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

Re: File Reference No. 2012-220

Dear Ms. Cospers,

Aflac, Inc. (Aflac) welcomes the opportunity to share with you our views regarding the discussion paper on the Disclosure Framework. We are very supportive of the efforts of the Board to improve the effectiveness of disclosures in notes to financial statements.

Aflac Incorporated (the Parent Company) and its subsidiaries (collectively, the Company) primarily sell supplemental health and life insurance in the United States and Japan. The Company's insurance business is marketed and administered through American Family Life Assurance Company of Columbus (Aflac), which operates in the United States (Aflac U.S.) and as a branch in Japan (Aflac Japan). Most of Aflac's policies are individually underwritten and marketed through independent agents. Additionally, Aflac U.S. markets and administers group products through Continental American Insurance Company (CAIC), branded as Aflac Group Insurance. Our insurance operations in the United States and our branch in Japan service the two markets for our insurance business.

Aflac offers voluntary insurance policies in Japan and the United States that provide a layer of financial protection against income and asset loss. We continue to diversify our product offerings in both Japan and the United States. Aflac Japan sells voluntary supplemental insurance products, including cancer plans, general medical indemnity plans, medical/sickness riders, care plans, living benefit life plans, ordinary life insurance plans and annuities. Aflac U.S. sells voluntary supplemental insurance products including loss-of-income products (life and short-term disability plans) and products designed to protect individuals from depletion of assets (hospital indemnity, fixed-benefit dental, vision care, accident, cancer, critical illness/ critical care, and hospital intensive care plans).

Our general comments regarding the matters addressed in the Discussion Paper are as follows:

Aflac agrees that financial statement disclosures can be modified to provide relevant information that is more user-friendly, with logical organization and an increased degree of objective selection. The task proposed by the Board is a very broad undertaking. For an effort of such latitude, we feel the up-front analysis should be as exhaustive as possible, not only taking into consideration the notes to the financial statements, but Management's Discussion and Analysis (MD&A), Selected Financial

Data, and other items. Duplication of disclosure information among different sections of the financial statement filings adds clutter and volume which make sought information more arduous to locate. To truly streamline financial statement reporting, and make it the most effective, reporting requirements should be considered as a whole.

We believe that coordination between the FASB and the SEC would be necessary before determining the best way to optimize disclosures. Clearly delineating what types of information would be disclosed among sections of the financial statement reporting package would be a practical first step for evaluation. Current requirements for disclosure result in overlap, the MD&A and the notes to the financial statements include requirements for current, historical and prospective information. Application of the decision questions from the Discussion Paper would create greater overlap by requiring additional prospective information in the notes to the financial statements. We recommend disclosures related to management's forward-looking assumptions and judgment, potential risks, contingencies, trends, and other information regarding potential future events be contained in the MD&A under safe harbor protection. Providing this type of information in the notes to the financial statements could create auditing issues due to the hypothetical nature of the information, we suggest historical and current disclosure information be presented in the notes, relating clearly to the content presented in the financial statements. The efforts of the Board could then be focused primarily on disclosures for historical and current data.

Aflac appreciates the concern of the Board regarding flexibility in disclosure requirements while maintaining consistency and comparability among reporting entities. To preserve this consistency, we suggest the Board set a level of minimum requirements for disclosure. The sequence of disclosures should be defined by the Board as well, to enable users of financial statements to quickly and consistently locate information. We also suggest providing flexibility in what the reporting entity deems a relevant disclosure, including the method of presenting these disclosures. This would enable preparers to customize their presentation for the nature of their business and the needs of the typical users of their financial statements.

Our comments regarding Questions for Respondents are as follows:

Chapter 1—Scope and Introduction

Question 1: The details of this Invitation to Comment do not focus on the informational needs of donors to not-for-profit organizations. How, if at all, should the Board's decision process (see Chapter 2) be supplemented to consider the needs of donors? How, if at all, should not-for-profit reporting entities modify their decision-making process (see Chapter 4) for the needs of donors when deciding which disclosures to include in notes to financial statements?

This question is not applicable to Aflac.

Chapter 2—The Board's Decision Process

Question 2: Do the decision questions in this chapter and the related indicated disclosures encompass all of the information appropriate for notes to financial statements that is necessary to assess entities' prospects for future cash flows?

