CNA

333 S. Wabash Ave. Chicago IL 60604

Lawrence J. Boysen
Senior Vice President and
Corporate Controller
Telephone 312-822-5653
Email Lawrence.Boysen@cna.com

October 24, 2016

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2016-340

Dear Ms. Cosper,

CNA Financial Corporation (referred to in this letter as CNA, the Company, we, our, and us) appreciates the opportunity to comment on the proposed Accounting Standards Update (ASU), *Premium Amortization on Purchased Callable Debt Securities.*

CNA is the country's 8th largest commercial insurance writer and the 14th largest property and casualty insurer. As of September 30, 2016, CNA holds $42.3 billion of fixed maturity securities, including callable securities bought at a premium which we amortize to the earliest call date (yield-to-worst model).

The Board issued the proposed amendments to address stakeholder concerns about current GAAP as well as diversity in practice. The proposed amendments adopt an approach that more closely aligns the amortization period for debt securities purchased at a premium with the economics of the underlying instrument, as most securities are quoted, priced and traded using a model that incorporates consideration of calls (also referred to as "yield-to-worst" pricing). CNA is in agreement with the proposed amendments, as our portfolio managers' decisions are formed utilizing pricing quotes and yield expectations based on yield-to-worst pricing.

We appreciate the Board's efforts to improve the accounting for the amortization of premiums on purchased callable debt securities. The remainder of this letter addresses the questions contained in the exposure draft.

If you have any questions, please feel free to call me at (312) 822-5653.

Sincerely,

Lawrence J. Boysen

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CNA

Questions for respondents:

Question 1: Do you agree that premiums on callable debt securities should be amortized to the earliest call date? Please explain why or why not.

Response 1: As discussed above, we support that the premiums on callable debt securities should be amortized to the earliest call date. Historically, the majority of our callable debt securities purchased at a premium have been called at the earliest call date. Similarly, market participants and our portfolio managers incorporate the earliest call date into their pricing and investment decisions.

Question 2: How much time would be needed to implement the proposed amendments? Should entities other than public business entities be provided more time? Should early adoption be permitted?

Response 2: As CNA currently utilizes the yield-to-worst method, we do not need a significant amount of time to implement the proposed amendments. However, this could be different for other entities utilizing a yield-to-maturity method for callable debt securities purchased at a premium. We support permitting early adoption of the standard.

Question 3: Do you agree with the proposed transition method and disclosures in paragraph 310-20-65-1(c)? Please explain why or why not?

Response 3: We support the proposed transition method and disclosures in paragraph 310-20-65-1(c). We believe it is important to provide disclosure surrounding the adoption of the proposed ASU in order to be as transparent as possible and provide readers with decision useful information.