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December 15, 2016

Technical Director
File Reference No. 2016-330
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856- 5116

Re: Exposure Draft 2016-330 Targeted Improvements to Accounting for Long-Duration Contracts

To whom it may concern,

Aflac, Inc. (Aflac) welcomes the opportunity to share with you our views regarding the Proposed Accounting Standards Update Targeted Improvements for Long-Duration Contracts. Aflac acknowledges and appreciates the goal of the Board which is to improve the financial reporting recognition of long-duration contracts in the financial statements and to simplify the application of accounting guidance in current GAAP based on the feedback received from preparers, auditors, users, and other stakeholders.

Aflac, Inc. is a general business holding company and acts as a management company, overseeing the operations of its subsidiaries by providing management services and making capital available. Its principal business is supplemental health and life insurance, which is marketed and administered through its subsidiary, American Family Life Assurance Company of Columbus (Aflac Columbus), which operates in the United States (Aflac U.S.) and as a branch in Japan (Aflac Japan). Aflac and its insurance subsidiaries, Aflac Columbus (a Nebraska-domiciled insurance company), American Family Life Assurance Company of New York (Aflac New York, a New York-domiciled insurance company) and Continental American Insurance Company (CAIC), a South Carolina-domiciled insurance company, are subject to state regulations in the United States as an insurance holding company system. Most of Aflac's policies are individually underwritten and marketed through independent agents. Additionally, Aflac U.S. markets and administers group products through CAIC, branded as Aflac Group Insurance. Our insurance operations in the United States and our branch in Japan service the two markets for our insurance business.

Aflac offers voluntary insurance policies in Japan and the United States that provide a layer of financial protection against income and asset loss. We continue to diversify our product offerings in both Japan and the United States. Aflac Japan sells voluntary supplemental insurance products, including cancer plans, general medical indemnity plans, medical/sickness riders, care plans, living benefit life plans, ordinary life insurance plans and annuities. Aflac U.S. sells voluntary supplemental insurance

products including products designed to protect individuals from depletion of assets (accident, cancer, critical illness/care, hospital intensive care, hospital indemnity, fixed-benefit dental, and vision care plans) and loss-of-income products (life and short-term disability plans).

Our general comments regarding the matters addressed in the Exposure Draft are as follows:
We highly recommend that the Board perform comprehensive formal field testing of all proposed changes in the guidance to verify that the measurement and financial statement impact and presentation are appropriate in practice. Implementing these changes for the liability for future policy benefits would be significantly cumbersome and require excessive investments in systems and resources. The amount of calculations necessary to do multiple full net premium valuations of our entire inforce is certainly beyond the capabilities of our current processes, and the required updates to our systems and processes make achievability very difficult and cost intensive.

Additionally, we would be willing to assist the Board in field tests of the proposed guidance. Based on discussions with accounting and actuarial consultants, most companies, including Aflac, have not been able to model the impact of transition due to time constraints during the comment letter period. The transition impact could result in unfavorable results for an insurance company, such as a return on equity strain in which revenue will never be recognized (the release of built-up gains, such as the provisions for adverse deviations, in reserves will have the effect of increasing equity at transition which would have the resulting effect of decreasing return on equity), and which can reduce equity on a prospective basis which impacts covenants, capital ratios, and analyst statistics. The transition results could distort the financial health of an insurance entity and lead investors to no longer invest in the industry. The changes as proposed unduly penalize insurers like Aflac, where built-up embedded profits in reserves are released to GAAP equity upon transition and profits in future periods then become lower, while creating future GAAP balance sheet volatility. We believe this is an unintended consequence to insurers like Aflac creating GAAP equity, return on equity, and future profits financial statement disruption and comparability concerns. In some regards, the reset of reserves can be viewed as beneficial for insurers with poor historical performance while penalizing those insurers with well-performing blocks of business, such as Aflac.

We also do not believe the targeted improvements create consistency in industry practice and comparability. Rather, the proposed amendments introduce new and more subjective elements to unlocking estimates that will be at the discretion of management and can vary significantly from insurer to insurer and by product. We recommend that the Board reevaluate the targeted improvements from an industry disruption perspective and, where appropriate, remove any unnecessary changes in measurement and disclosures.

