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Mr. Shayne Kuhaneck
Acting Technical Director
File Reference No. 2019-760
Financial Accounting Standards Board
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20 September 2019

Proposed Accounting Standards Update, *Financial Services — Insurance (Topic 944): Effective Date (File Reference No. 2019-760)*

Dear Mr. Kuhaneck:

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

We support the FASB's proposal to defer the effective dates for the new standard on Targeted Improvements to the Accounting for Long-Duration Contracts. This proposal, based on the Board's continued outreach, implementation activities and stakeholder feedback, would give affected insurance entities more time to implement this major new standard.

We commend the Board for addressing stakeholder issues in a timely manner. Our responses to questions in the proposal are set out in the Appendix.

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We would be pleased to discuss our comments with the Board or its staff at its convenience.

Very truly yours,

Ernst + Young LLP

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

Question 1: 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.

We believe that the targeted improvements to the accounting for long-duration contracts standard should be effective for larger public companies (that is, Securities and Exchange Commission (SEC) filers other than entities eligible to be smaller reporting companies) for fiscal years beginning after 15 December 2021 and interim periods within those fiscal years.

Question 2: 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 the targeted improvements to the accounting for long-duration contracts standard should be effective for entities other than larger public companies for fiscal years beginning after 15 December 2023.

Question 3: 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.

We believe that the targeted improvements to the accounting for long-duration contracts standard should be effective for interim periods in the years after those amendments are effective for annual periods for entities other than larger public companies.

We don't believe requiring entities other than larger public companies to adopt the standard for interim reporting in the same year as annual reporting would meet the FASB's objective to give these entities more time than they have now to implement the standard. If the Board determines that it is important for interim reporting to be required in the same year as the annual financial statements, we believe that adoption by entities other than larger public companies should occur three years following adoption by larger public companies. This would provide an additional year of relief, which we believe is in line with the Board's objective.

Question 4: 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 believe that the proposed threshold would be appropriate. The definition of a smaller reporting company (SRC) is well-known, and there are well-established guidelines and practices in place for determining whether an entity is an SRC.

We also believe that the determination of whether an entity is eligible to be an SRC based on its most recent determination in accordance with the SEC regulations as of the date that a final Update is issued would be appropriate. We recommend that the Board clarify in the Basis for Conclusions that an SRC whose SRC status changes after the determination date, but before the effective date of a final Update, would not have to reassess the determination of the effective date that applies to it, regardless of the reason for the change in SRC status.