Response: The decision questions in the discussion paper are quite comprehensive for use in determining the relevance of disclosures, although not all the questions seem to center on concepts which a user of financial statements might use to assess an entity's prospects for future cash flows. Additionally, information about line items introduce the concept of phenomenon or phenomena, we suggest clarifying this concept with practical example disclosures and adding decision considerations on what line items would be chosen for disclosure. However, we feel that relevance and usefulness of disclosures is not limited to only that which relates to future cash flows, and that all decision questions could be considered when determining disclosure requirements. We also suggest adding clear implications of what to disclose, if anything, when decision tree conclusions reach "no" or when conclusions reach "no" in one area but "yes" in another related area that could potentially create a disjointed disclosure (i.e. various measurement disclosures).

Question 3: Do any of the decision questions or the related indicated disclosures identify information that is not appropriate for notes to financial statements or not necessary to assess entities' prospects for future cash flows?

Response: Some of the information addressed by the decision questions could logically be presented in the financial statements in sections other than the notes, and including these items in presentation in the notes would result in duplicate information. This includes the entity-specific questions G2 and G4 which are already included in Item 1, Business, and all of the other-event questions O1 through O7, regarding potential future events which would be best disclosed in the MD&A.

Question 4: Would these decision questions be better applied by reporting entities instead of the Board? In other words, should the Board change its practice of establishing detailed requirements in each project and, instead, establish a single overall requirement similar to the questions in this chapter?

Response: It should be the responsibility of the Board to determine a comprehensive baseline of minimum required disclosures by project/topic, to preserve consistency and comparability among reporting entities, while allowing entities some flexibility to provide additional disclosures as they deem relevant. It would not be practicable for entities to evaluate every line item and provide detailed disclosures for every item that would be indicated by the decision questions. Doing so would almost certainly increase the volume of disclosures without enhancing the quality or usefulness.

Question 5: Do you think that this decision process would be successful in helping the Board to set more effective disclosure requirements? If not, what would be a better approach?

Response: The decision questions could be useful for the Board in determining what disclosures should be required at minimum, and would perhaps also help produce a similar degree of required disclosure across topics.

Chapter 3—Making Disclosure Requirements Flexible

Question 6: Would any of the possibilities in this chapter (see paragraphs 3.8 and 3.11) be a practical and effective way to establish flexible disclosure requirements?

Question 7: If more than one approach would be practical and effective, which would work best?

Question 8: Are there other possibilities that would work better than any of the ones discussed in this chapter?

Response to Chapter 3 Questions 6-8: An approach similar to that described in 3.11.c. might be the most practical way to allow flexible disclosure requirements while maintaining consistency and comparability among reporting entities through minimum required disclosures.

3.11.c. states (emphasis added), "In each Topic, the Board could set a minimum disclosure or set of disclosures and an expanded set of disclosures. Reporting entities *would make their own judgments about whether* to provide the minimum disclosures or whether some or all of the expanded disclosures are relevant to their financial statements."

Our recommendation would be to amend the above to read: "In each Topic, the Board could set a minimum disclosure or set of disclosures and an expanded set of disclosures. Reporting entities *would be required* to provide the minimum disclosures, *and would determine* whether some or all of the expanded or *additional* disclosures are relevant to their financial statements."

Chapter 4—Reporting Entities' Decisions about Disclosure Relevance

Question 9: This chapter attempts to provide a benchmark for judgments about disclosure relevance by clarifying the objective for the judgments. Is the description of the approach clear enough to be understandable? If not, what points are unclear?

Question 10: Can this approach (or any approach that involves describing the objective for the judgments) help identify relevant disclosures? If so, what can be done to improve it? If not, is there a better alternative? What obstacles do you see, if any, to the approach described?

Question 11: Reporting entities would need to document the reasons for their decisions about which disclosures to provide. How would reporting entities document the reasons for their disclosure decisions and how would auditors audit those decisions?