Our comments regarding Questions for Respondents are as follows:

<u>Liability for Future Policy Benefits—Contracts Other Than Participating Contracts</u>
Question 1—Scope: Do you agree with the scope of the proposed amendments on the accounting for the liability for future policy benefits for contracts other than participating contracts? If not, what types of contracts, contract features, or transactions should be included in or excluded from the scope and why?
Response:
<u>Liability for Future Policy Benefits:</u>
We noted that guidance specific to limited-pay contracts per paragraph 944-40-25-28 was eliminated and is now included together with traditional and long-duration guidance. We recommend that the Board expand the guidance for limited-pay revenue recognition for expired contracts. In particular, clarify whether profits will continue to be recognized at the cohort level or whether the expectation would be an immediate write-off when the contract terminates. We suggest the Board model the impacts of this treatment in field testing.

We believe that clarification is needed with the proposed changes related to claim reserves in paragraph 944-40-25-9. Specifically, we recommend clearly denoting that for amounts recorded to liability for unpaid claims that are not a result of reclassification from future policy benefits that the amendments to paragraph 944-40-25-9 would not apply. In acknowledging this treatment, it is understood that liability for unpaid claims will have two different treatments for the discount rate component dependent on whether the liability is established at the point in which a claim is incurred or if the liability is a reclassification from liability for future policy benefits. Additionally, we recommend clearly denoting that the amendments in paragraph 944-40-25-9 do not apply to the liability for incurred but not reported claims (IBNR). We believe for insurance contracts like group disability, or other similar-type contracts, it is appropriate to continue current accounting practice of recognizing a liability for unpaid claims at the point in which a claim is incurred and discounting that liability for unpaid claims using a discount rate as of the date of the incurred claim.

<u>Group Products Classified as Long-Duration:</u>
We recommend the Board specifically evaluate the impact to group products classified as long-duration. In this regard, we request additional guidance for the following:

- Whether group products classified as long-duration can be reclassified to short-duration upon implementation and what factors need to be considered for changing or retaining classification
- How the proposed discount rate changes apply to group products classified as long-duration
- How the proposed changes to expected cash flows, premium recognition, and DAC would apply to group products classified as long-duration
- Ability to elect whether the short-duration disclosures or the long-duration disclosures are more relevant for group products classified as long-duration
- Changes to expected cash flows for group products classified as long-duration

<u>Unit of Account:</u>
We believe the unit of account at which the liability for future policy benefit is to be recognized should allow for practice definitions such as block, cell, cohort, era, and portfolio. Additions to the glossary and implementation guidance should allow for the possibility that different products may lend themselves to different units of account. Specifically, we recommend the Board clarify whether the proposed guidance on unlocking the discount rate quarterly effectively creates new cohorts each unlocking period. If this is the expectation of the Board, we disagree with the guidance as proposed and recommend allowing annual cohorts at the level in which assumptions are calculated.

Question 2—Cash flow assumption update method and presentation: Do you agree that the effect of updating cash flow assumptions should be calculated and recognized on a retrospective basis in net income? If not, what other approach or approaches do you recommend and why?
Response:
We recommend that the Board provide guidance on whether there is a threshold for updating assumptions. Specifically, we suggest guidance on whether insurers have discretion to determine whether assumption changes are significant and material rather than updating every assumption annually regardless of significance. We recommend that the Board clearly articulate the ability for management to perform evaluation in the assumption updating process so that the guidance does not create a formulaic compliance exercise.

Retrospective unlocking allows for a representation of future profitability in which the liability reflects actual experience. We conceptually believe this is doable, but updating the cash flow assumptions and recalculating reserves on a retrospective basis will be very cumbersome to implement. It becomes even more cumbersome given that the proposed guidance requires updating reserves at least four times annually, once for cash flow assumption updates and then every quarter for the discount rate updates with impacts recorded to different places on the balance sheet and income statements. Under current processes, we are concerned that the changes and guidance are not practical to implement. In this regard, we recommend significant field testing of this treatment before guidance finalization and note that we prefer prospective unlocking for the simplicity of implementation in adjusting future assumptions. We would also request that the Board consider prospective treatment for the transition remeasurement of existing reserves.

<u>Provision for Risk of Adverse Deviation:</u>
We recommend maintaining a provision for adverse deviation (PAD). Some insurance contracts have lifetime coverage and, although annual unlocking may capture the immediate best estimate of the liability for the contract at each reporting period, we believe it is prudent to continue the use of a PAD. This PAD could be used to absorb small changes in experience without the need for updating reserve assumptions. This idea works in tandem with our suggestion of only updating assumptions when material changes occur. Additionally, we suggest the Board consider the use of an allowance for credibility-weighting of certain assumptions.

