As a public business entity, the effective date for AIG would be January 1, 2023.

The impacts of COVID-19 have resulted in some inefficiencies and delays but ultimately AIG remains committed to our implementation plan, assuming no additional unexpected disruptions like those resulting from the global pandemic. However, AIG believes an additional deferral in the implementation date of LDTI is prudent and reasonable. The COVID-19 crisis, and the governmental and regulatory responses thereto, are causing ongoing and severe economic and societal disruption accompanied by significant market volatility. This has resulted in a significant strain on our resources as we focus on the needs of our policyholders and stakeholders which includes various policyholder actions (e.g., extending grace periods) and addressing increased inquiries from various regulators. Consequently, deferral of the adoption of LDTI provides the industry a buffer as the industry and society manage through the continued and unknown impacts of the global pandemic.

**Question 2 – Early Application:** Does the proposed alignment of the early application transition date and the standard transition date achieve the Board’s objective of facilitating early application of LDTI by certain entities to encourage accelerated delivery of information to financial statement users? Please explain.

Yes, AIG believes the FASB’s proposed alignment of the early application transition date and the standard transition date achieve the FASB’s objective of facilitating early adoption of LDTI. As noted in Question 1, the deferral provides the industry with much needed certainty regarding the adoption of LDTI. However, the early application transition relief provides AIG with flexibility and will allow AIG to remain agile as the global response to COVID-19 evolves. Additionally, the provision facilitates early adoption for insurers if they determine at a later date that they are in a position to early adopt.