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Ms. Susan M. Cospers, Technical Director
File Reference No. 2014-200
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Ms. Cospers,

Aflac, Inc. (Aflac) welcomes the opportunity to share with you our views regarding the Proposed Statement of Financial Accounting Concepts, Conceptual Framework for Financial Reporting. The Board's endeavor to increase the quality of disclosures by applying a framework for identifying information appropriate for inclusion in financial statements is appreciated and supported 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 general comments regarding the matters addressed in the Exposure Draft are as follows:

Aflac appreciates the efforts of the Board to address how disclosure requirements are evaluated for new Topics which are added to the codification, and also encourages that a finalized decision framework be used to evaluate disclosure requirements in existing topics as well, perhaps as the topics are being considered for other updates. Due to concern over not providing enough disclosure, the tendency seems to be to provide too much--a "better safe than sorry" approach—which almost eliminates any chance of truncating existing disclosure requirements. This leads to ever increasing volume of disclosure, with the undesired consequence of rendering it less useful. Although the goal of this Exposure Draft and the Concept is to increase the effectiveness and usefulness of disclosure in financial reporting, as opposed to reducing the volume of disclosure, elimination of redundant or superfluous disclosure would certainly improve the clarity of financial statements for users.

The distinction between information provided in the audited portion of financial reports and the unaudited sections should be a primary consideration when making decisions regarding disclosure requirements. This exposure draft references types of information for potential disclosure which could create redundancy among the audited and unaudited sections: information about the reporting entity and certain types of forward-looking information. Information about the reporting entity is provided in Part I, per SEC requirements, of the financial statements. Only those characteristics or facts which are atypical or not apparent and which impact line items in ways that are not clear on the face of the financial statements should be included in disclosure. Forward-looking information such as sensitivity to interest rate movements should not be included in financial statement disclosures at all, and is more appropriately presented in the Management's Discussion and Analysis ("MD&A") where it can be accompanied by descriptions of how such estimates were derived and how management would respond to such fluctuations.

Aflac recommends that the Board's decision process should arrive at the minimum required disclosures for all entities (pension accounting and not-for-profit requirements being considered separately for minimum disclosure requirements), thereby providing latitude for entities to consider additional disclosures to clarify particular or unusual nuances, activities, fluctuations, or anomalies which may not be clear to a potential resource provider when viewing line items. In providing this discretion to entities, guidelines such as those provided as "Information to Be Considered for Disclosure" (contained in the exposure draft with each decision question) could be provided in the codification so that entities may more consistently conclude what items to disclose. This shifts greater responsibility for the quality and usefulness of disclosures to the entity, which would be more familiar with the circumstances which affect line items within its industry, in the entity itself, and from reporting period to reporting period.

Our comments regarding Questions for Respondents are as follows:

Question 1: Should financial statements of employee benefit plans be excluded from the scope of this chapter of the conceptual framework?

Response: Aflac agrees that employee benefit plans should be excluded from the scope of this chapter of the conceptual framework but, as noted above, should be considered separately.

Question 2: Do the concepts in this chapter related to not-for-profit entities address the informational needs of resource providers to those entities?

Response: This question is not applicable to Aflac.

Question 3: Do the concepts in this chapter encompass the information appropriate for disclosure in notes to financial statements that would assist resource providers in their decision making? Are there concepts that should be added or removed?

Response: The concepts presented in this chapter encompass information which would be appropriate and useful in assisting resource providers in their decision making.

Aflac concurs with the Board's acknowledgement that information regarding assumptions and expectations about future events should generally not be included in the financial statement disclosure. We suggest that the Board reconsider the possibility of requiring forward-looking types of disclosures, such as paragraph D29, which suggests disclosure of the effect of specified future changes in existing conditions on specific line items or on the entity as a whole. Please see our response to Question 7 for an expansion of Aflac's views on this type of disclosure.

Question 4: Are there additional concepts needed to identify information that is unsuitable for requirement by the Board in notes to financial statements even though that information would be consistent with the purpose of the notes?

Response: It is Aflac's opinion that certain types of forward-looking disclosures proposed by the Board would be unsuitable for requirement. Please see Aflac's response to Question 7 for an expansion of Aflac's views on this type of disclosure.

Question 5: Do the decision questions in Appendix A identify the information appropriate for the Board to consider requiring for disclosure when setting standards related to line items and other past events and current circumstances and conditions that can assist resource providers in their decision making?