Question 3—Cash flow assumption update frequency: Do you agree that cash flow assumptions should be updated on an annual basis, at the same time every year, or more frequently if actual experience or other evidence indicates that earlier assumptions should be revised? If not, what other approach or approaches do you recommend and why?

Response:
We conceptually agree with the ability to unlock the liability for future policy benefits, but we believe this requirement should be no more frequent than annually. The amount of data required to be maintained and managed to meet this requirement is very large, and as such, under current processes, we are concerned that the changes and guidance are not practical to implement. Additionally, we think that for new blocks of business, where experience is not credible, companies should not have to unlock annually and should be allowed to unlock less frequently than annually until the block gains more credibility and experience.

Additionally, paragraph 944-40-35-6A, refers to updated liability for future policy benefits as compared to "carrying value". We recommend that the Board clarify and define the term "carrying value" in context of the proposed guidance. Specifically, it is unclear whether "carrying value" is the value of the liability using inception discount rates or updated discount rates at each reporting period. As such it's difficult to ascertain whether there is a retained inception carrying value or whether the rolling updated carrying value at each reporting period supersedes the inception carrying value upon updates to discount rates and assumptions.

We highly recommend that the Board perform comprehensive formal field testing of all proposed changes in the guidance to verify that the measurement and financial statement impact and presentation are appropriate in practice. In this regard, we recommend the Board provide comprehensive examples on the requirements to retain and use inception assumptions and discount rates in future periods, and we suggest the proposed implementation guidance within paragraphs 944-40-55-29(H-U) be expanded or that the Board request examples from implementation in industry. Specifically, we believe the implementation guidance needs additional illustrations for:

- Year 0 and Year 1 impact of transition to the proposed guidance when there is an existing liability recorded under the extant guidance, including expected retained earnings adjustments.
- The example demonstrates one annual update to the discount rate in a 5-year period. The proposed guidance additionally allows for quarterly discount rate adjustments; thus, we recommend demonstrating quarterly and annual cumulative discount rate updates and impacts (inclusive of clear use of inception carrying value and updated carrying value in calculations).
- The example demonstrates three annual updates to the assumptions in a 5-year period. We recommend a practical example that begins with a transition balance then annual assumption changes and quarterly discount rate changes be reflected in a cumulative manner (inclusive of clear use of inception carrying value and updated carrying value in calculations).
- Paragraph 944-40-55-29R provides a cumulative impact table for changes in the liability of future policy benefits; while helpful, we do not believe this example provides enough illustration. We recommend that this table be more cumulatively comprehensive and show both changes for updating assumptions and discount rates from transition balances through 12 quarters of discount rate changes and the 3 years of assumption changes.
- Paragraph 944-40-55-29M provides example cumulative effect journal entries; while helpful, we do not believe this example provides enough illustration. We recommend the example cumulative effect journal entries be more comprehensive and show all journal entries for all changes for updating assumptions and discount rates from transition balances through 12 quarters of discount rate changes and the 3 years of assumption changes.
- The proposed implementation example guidance within 944-40-55-29(H-U) should have a mirror financial statement presentation and disclosure example that demonstrates all requirements for presentation and disclosure as proposed.

Question 4—Discount rate assumption: Do you agree that expected future cash flows should be discounted on the basis of a high-quality fixed-income instrument yield that maximizes the use of current market observable inputs? If not, what other approach or approaches do you recommend and why?
Response:
In the case of insurance contracts, the liability is rarely transferred at the fair value, but rather the amounts are usually settled through payment of insurance claims. Even with transactions involving reinsurance, only in very rare cases are insurance liabilities novated. We believe the purpose of discounting is to calculate a present value that incorporates time value of money so that it can be compared to other present values using asset-yield discounting. In capital budgeting, projects are considered for profitability using cost of capital discounting to come to a net present value, and the practice is widely accepted. We believe the asset yield rate or the asset yield rate of a referenced asset portfolio, which is similar to the cost of capital concept, will be most relevant in considering the initial recognized liability by matching the decision-making process of pricing of the insurance contract with the accounting treatment. The discount rate for insurance, therefore, should be that of the assets (or the referenced asset portfolio) backing the liabilities.

