



Scott R. Lewis  
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The Hartford Financial Services Group, Inc.  
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July 22, 2015

Technical Director  
File Reference No. 2015-280  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116  
**Via e-mail to [director@fasb.org](mailto:director@fasb.org)**

Re: Proposed Accounting Standards Update: Investments - Equity Method and Joint Ventures (Topic 323),  
Simplifying the Equity Method of Accounting

Dear Technical Director:

The Hartford Financial Services Group Inc. (“The Hartford” or “we”) appreciates the opportunity to comment on the Financial Accounting Standards Board’s (“FASB”) Proposed Accounting Standards Update (“ASU”) concerning *Investments - Equity Method and Joint Ventures (Topic 323), Simplifying the Equity Method of Accounting*. The Hartford provides property and casualty and group benefits insurance, as well as investment products to both individual and business customers in the United States of America. We also continue to manage life and annuity products previously sold. We have investments in limited partnerships and other alternative investments that are primarily accounted for under the equity method of accounting. As of December 31, 2014, The Hartford reported \$2.9 billion of investments in limited partnerships and other alternative investments.

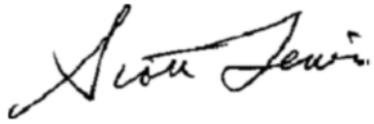
We support the FASB’s objective in its “Simplification Initiative” to reduce the cost and complexity in financial reporting while maintaining or improving the usefulness of the information provided to users of financial statements. We agree that this proposed guidance would reduce complexity in financial reporting. We believe that it could be made to maintain or improve the usefulness of the information provided to the financial statements users by making a fairly simple revision.

The proposed ASU would eliminate the requirement to account for changes in the basis difference based on the underlying assets and liabilities of the investee. Where an investment is purchased at a cost above the interest in the reported equity of the investee, disregarding changes in the basis difference could cause the carrying amount to be overstated, which could result in impairments of these investments when held or losses of these investments when sold that would more appropriately have been recognized as a reduction of equity method income in a prior period. In addition, this proposed guidance might actually increase the cost of financial reporting, as the overstated carrying value of these investments may prompt more frequent and challenging impairment analysis.

We believe a more appropriate and simple approach would be to amortize the entire basis difference, including any goodwill element, over a period in which the investor benefits economically, not to exceed 10 years. Like in the proposed guidance, this approach would not require allocating the fair value among the assets and liabilities. It would also replace the current method of adjusting the basis difference to one where a set amount of amortization is determined at the acquisition date, and would reduce the risk of impairment from overstating the carrying values of these investments.

Thank you for the opportunity to provide input on the proposal. Please contact me at 860-547-4848 or [scott.lewis@thehartford.com](mailto:scott.lewis@thehartford.com) if you would like to discuss our suggestion.

Sincerely,

A handwritten signature in cursive script that reads "Scott Lewis". The signature is written in black ink and is positioned above the printed name.

Scott R. Lewis