



1 Fountain Square  
Chattanooga, TN 37402  
423 294 1011  
unum.com

September 20, 2019

Technical Director, File Reference No. 2019-760  
Financial Accounting Standards Board  
401 Merrit 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

We appreciate the opportunity to provide comments to the Financial Accounting Standards Board ("FASB" or "Board") on its August 21<sup>st</sup> Exposure Draft proposing to defer the effective date of the amendments in Accounting Standard Update ("ASU") 2018-12, *Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*. Unum Group ("Unum") operates in the United States, the United Kingdom, and, to a limited extent, in certain other countries, and is a leading provider of disability insurance products in the United States and the United Kingdom. Unum also provides a complementary portfolio of other insurance products, including employer- and employee-paid group benefits, life insurance, and other related services.

Unum is a larger public company as defined in the proposal, and is supportive of the Board's proposal to defer the effective date of the amendment in ASU 2018-12. However, we have concerns over the different effective dates for larger public companies and entities defined as "other than larger public companies" within the proposal as it applies to reinsurance. In Unum's case, we have approximately 27 reinsurance treaties with 11 "other than larger public companies" who serve as third party administrators ("TPA") for this business. These treaties represent 6% of our total liability for future policy benefits for which we rely upon the TPA for policy and claim administration, reserve valuation and reporting inputs. Based on recent interpretations of the ASU, the number of treaties impacted will likely increase with the inclusion of claim liabilities. A difference in the effective dates without some form of transition measures will create a difficult situation to comply with the ASU without undue burden and costs.

Additionally, implementation issues that are being discussed by the American Institute of Certified Public Accounts ("AICPA") Insurance Expert Panel ("IEP"), such as claim liabilities and reinsurance, may require additional time to comply with the ASU than the current proposed deferral. The speed with which these issues are being addressed and the interpretations that are developing are and will continue to impact implementation plans, and in some cases, create re-work. These issues continue to be deliberated a year after the final ASU was issued which begins to negate the benefits that would ideally be realized with the proposed deferral.

Thank you for your consideration of our responses.

Sincerely,

A handwritten signature in cursive script that reads "Roger L. VanCleave".

Roger L. VanCleave

Vice President, Technical Accounting  
Unum Group  
1 Fountain Square  
Chattanooga, TN 37402

[rvanleave2@unum.com](mailto:rvanleave2@unum.com)

P: 423-294-8174

cc: [director@fasb.org](mailto:director@fasb.org)

## **Questions for Respondents**

**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.

Unum agrees with the proposal but reiterates our concern over the need of transition measures for reinsurance treaties between entities with different effective dates. We also reiterate our concern over lingering implementation questions related to claim liabilities and reinsurance which are and can impact implementation plans through additional work to comply or re-work of compliance work already performed.

**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.

While Unum is defined as a “larger public company” and would not benefit from the proposed two year deferral, we believe that there is a need for transition measures regarding reinsurance treaties between entities with different effective dates.

**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.

This question is not applicable for Unum.

**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?

We do not object to the use of the SEC’s definition of an SRC to determine eligibility for a delayed effective date.