Regarding paragraph 944-40-55-13E, we recommend that the Board clarify the term "high-quality fixed-income instruments". We believe the referenced asset portfolio should reflect characteristics of the liability and be based on an industry-specific portfolio benchmark of multiple grades of high quality instruments. Additionally, it is unclear of how insurers should include the expectations on the discount rate for all other assets that do not meet the requirements of high-quality fixed-income instruments. Further, we suggest the Board expand on its expectations for selection of the discount rate at a point in time or a rate curve with averages. Other considerations for clarity also include whether the discount rate should be based on the duration of the liability and to what unit of account the discount rate is applicable (i.e. one rate or curve for each cohort).

Question 5—Discount rate assumption update method and presentation: Do you agree that the effect of updating discount rate assumptions should be recognized immediately in other comprehensive income? If not, what other approach or approaches do you recommend and why?

Response:

There is an inherent mismatch of fundamental theories between the insurance contract exposure draft and the recent Accounting Standards Update 2016-01, Financial Instruments: Classification and Measurement. It is imperative that the concepts in the proposed insurance contract standard align with the concepts in the financial instrument standard to fully represent the balance sheet of an insurance company and the interrelationship of the assets which back these liabilities.

The current financial standard recognizes three measurement and classification categories: amortized cost ("AC"), fair value with changes through other comprehensive income ("OCI"), and fair value with changes through net income ("NI"). The classification of financial instrument assets can vary while the resulting changes in discount rate are only recorded in OCI. As a result, we believe there can be significant mismatch in the measurement of assets and liabilities when there are classifications of amortized cost or fair value with changes through net income. We suggest the Board allow for an election of changes in discount rates to be recorded in OCI, NI, or remain at amortized cost. This election can be at the cohort level and would allow for matching of the assets to the liabilities they are backing. We also recommend significant field testing and/or modeling of the interrelation of these proposed treatments in each standard (Insurance Contracts and Financial Instruments: Classification and Measurement) to validate whether there are any unintended consequences before guidance finalization.

Question 6—Discount rate assumption update frequency: Do you agree that discount rate assumptions should be updated at each reporting date? If not, what other approach or approaches do you recommend and why?

Response:

We conceptually agree with the ability to unlock the discount rate, but we believe complying with this requirement would be cumbersome; as such, we recommend unlocking of the discount rate should be no more frequent than annually and should align with the unlocking of assumptions. Also, certain types of insurance contracts are not overly sensitive to the discount rate, whereas others are more sensitive. Perhaps, the guidance should specify the frequency by product taking into consideration, for example, that certain accident and health products would not need discount rate updates as often as universal life products. It is also unclear whether the changes in guidance will effectively generate new factors for every existing policy every quarter. The amount of data required to be maintained and managed to meet this requirement is very large, and as such, under current processes, we are concerned that the changes and guidance are not practical to implement.

We recommend extensive cumulative impact implementation guidance and examples as discussed in our response to Question 3 above.

Liability for Future Policy Benefits—Participating Contracts

Question 7- Question 14

Response:

We have no comments for these questions at this time.

Deferred Acquisition Costs

Question 15—Scope: Should the scope of the proposed amendments be expanded to include investment contract acquisition costs currently amortized using the interest method in Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs?

Response:

We have no comments for this question at this time.

Question 16—Amortization: Do you agree with the proposed amendments that would simplify the amortization of deferred acquisition costs? If not, what other simplified and reasonably estimable amortization approach or approaches do you recommend and why?

Response:

We agree with the FASB's proposal to simplify deferred acquisition costs, and we do not believe that the proposed changes would be significantly difficult to implement. The proposed change per paragraph 944-30-35-3A requires amortization in proportion to the undiscounted amount of insurance in force over the expected term of the related contract. We recommend the Board further clarify and define in force and whether this includes the choice between face amount of policies or premium. Additionally, the proposed guidance introduces the concept of straight-line amortization; we believe this concept needs further clarity and evaluation as to whether amortization would be over the number of contracts each reporting period, in proportion to premiums each period, or another metric. We recommend the Board allow extant guidance to be retained in which amortization in proportion to premium is an option before requiring straight-line amortization.

Question 17—Impairment: Do you agree that deferred acquisition costs should not be subject to impairment testing? If not, what alternative or alternatives do you recommend and why?

