



June P Howard
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Aflac, Inc.
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Susan M. Cospers, Technical Director
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856- 5116

File Reference No. EITF-13A

Dear Ms.Cospers,

Aflac, Inc. (Aflac) welcomes the opportunity to share with you our views regarding the Proposed Accounting Standards Update "Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes." The goal of the Board to address the increased demand in hedging the Fed Funds rate is acknowledged and appreciated by Aflac.

Aflac Incorporated is a general business holding company and acts as a management company, overseeing the operations of its subsidiaries by providing management services and making capital available. Its principal business is supplemental health and life insurance, which is marketed and administered through its subsidiary, 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), referred to 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 comments regarding Questions for Respondents are as follows:

Question 1:

- *Do you agree that the Fed Funds Effective Swap Rate (OIS) should be included as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815, in addition to UST and LIBOR? Why or why not?*

Response: Aflac agrees that the Fed Funds Effective Swap Rate (OIS) should be included as a U.S. benchmark interest rate for hedge accounting purpose under Topic 815. The use of LIBOR was called into question due to the credit crisis that began in 2007. The spread of 3M LIBOR to 3M U.S. Treasury rate (UST spread) is less than 50 basis points under normal market conditions. However, between 2007 and 2009, the UST spread spiked to over 450 basis points while the OIS-Treasury Spread stayed under 180 basis points. As a result, the LIBOR-OIS spread was very high during the crisis and reached over 360 basis points. The LIBOR-OIS spread under normal market conditions is about 10 basis points. However, the spread rose to about 30 basis points in June 2010 and to 50 basis points at the end of 2011 as a result of the European sovereign debt concerns. Including the OIS as a U.S. benchmark interest rate for hedge accounting purposes will allow increased effectiveness at hedging interest rate risk as the OIS is considered a better proxy for the risk-free rate as observed during the financial crises. This characteristic of OIS has increased the demand of instruments that are based on that rate.

Questions 2-5:

- *Do you agree that no additional disclosures should be required?*
- *Do you agree that the proposed amendments only should be applied on a prospective basis for qualifying new or redesignated hedging relationships?*
- *Should the effective date of the amendments in the proposed Update coincide with the issuance date of a final Update? If not, when should the amendments be effective?*
- *If the effective date of the amendments in the proposed Update does not coincide with the issuance date of a final Update, should early adoption be permitted?*

Response: Aflac agrees that no additional disclosures should be required and that the proposed amendments only should be applied on a prospective basis. The effective date of the amendments in the proposed Update should coincide with the issuance date of a final Update; but we agree that early adoption should also be permitted.

Thank you again for your consideration. If you have any questions or concerns regarding our comments please feel free to contact June Howard, SVP and CAO or Resh J. Reese, 2nd VP of Accounting Policy at (706)323-3431.

Sincerely,



June P. Howard
Senior Vice President and
Chief Accounting Officer