Response: Aflac agrees that decision questions should only be considered as they relate to *specific line items*. This can alleviate redundancy between disclosures and other areas of the financial statement, such as information about the reporting entity (as in decision question L6) or legal proceedings (as in decision question O1) which are provided in Part I, per SEC requirements, of the financial statement, and are part of a broader description of the business and its activities and events.

When considering the decision questions as a tool for use by the Board to determine whether a disclosure should be required, many of the questions seem to be more entity-specific, and could not possibly be answered by the Board in a way that would apply to all or most entities. For example, decision question L9 asks, "Does the line item include individual items (or groups) that are measured differently?" For the Board's decision process, perhaps the better question might begin "**Could** the line item include...". If the answer for the Board is "yes" then entities applying the guidance would need to consider the question "**Does** the line item include..." If the entity's response is "yes", then factors such as materiality and cost vs. benefit could be applied by the entity to determine if a matter should be disclosed. In providing this discretion to entities, guidelines (such as those provided in the exposure draft as "Information to Be Considered for Disclosure" for each decision question) could be provided in the codification so that entities may more consistently conclude what should be disclosed.

Some decision questions are appropriately structured as-is for the Board's consideration, such as L3, L8, L10, L11, and L12. Please see the following for suggested rewording:

Question L1

~~Is there~~ *Could there be* information about the nature or quality of the phenomenon or phenomena represented by the line item (for example, the underlying rights, obligations, or transactions) that can affect assessments of cash flow prospects and that is not adequately conveyed by the line item's description?

Question L2

Could or does the line item represent any of the following:

- a. Financial instruments issued or held by the entity
- b. Other contracts or legally binding documents
- c. Other binding arrangements?

Question L3

Could the existence or ownership of the rights and obligations underlying the line item be uncertain?

Question L4

~~Does~~ *Could* the line item include components of different natures that could affect prospects for net cash flows differently?

Question L5

~~Are~~ *Could* the cash flows related to the line item subject to change as a result of changes in general economic conditions or market factors? If so, ~~are~~ *could* the specific conditions or factors or the nature of their effects not *be* apparent from the description of the line item?

Question L6

~~Are~~ *Could* the prospects for cash flows related to the line item *be* affected by changes in entity-specific factors or sector-specific factors, particularly those that can be expected to change frequently or significantly, and would a user not be expected to be aware of the factors or their potential effects?

Question L7

~~Are~~ *Could* the causes of the changes in an entity's line item of an asset, liability, or equity instrument *be* not easily understood?

Question L8

Could the quality or utility of a nonfinancial asset have changed?

Question L9

~~Does~~ *Could* the line item include individual items (or groups) that are measured differently?

Question L10

Are there acceptable alternative accounting policies or methods provided under U.S. GAAP that might have been applied to this line item?

Question L11

Has the accounting policy or method used for this line item changed because of adoption of or transition to newly issued guidance or because the previous method was determined to no longer be proper?

Question L12

Will this line item be affected in future years by transition to an accounting standard that has been issued but that is not yet effective or not fully effective?

Question L13

~~Is~~ *Could* the method for determining the amount of the line item *be* uncommon, not apparent from the description, or otherwise hard to discern?

Question L14

~~Is~~ *Could* the carrying amount of the line item *be* an estimate that requires assumptions, judgments, or other internal inputs that could reasonably have been different?

Question L15

~~Is there~~ *Could there be* an alternative measure or way of applying a measurement that clearly would be useful in assessing prospects for cash flows?

Question L16

~~Does~~ *Could* a line item have a direct relationship to another line item(s) in another statement that is not otherwise apparent?

Question O1

~~Can~~ *Could* any of the following events or conditions create a possibility that a user's assessment of an entity's future cash flows would be significantly different (lower or higher):

- a. Potential litigation against the entity or by the entity against another entity or entities (because of specific matters instead of general business risk)
- b. Existing litigation against the entity or by the entity against another entity or entities, the outcome of which is still uncertain
- c. Suspected or known violations by the entity of laws, regulations, or contractual terms or violations of the entity's rights under statutes, regulations, or contracts
- d. Other uncertain conditions?

Question O2

~~Are there~~ *Could there be* other events or circumstances that are not represented by an asset or a liability and a gain or loss (or income or expense) in an entity's financial statements but for which there is uncertainty in the decision about whether it should be recognized (that would include items other than the contingencies discussed in Questions O1(a) and O1(b))?

Question O3

~~Are there~~ *Could there be* contractual rights or obligations arising from past transactions and events or current conditions and circumstances that are expected to meet the criteria for recognition by the entity in the future?

