

ONEAMERICA FINANCIAL PARTNERS, INC.

One American Square, P.O. Box 368 Indianapolis, IN 46206-0368

Phone (317) 285-1877

September 25, 2012

Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

File Reference No. 2012-200

Re: <u>Disclosures about Liquidity Risk and Interest Rate Risk</u>

Dear Technical Director:

We appreciate the opportunity to comment on the FASB Exposure Draft of a proposed Accounting Standards Update of Topic 825, Disclosures about Liquidity Risk and Interest Rate Risk. This letter is submitted on behalf of OneAmerica Financial Partners, Inc. (OneAmerica) to provide comments on the above referenced exposure draft. OneAmerica is an Indiana-based mutual insurance holding company (nonpublic entity) which provides life, accident & health, and annuity products.

We believe the disclosures required by the exposure draft are excessive, unnecessary, potentially misleading, and do not meet the cost-benefit threshold for nonpublic entity reporting. Asset-liability management for insurance companies is a dynamic process which cannot be properly analyzed by the static tables in the exposure draft. We do believe certain qualitative information on liquidity and interest rate risks for nonpublic entities is appropriate and the table on "available liquid funds" may be useful. However, the other detail tables on liquidity gap maturity, repricing gap analysis, and the interest rate sensitivities in our opinion are excessive, potentially misleading, and not necessary for nonpublic entities, based on the needs of the financial statement users.

Questions for Preparers and Auditors – Liquidity Risk:

Question 1: For a financial institution, the proposed amendments would require a liquidity gap table that includes the expected maturities of an entity's financial assets and financial liabilities. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Response: We foresee significant operational concerns as much of the required data is not readily available or is not available in the time intervals required in the disclosures. We would need ample time to accumulate the information in an efficient and auditable format.

Question 2: For an entity that is not a financial institution, the proposed amendments would require a cash flow obligations table that includes the expected maturities of an entity's obligations. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Response: Not applicable for OneAmerica since insurance companies are financial institutions for purposes of the exposure draft.

Question 3: The proposed amendments would require information about expected maturities for financial assets and financial liabilities to highlight liquidity risk. *Expected maturity* is the expected settlement of the instrument resulting from contractual terms (for example, call dates, put dates, maturity dates, and prepayment expectations) rather than an entity's expected timing of the sale or transfer of the instrument. Do you agree that the term *expected maturity* is more meaningful than the term *contractual maturity* in the context of the proposed liquidity risk disclosures? If not, please explain the reasons and suggest an alternative approach.

Response: Yes, the *expected maturity* requirement is more meaningful than the term *contractual maturity*; however, we anticipate difficulty in application of these terms with regard to insurance company assets and liabilities as a result of judgment required to determine maturities.

Question 4: The proposed amendments would require a quantitative disclosure of an entity's available liquid funds, as discussed in paragraphs 825-10-50-23S through 50-23V. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Response: We do not anticipate difficulty with this disclosure; however, the table may not present an accurate view of liquidity risks for insurance company enterprises.

Question 5: For depository institutions, the proposed Update would require a time deposit table that includes the issuances and acquisitions of brokered deposits during the previous four fiscal quarters. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Response: Not applicable for OneAmerica.

Question 6: As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statements to develop an understanding of your entity's exposure to liquidity risk? If not, what other information would better achieve this objective?

Response: No, we do not believe these excessive quantitative disclosures are necessary for users to gain an understanding of the liquidity risks and we believe qualitative disclosures are sufficient. Furthermore, we believe the "liquidity gap analysis" table may be misleading and is not a fair measure of an insurance company's management strategies.

Questions for Preparers and Auditors – Interest Rate Risk:

Questions 13: The interest rate risk disclosures in this proposed Update would require a repricing gap table. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Response: We foresee significant operational concerns as much of the required data is not readily available. We would need substantial lead time to develop a reporting tool to provide this information as well as ample time to accumulate the information in an efficient and auditable format.

Question 14: The interest rate risk disclosures in this proposed Update would include a sensitivity analysis of net income and shareholders' equity. Do you foresee any significant operational concerns or constraints in determining the effect of changes in interest rates on net income and shareholders' equity? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Response: We foresee significant operational concerns as much of the required data is not readily available based on the sensitivities required in the disclosures. We would need substantial lead time to accumulate the information in an efficient and auditable format.

Question 15: As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statements to understand your entity's exposure to interest rate risk? If not, what other information would better achieve this objective?

Response: No, we do not believe this excessive quantitative information is critical to users of nonpublic entities and in particular mutual insurance enterprises. The exposure draft disclosures are potentially misleading and do not address the impact of management's reaction to changes in the interest rate environment. We believe additional qualitative information regarding interest rate risk would be useful and sufficient, such as how management is responding to the prolonged low interest rate environment.

Questions for All Respondents:

Question 20: The amendments in this proposed Update would apply to all entities. Are there any entities, such as nonpublic entities, that should not be within the scope of this proposed Update? If yes, please identify the entities and explain why.

Response: We believe disclosure requirements for nonpublic entities should differ from those of public companies and the disclosures in this exposure draft should not be required for nonpublic entities. Additional qualitative information regarding the liquidity and interest rate risk may be useful; however, the quantitative information should be limited to that which is applicable to the needs of the users of nonpublic entity financial statements. The implementation for nonpublic entities should be delayed in order to allow the newly formed Private Company Council to provide its views on these new disclosure requirements.

Question 21: Although the proposed amendments do not have an effective date, the Board intends to address the needs of users of financial statements for more information about liquidity risk and interest rate risk. Therefore, the Board will strive to make these proposed amendments effective on a timely basis. How much time do you think stakeholders would require to prepare for and implement the amendments in this proposed Update? Should nonpublic entities be provided with a delayed effective date? If so, how long of a delay should be permitted and why? Are there specific amendments that would require more time to implement than others? If so, please identify which ones and explain why.

Response: We believe the disclosures will require significant effort and resources to prepare. We believe that the effective date should be delayed by at least one year for nonpublic entities beyond that of public entities, if adopted.

Question 22: Do you believe that any of the amendments in this proposed Update provide information that overlaps with the SEC's current disclosure requirements for public companies without providing incremental information? If yes, please identify which proposed amendments you believe overlap and discuss whether you believe that the costs in implementing the potentially overlapping amendments outweigh their benefits? Please explain why.

Response: Not applicable for OneAmerica as a nonpublic entity.

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Thank you for your consideration.

Respectfully,

Jeffrey D. Holley

Sr. Vice President & Chief Financial Officer