Response:

While we appreciate the simplification of the DAC guidance, we noted that the proposed changes no longer require DAC recoverability impairment testing. Although this guidance is less restrictive, we are unclear as to whether we agree that DAC balances are conceptually analogous to debt issuance costs and that we would have an asset on the books that is not subject to a periodic evaluation of realizability. As such, we recommend that the Board still allow for evaluation of DAC balances to the extent that the insurer may need to update DAC amortization for significant lapses or one-time evaluation adjustments that may not be reflected timely within the amortization methodology.

Presentation and Disclosure

Question 18—Proposed requirements: Do you agree that the presentation and disclosure requirements included in the proposed amendments would provide decision-useful information? If not, which presentation and/or disclosure requirement or requirements would you change and why?

Response:

The proposed disclosures require additional information than currently required and may be considered excessive and overly detailed at the cost of clarity and decision usefulness. We recommend that disclosure requirements maintain a high level of clarity and usefulness, and that materiality of the information being disclosed be a factor for disclosure so that cost and compliance can be balanced. We are concerned that the details in the assumptions required to be disclosed in the proposal will expose proprietary pricing information, especially if the level of portfolio is disaggregated on a granular level. We also believe it will create undo actuarial pressure to explain and align granular assumptions with financial compliance disclosures, where experience may not have identified trends in the period of change. Further, we are very concerned about the ability to gather information and prepare these disclosures in the amount of time available to prepare quarterly and annual reports. The overwhelming amount of disclosure requirements related to the risks arising from insurance contracts may have the effect of reducing the disclosures' usability.

Question 19—Additional requirements: Are there any additional presentation or disclosure requirements that would provide decision-useful information? If so, please describe them and explain why.

Response:

We have no comments for this question at this time.

Effective Date and Transition

Question 20—Implementation date: The Board is interested in understanding the key drivers affecting the timing of implementation. What are those key drivers, and how do they affect the time it will take to implement the proposed amendments? Should the effective date be the same for both public entities and nonpublic entities?

Response:

We believe the key drivers to implement the proposed ASU include, but are not limited to, the following: (1) new and additional sources of information must be developed or obtained; (2) internal controls must be designed and added; (3) current systems providers must make enhancements to the current systems; (4) systems and internal processes must be completely redesigned to enable reporting and disclosure requirements; and (5) education must be provided internally and externally to all stakeholders. While some of that education will happen concurrently with other activities, it is another component added to items which must be considered when determining the length of time required to implement. Based on the numerous requirements, we recommend a five-year implementation time frame from the date the new guidance is finalized. We highly recommend that the

Board perform comprehensive formal field testing of all proposed changes in the guidance to determine the appropriate implementation periods.

Additionally, the timing should be coordinated with the finalization of other FASB standards. We have noted in our comments that the financial instruments standards will need to correlate with the insurance contracts guidance. The implementation of the changes to the financial instruments and insurance contracts standards will require additional capital resources and internal and external personnel resources. With the massive industry implementation, the external consultant resources will be limited and the cost of external providers will significantly increase.

Question 21—Transition methods: Are the proposed transition provisions operable and do they provide decision-useful information? If not, what would you recommend and why?
Response:
We highly recommend that the Board perform comprehensive formal field testing of all proposed changes in the guidance and we suggest that the Board model the impact of the exposure draft to understand the significant operational impacts at transition. Additionally, we would be willing to assist the Board in field tests of the proposed guidance. Based on discussions with accounting and actuarial consultants, most companies, including Aflac, have not been able to model the impact of transition due to time constraints during the comment letter period. The transition impact could result in unfavorable results for an insurance company, such as a return on equity strain in which revenue will never be recognized (the release of built-up gains, such as the provisions for adverse deviations, in reserves will have the effect of increasing equity at transition which would have the resulting effect of decreasing return on equity), and which can reduce equity on a prospective basis which impacts covenants, capital ratios, and analyst statistics. The transition results could distort the financial health of an insurance entity and lead investors to no longer invest in the industry. The changes as proposed unduly penalize insurers like Aflac, where built-up embedded profits in reserves are released to GAAP equity upon transition and profits in future periods then become lower, while creating future GAAP balance sheet volatility. We believe this is an unintended consequence to insurers like Aflac creating GAAP equity, return on equity, and future profits financial statement disruption and comparability concerns. In some regards, the reset of reserves can be viewed as beneficial for insurers with poor historical performance while penalizing those insurers with well-performing blocks of business, such as Aflac.