Question 6: Does the discussion in paragraphs D43–D50 identify the information appropriate for the Board to consider when setting standards related to information about the reporting entity?

Response: Part I of an entity's financial statements, per SEC requirements, provides information about the entity and its operations. Unless a particular aspect of the entity's activities, restrictions, related parties, etc. impacts a particular line item in

some way that is not typical or apparent for users of the financial statements, that type of information regarding the entity should remain in Part I and not be presented in footnote disclosures.

Question 7: Will the concepts related to future-oriented information (paragraphs D22–D31) result in disclosures that are appropriate for the notes? If not, what types of information should be included in or excluded from consideration for disclosure in the notes?

Response: Some of the concepts presented in the exposure draft are appropriate for the notes. The inclusion of estimates and assumptions used as inputs to measurements, such as useful lives and salvage value of assets and fair value measurements discussed in paragraph D27, would be useful information and appropriate for inclusion in footnote disclosures.

The appropriateness of disclosure of information about existing plans and strategies which are under the control of management may not be so clear cut. The example provided in paragraph D28, disclosure of plans for the sale of a long-lived asset, may be both appropriate and helpful for resource providers. However, management plans could involve proprietary information, be strategically sensitive, or may otherwise put the entity at a competitive disadvantage, and would not be appropriate for disclosure.

Paragraph D23 discusses concerns regarding predictions, projections, forecasts, etc. beyond management's control, and that that disclosure of such items can lead to potentially significant negative consequences. Paragraph D29 conversely suggests disclosure of the effect of specified future changes in existing conditions on specific line items or on the entity as an example of a disclosure which could be required. The example provided in that paragraph, quantifying the effects of a 100-basis-point change in interest rates, brings to mind FASB exposure draft 2012-200, *Disclosures about Liquidity Risk and Interest Rate Risk*. Disclosure of this type of information would itself call for additional disclosure to explain it, clarifying that the information is specified and required under U.S.GAAP and that it is not a reflection of management's thoughts on possible interest rate movements. Disclosure of the effects of interest rate changes also does not take into account steps or plans that management would employ to mitigate the effects, and such information may carry the same sort of hazard as in the preceding paragraph: the revealing of proprietary, strategically sensitive information. We submit that disclosure of sensitivity to an arbitrarily set range would not only potentially mislead users of the financial statements, but also would itself call for additional disclosure to explain it, and needlessly complicates financial statement disclosures rather than improving them. Aflac recommends that discussion of this type of this type of disclosure not be included in the financial statements, but remain in Management's Discussion and Analysis where all aspects of this type of risk and the response to such an occurrence could be more freely discussed under safe harbor rules.

Question 8: Do the concepts in this chapter appropriately distinguish the types of information that are appropriate for the notes from the analysis management provides in other communications?

Response: The types of information which may overlap other parts of the financial statements are information about the reporting entity, and certain types of forward-looking information, and these are not very clearly distinguished by the concepts in this chapter. Aflac emphasizes that disclosure regarding these items should only be considered by the Board as they relate to specific line items. When information about the reporting entity as it affects a particular line item may be atypical or not apparent, disclosure of that information would be appropriate. Forward-looking information which is known and controllable by management, such as changes in estimated economic lives of assets, may be appropriate for disclosure. Forward-looking

information which is arbitrary and not within management's control, such as sensitivity to interest rate swings, is not appropriate for disclosure, but is appropriate in the MD&A.

Question 9: Are the concepts related to disclosure requirements for interim periods (paragraphs D60–D71) appropriate? If not, are there concepts that should be added or removed?

Response: Aflac agrees that the concepts related to disclosure requirements for interim periods are appropriate for application by reporting entities.

Question 10: If no disclosure guidance for a transaction, event, or line item is specified in U.S. GAAP, how will an entity consider the nonauthoritative guidance in this chapter?

Response: If no guidance is specified for a transaction, event, or line item, an entity could follow the Board's decision questions and corresponding "Information to Be Considered for Disclosure" found in this chapter to determine the type of information that would be appropriate, relevant, and useful for disclosure.

We appreciate the opportunity to share the opinions of Aflac with the Board regarding this exposure draft. 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 Vice President of Accounting Policy at 706.323.3431.

Sincerely,

A handwritten signature in black ink, appearing to read "June P. Howard". The signature is written in a cursive, flowing style.

June P. Howard
Senior Vice President and
Chief Accounting Officer