Response to Chapter 4 Questions 9-11: Per our recommendation in response to questions 6 through 8, only the “expanded disclosures” or additional disclosures would be subject to entities’ judgment about disclosure relevance. The benchmarks described include materiality as a product of nature (qualitative) and magnitude (quantitative), consideration of ratios and other metrics which could be used to compare performance between entities and periods, and possible magnitude weighted by the probability of uncertain events. There is no set method described that a reporting entity should follow, and in effect, the decision to include expanded or additional disclosures would use a principles-based approach. The entity should determine what additional disclosures would be necessary to provide clarity regarding the financial position and results of operations. As the expanded disclosures would be incremental to those that are required, the reason for the decision to include the disclosure wouldn’t necessarily need to be provided unless that reason could further the users’ understanding of the information disclosed.

Chapter 5—Format and Organization

Question 12: Would any of the suggestions for format improve the effectiveness of disclosures in notes? If so, which ones? If not, why not?

Question 13: What other possibilities should be considered?

Response to Chapter 5 Questions 12-13: The formatting tools suggested: headings, tables, cross references, and highlighting, can all be used to improve the effectiveness of disclosures. How and when to use these tools should be left to the discretion of the reporting entity, as deemed appropriate to provide clarity and understanding.

Question 14: Do any of the suggested methods of organizing notes to financial statements improve the effectiveness of disclosure?

Question 15: Are there different ways in which information should be organized in notes to financial statements?

Response to Chapter 5 Questions 14-15: The Board should specify a prescribed order in which notes are presented. Presentation of disclosures in a standard sequence will enable users of financial statements to quickly locate the information they find relevant. A logical sequence might be one that follows the order in which the items are located in the financial statements. To address criticisms about information on closely related matters not being included in the same notes or in consecutive notes, cross references would be useful in locating and associating the information without the requirement to duplicate information in multiple related sections.

Chapter 6—Disclosures for Interim Financial Statements

Question 16: Do you think that any of the possibilities in this chapter would improve the effectiveness of disclosures for interim financial statements?

Question 17: If you think that a framework for the Board’s use in deciding on disclosure requirements for interim financial statements would improve the effectiveness of interim reporting, what factors should the Board consider when setting disclosure requirements for interim financial statements?

Question 18: If you think that a framework for reporting entities’ use in deciding on disclosures for interim financial statements would improve the effectiveness of interim reporting, what factors should reporting entities consider when providing disclosures for interim financial statements?

Response to Chapter 6 Questions 16-18: We recommend that the Board allow reporting entities to determine which disclosures should be provided in interim financial statements. We consider interim financial statements to be components of the most recent annual financial statement, and should omit disclosures unless one or more of these criteria are met: methods for

recognition and measurement methods differ from those used for annual statements, significant transactions have occurred, or items disclosed have changed significantly from the annual statement. Reporting entities should also provide any additional disclosures as deemed necessary for clarity and interpretation, including descriptions of material events that have occurred in the interim period, and any other value-added information that may increase a user's understanding of the interim financial statements.

Question 19: What impediments do you see regarding the development of a framework for the Board, reporting entities, or both that addresses disclosures for interim financial statements?

Response: We know of no impediments regarding the development of a framework, for the Board or reporting entities, that addresses disclosures for interim financial statements.

Chapter 7—Other Matters for Discussion

Question 20: Would the change to the requirements described in paragraph 7.8 for disclosure of the summary of accounting policies improve the effectiveness of disclosure?

Response: The summary of accounting policies should not be removed from annual financial statements. However, it need not be a required part of the interim statement.

Question 21: Should the summary of accounting policies include information about industry-specific accounting policies?

Response: Yes, the summary of accounting policies should include industry-specific accounting policies if the policies have a material effect on the financial statements.

Question 22: Are there other required disclosures that could be modified or eliminated in the short term that would result in a significant reduction in the volume of notes to financial statements?

Response: There are areas of disclosure currently required which we feel do not provide useful information and could be greatly reduced: benefit plans and share-based compensation. These two items combined have numerous pages of disclosure information which may not be fully relevant for users of our financial statements. There are also duplicative and voluminous requirements in disclosures for fair value measurements and those for investments and derivatives.

We appreciate the opportunity to share the opinions of Aflac with the Board regarding this discussion paper. If you have questions or need additional information, please contact me.

Sincerely,



June P. Howard
Senior Vice President and
Chief Accounting Officer