Question 22—Transition disclosure: Do the proposed transition disclosure requirements provide decision-useful information? If not, what would you recommend and why?
Response:
We have concerns regarding the volume of disclosure for both the annual and interim periods. For example, since the Board analogizes the proposed changes to DAC to debt issue costs, we believe, for consistency purposes, the related DAC roll-forward disclosure be removed and should then be consistent with debt issuance cost disclosure requirements. Additionally, the disclosures requiring ranges of significant assumptions seems analogous to the current Level 3 fair value disclosure requirements; thus, we caution the decision usefulness of broad ranges in this disclosure.

<u>Costs and Complexities</u>
Question 23—Costs and complexities: Describe the nature of the incremental costs of adopting the proposed amendments, distinguishing between one-time costs and ongoing costs. Explain which aspects of the proposed amendments are driving those costs and include ideas to make the proposals more cost effective.
Response:
Systems, consulting, and training costs will be significant one-time costs. Since the exposure draft changes all of the insurance metrics for actuarial systems and financial statements, these costs will also be substantial. Specialized consultant costs will be higher due to the high demand and low supply. Ongoing system maintenance and control reviews will be higher on an ongoing basis. Audit cost will increase and most likely will continue to be higher on an ongoing basis.

During the financial crisis, even for companies with insurance subsidiaries which had difficulties during the crisis, the insurance industry as a whole remained strong. The significant changes to the insurance accounting model when the industry faces constant regulatory change, including health care reform, Dodd-Frank, NAIC Solvency Modernization and Solvency II initiatives, continues to create pressure and compliance strain on the industry. These accounting changes will require millions of dollars for implementation; disregarding cost, it is not clear that the proposed approach would be better than the existing approach for analysts. Improvements may be more reasonably achieved through additional disclosures rather than replacement of the extant guidance. We are concerned that the benefits to U.S. capital markets may not outweigh the cost of conversion of the proposed guidance.

Additional Comments

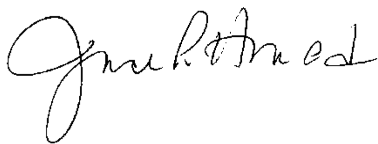
We highly recommend that the Board perform comprehensive formal field testing of all proposed changes in the guidance to verify that the measurement and financial statement impact and presentation are appropriate in practice. Implementing these changes for the liability for future policy benefits would be significantly cumbersome and require excessive investments in systems and resources. The amount of calculations necessary to do multiple full net premium valuations of our entire inforce is certainly beyond the capabilities of our current processes, and the required updates to our systems and processes makes achievability very difficult and cost intensive.

Additionally, we would be willing to assist the Board in field tests of the proposed guidance. Based on discussions with accounting and actuarial consultants, most companies, including Aflac, have not been able to model the impact of transition due to time constraints during the comment letter period. The transition impact could result in unfavorable results for an insurance company, such as a return on equity strain in which revenue will never be recognized (the release of built-up gains, such as the provisions for adverse deviations, in reserves will have the effect of increasing equity at transition which would have the resulting effect of decreasing return on equity), and which can reduce equity on a prospective basis which impacts covenants, capital ratios, and analyst statistics. The transition results could distort the financial health of an insurance entity and lead investors to no longer invest in the industry. The changes as proposed unduly penalize insurers like Aflac, where built-up embedded profits in reserves are released to GAAP equity upon transition and profits in future periods then become lower, while creating future GAAP balance sheet volatility. We believe this is an unintended consequence to insurers like Aflac creating GAAP equity, return on equity, and future profits financial statement disruption and comparability concerns. In some regards, the reset of reserves can be viewed as beneficial for insurers with poor historical performance while penalizing those insurers with well-performing blocks of business, such as Aflac.

We also do not believe the targeted improvements create consistency in industry practice and comparability. Rather, the proposed amendments introduce new and more subjective elements to unlocking estimates that will be at the discretion of management and can vary significantly from insurer to insurer and by product. We recommend that the Board reevaluate the targeted improvements from an industry disruption perspective and, where appropriate, remove any unnecessary changes in measurement and disclosures.

We appreciate the opportunity to share the opinions of Aflac with the Board regarding this proposed guidance. If you have any questions or concerns regarding our comments please feel free to contact June Howard, SVP and CAO, or Resh J. Reese, 2nd VP of Accounting Policy, at (706) 596-3787.

Sincerely,



June P. Howard
Senior Vice President and
Chief Accounting Officer