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September 9, 2019

To: Technical Director,
File Reference No. 2019-760,
FASB, 401 Merritt 7,
PO Box 5116,
Norwalk, CT 06856-5116

Re: File Reference No. 2019-760

ASU No. 2018-12, *Financial Services—Insurance (Topic 944) - Targeted Improvements to the Accounting for Long-Duration Contracts*

Dear Technical Director,

We appreciate the opportunity to comment on the Proposed Accounting Standards Update (ASU), for Financial Services—Insurance (Topic 944), issued by the Financial Accounting Standards Board (FASB or Board).

We strongly support the Board's proposal to defer the effective date of the amendments in Update 2018-12 for larger public business entities by one year. We believe the effective date deferral for larger public companies is necessary to allow for resolution of open technical issues as well as implementation of required reserving and other system changes.

Our responses to the questions for respondents in the proposal are included within the appendix to this letter. We would be pleased to discuss our comments; if you have any questions, please feel free to call me at (312) 822-5653.

Sincerely,

Lawrence J. Boysen

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Appendix — Responses to Questions for Respondents included in the FASB's proposal

Question 1—Effective date for larger public companies. Should the amendments in Update 2018-12 be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021, for larger public companies (that is, SEC filers other than entities eligible to be SRCs as defined by the SEC)? If not, please explain why not.

Yes. We strongly agree that the effective date for larger public companies should be deferred to be effective for fiscal years, beginning after December 15, 2021.

There are a number of open technical issues that continue to be discussed by the AICPA experts' panel, the resolution of which will inform our implementation efforts. Most notably, there is ongoing uncertainty relating to the interaction between the Active Life Reserves and Disabled Life Reserves in our Long Term Care (LTC) business, and various complexities related to ceded and assumed reinsurance under the new guidance that are still being considered. These open technical issues delay the effective design, validation and implementation of a solution.

The new standard has also created significant implementation complexity; efforts to retool systems and design new processes have highlighted greater information technology and data requirements. Vendor solution changes in response to the new standard are still being developed, and companies need more time to adopt these solutions once they are released. Specifically, our actuarial software vendor has not yet delivered their beta version for the modeling of LTC reserves under the new guidance, or a disclosure reporting solution. The longer implementation period is required to ensure robust validation of the accuracy of our model results, as well as the design and implementation of a rigorous control environment for our new processes and system changes.

Question 2—Effective date for entities other than larger public companies. Should the amendments in Update 2018-12 be effective two years after the effective date for larger public companies for entities other than larger public companies (that is, for entities other than larger public companies, effective for fiscal years beginning after December 15, 2023)? If not, please explain why not.

We believe that this question is best answered by entities that do not meet the definition of larger public companies.

Question 3—Interim periods for entities other than larger public companies. Should the amendments in Update 2018-12 be effective for interim periods within the years after those amendments are effective for annual periods for entities other than larger public companies (that is, effective for interim periods within fiscal years beginning after December 15, 2024)? Or, alternatively, should the amendments in Update 2018-12 be effective for interim periods within the same fiscal year that the amendments in that Update are effective for annual periods (that is, effective for interim periods within fiscal years beginning after December 15, 2023)? Please explain why.

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We believe that this question is best answered by entities that do not meet the definition of larger public companies.

Question 4—Threshold. Should the population of SEC filers that are afforded a delayed effective date be entities eligible to be SRCs as defined by the SEC? If not, what definitional threshold, if any, do you suggest and why?

No. We believe that larger public entities should also be afforded a delayed effective date, as outlined in question 1.