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Technical Director – File Reference No. 2018-210
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Via E-mail:

Attn: director@fasb.org

File Reference No. 2018-210

Re: Proposed Accounting Standards Update on Income Statement - Reporting Comprehensive Income (Topic 220) – Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

Dear Sir or Madam:

The Travelers Companies, Inc. (Travelers) appreciates the opportunity to comment on the Financial Accounting Standards Board's (the FASB or the Board) Proposed Accounting Standards Update, *Income Statement - Reporting Comprehensive Income (Topic 220) – Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (Proposed ASU). Travelers is a leading provider of property and casualty (P&C) insurance products and services to a wide variety of businesses and organizations as well as individuals. Our products are distributed primarily through independent insurance agents and brokers throughout the United States and in selected international markets.

We support the Board's approach to address stakeholders concerns about current guidance in generally accepted accounting principles (GAAP) that requires deferred tax assets and liabilities to be adjusted for the effect of a change in tax laws or rates with the effect included in income from continuing operations in the reporting period that includes the enactment date. We agree with the amendments in the Proposed ASU that would require a reclassification from accumulated other comprehensive income (AOCI) to retained earnings for the stranded tax effects resulting from the newly enacted U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act of 2017 (TCJA). We believe current guidance results in distortive impacts to financial statements from the stranded tax effects lodged in AOCI and that the amendments in the Proposed ASU would improve the usefulness and understandability of information reported to financial statement users by

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appropriately addressing this issue as it relates to the effects resulting from enactment of TCJA, as well as future changes in tax laws or rates.

Travelers supports the amendments in the Proposed ASU to allow early adoption of the final updated guidance. We also agree with the requirement to apply the reclassification adjustment retrospectively to each period in which the effect of the change in the U.S. federal corporate income tax rate from TCJA is recognized.

Finally, we support the Board adding a broader project on backwards tracing for the same reasons we believe the Proposed ASU would improve the usefulness of financial statements by eliminating the stranded tax effects from OACI and more appropriately recognizing the effects of changes in deferred tax amounts in the current year in the same line item in which the deferred tax amounts were originally recognized in prior years. We believe a more permanent solution is necessary to address this issue as it is reasonable to expect that there will be future changes in tax laws or rates and that the same issues that caused stakeholders concerns about current GAAP guidance will occur again if not addressed. Therefore, we support moving forward with a broader project on backwards tracing that is based on alternative “c” in the Proposed ASU: Reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects associated with all *future changes* in tax rates. We believe this approach is more appropriate compared to the other two alternatives but recommend that the reclassification in alternative “c” be subject to the caveat that it is practicable to make the reclassification. We can envision circumstances where a company may need a practical expedient for the measurement of the reclassification to retained earnings.

Thank you for the opportunity to comment on the Proposed ASU. Please feel free to call me at (860) 277-0537 if you have any questions.

Regards,

A handwritten signature in black ink that reads "D. Keith Bell". The signature is written in a cursive, flowing style.

D. Keith Bell