



September 20, 2019

Technical Director  
File Reference No. 2019-760  
Financial Accounting Standards Board  
401 Merritt 7  
Post Office Box 5116  
Norwalk, CT 06856-5116

Re: FASB Exposure Draft, Insurance – Long Duration Contracts

Dear Technical Director,

Lincoln National Corporation (“LNC” or “we”) appreciates the opportunity to comment on the FASB Exposure Draft, Proposed Accounting Standards Update: Financial Services – Insurance (Topic 944): Effective Date (“FASB ED”). LNC is a holding company which operates multiple insurance and retirement businesses in the United States through subsidiary companies. Through our business segments, we sell a wide range of insurance, wealth protection, accumulation and retirement income products and solutions. As of June 30, 2019, we had consolidated assets of over \$320 billion.

We commend the Board and the FASB staff for its response to a technical agenda request to defer the effective date of the amendments in Accounting Standard Update No. 2018-12 (“the ASU”) for public entities by one year. We appreciate the Board’s efforts to conduct outreach with numerous insurance entities that issue or reinsure long-duration contracts to better understand the progress those entities are making in adopting the amendments and the various types of implementation challenges they are facing.

As we presented in our outreach session with the FASB, we have taken the implementation of the ASU seriously, including performing an impact assessment of the ASU to company operations, mobilization of a dedicated project team, and procurement of a strategic implementation consulting partner to advise and support our implementation activities.

We support the proposed amendments in the FASB ED. More specifically, we agree that the amendments in the ASU should be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021 for larger public companies (defined as SEC filers other than entities eligible to be smaller reporting companies (“SRC”)).

The proposed effective date amendment will allow us to better manage execution risk associated with the implementation of the ASU by allowing time for additional testing and dry runs of new processes and controls, specifically related to our valuation and financial systems, and will provide more time to ensure the implications on the business and related financial results are well understood by management and clearly communicated to external users of our financial information.

While we support the proposed amendments in the FASB ED to defer the effective date of the ASU, we remain concerned that the ASU did not undergo full field testing prior to issuance. For this and other major standards issued by the FASB, we believe that full field testing of new standards prior to issuance will ensure high quality accounting standards with well-understood impacts. Given the magnitude of change resulting from the ASU and the implementation issues that continue to be identified, more time is needed to test the standard to ensure the results are well-understood by preparers and users of financial statements.

As it relates to the proposed amendments in the FASB ED, we have specific concerns about transition for reinsurance contracts between larger public companies and all others due to the difference in effective dates and the implications on the valuation and disclosure requirements relevant to the reinsurance counterparties. This issue is one that we believe the Board needs to address as soon as possible and to consider the following recommended practical expedient.

For blocks of business reinsured between large public companies and all other companies where the administration and/or valuation of the business has been transferred to the SRC or non-public entity, the effective date of the guidance would be fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, determined on a contract-by-contract basis and allowing for early adoption.

If you have any questions please contact me at (484) 583-1798.

Sincerely,



Christine A. Janofsky  
Senior Vice President and Chief Accounting Officer