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September 7, 2010

Mr. Russell G. Golden Technical Director Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

Re: File Reference No. 1830-100 – Proposed Accounting Standards Update – Fair Value Measurements and Disclosures (Topic 820)

Dear Mr. Golden:

Nationwide Insurance Group appreciates the opportunity to comment on the Exposure Draft of the Proposed Accounting Standards Update, *Fair Value Measurements and Disclosures (Topic 820)* (Proposed ASU). Nationwide Insurance Group (Nationwide) is comprised of three affiliated mutual insurance companies and their subsidiaries under common management. Nationwide is one of the largest diversified insurance and financial services organizations in the world with annual revenues of \$21 billion and assets totaling \$140 billion.

The Proposed ASU requires the use of a measurement uncertainty analysis for each class of fair value measurements using significant unobservable inputs (Level 3 of the fair value hierarchy). We believe that the current disclosure requirements, which does not require the use of a measurement uncertainty analysis, are adequate and fully disclose the risk and exposure each company has to fair value measurements. We believe that the proposed measurement uncertainty analysis is extremely subjective and does not create consistency or comparability between companies and does not enhance clarity or transparency for the users of the financial statements. Finally, as these fair value measurements represent management's best estimate of fair value given the facts and circumstances, we believe that this is the only appropriate measure to disclose and analyze. Disclosing other "possible" fair value measurements would be misleading to the users of the financial statements. For these primary reasons, we believe that the measurement uncertainty analysis should be eliminated in its entirety from the Proposed ASU.

Our comments are discussed in more detail below.

Reasonable Alternative Inputs

For each class of fair value measurements using significant unobservable inputs (Level 3 of the fair value hierarchy), the Proposed ASU requires that "if changing one or more of the unobservable inputs used in a fair value measurement to a different amount that could have reasonably been used in the

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circumstances would have resulted in a significantly higher or lower fair value measurement," a company should disclose the effect of using those different amounts and how it calculated that effect. The phrase "could have reasonably been used" is not defined in the Proposed ASU and provides an extremely broad range of results that could be interpreted and applied. This would lead to inconsistent application among companies, and therefore reduce comparability. Further, because companies use different fair value models and use different unobservable inputs, this would further create issues with consistency and comparability from company to company. As a result, the ability to interpret and compare results will not be achieved. These inconsistencies appear to conflict with the Board's overall goal of increased clarity and transparency for the users of the financial statements.

After the Board considers the comment letter received on the Proposed ASU, if the Board continues down the path towards the measurement uncertainty analysis, we believe that at a minimum, a higher probability threshold should be applied. As such, we believe that the proposed "reasonable" threshold should be replaced with a "probable" threshold.

Correlation of Inputs

The Proposed ASU requires that a reporting entity shall take into account the effect of correlation between unobservable inputs if that correlation is relevant when estimating the effect on the fair value measurement of using those different amounts. Level 3 fair value measurements may include many unobservable inputs including, but not limited to: prepayment speeds, probability of default, loss severity, and yield. These inputs may further be derived from other factors including, but not limited to: interest rates, home price assumptions, geographic location, collateral subordination, and credit classification. As a result, these inputs could change independently or may cause many of the other inputs to change based on one simple adjustment to the inputs. We believe that the disaggregation of significant inputs will lead to meaningless and incomparable information. At a more disaggregated level, it is significantly challenging to interpret the inputs effect on fair value measurements and have little meaning to the users of the financial statements. Further, because companies use different fair value models and use different unobservable inputs, this information would not be consistent and comparable from company to company. Again, this appears to conflict with the Board's overall goal of increased clarity and transparency for the users of the financial statements.

Management's Best Estimate

We believe that the measurement uncertainty analysis fundamentally challenges the overall premise of fair value measurement. Fair value measurement represents management's best estimate of value given the facts and circumstances at a given point in time. We support clear and transparent disclosure around how management has arrived at their estimates; however, we believe that adding possible different alternative inputs creates confusion around the estimates. If management believed alternative inputs were more appropriate that the ones utilized in their model, management would have used those for their estimate. In addition, adding alternative inputs would mislead the users of the financial statements into believing that the fair value reported does not truly represent the most appropriate fair value and that management's best estimate of the unobservable inputs were not applied. As such, we believe that management's best estimate is the only appropriate measure to disclose and analyze.

Undue Costs

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From a controls perspective, the additional measurement uncertainty analysis will introduce a significant level of complexity for companies as they try to develop procedures to ensure that the input assumptions are derived in a controlled and documented environment. As these disclosures will be included in the audited financial statements, they will be subjected to the control criteria established in Sarbanes-Oxley Section 404 and an audit by the external auditors. The increased costs associated with developing, measuring and auditing the measurement uncertainty analysis would be significant regardless of the size of the company. As such, this will add a significant amount of undue costs for a disclosure that has numerous consistency and comparability issues, does not enhance clarity and transparency for the users of the financial statements, and would be misleading to the users of the financial statements.

Conclusion

As mentioned above, we believe that the current disclosure requirements, which does not require the use of a measurement uncertainty analysis, are adequate and fully disclose the risk and exposure each company has to fair value measurements. We believe that the proposed measurement uncertainty analysis is extremely subjective and does not create consistency or comparability between companies and does not enhance clarity or transparency for the users of the financial statements. Further, as these fair value measurements represent management's best estimate of fair value given the facts and circumstances, we believe that this is the only appropriate measure to disclose and analyze. Disclosing other "possible" fair value measurements would be misleading to the users of the financial statements. Finally, we believe that the overall cost and benefit of the measurement uncertainty analysis is not sufficient to warrant changing the disclosures that are currently required under generally accepted accounting standards. Based on these reasons, we believe that the measurement uncertainty analysis should be eliminated in its entirety from the Proposed ASU.

We hope these comments assist you during your redeliberations of the Proposed ASU. In the event that any Board or FASB staff member would like any further clarification of our positions we are happy to explain them in greater detail.

Respectfully,

/s/ James D. Benson

Senior Vice President, Enterprise Controller and Chief Accounting Officer Nationwide Insurance