June P. Howard
Senior Vice President, Chief Accounting Officer
Aflac, Inc.
1932 Wynnton Road
Columbus, GA 31999

July 16, 2018

Mr. Russell Golden, Chairman
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update, Financial Services-Insurance (Topic 944) Targeted Improvements to the Accounting for Long-Duration Contracts ("Proposed ASU" or "Proposed Guidance") – Effective Date of the Proposed ASU

Dear Mr. Golden,

Aflac Incorporated ("Aflac") greatly appreciates the Financial Accounting Standards Board's (FASB) careful consideration of extensive feedback provided to date on the Proposed ASU by a variety of stakeholders and would like to share our concerns with the recent decision to make the changes to the Proposed Guidance effective for fiscal years and interim periods therein beginning after December 15, 2020.

Aflac's principal business is voluntary supplemental and life insurance, marketed and administered through its subsidiaries operating in the United States ("Aflac U.S."), and 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 branded as Aflac Group Insurance.

Aflac offers voluntary insurance policies in Japan and the United States that provide 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, income support plans, and ordinary life insurance plans. Aflac U.S. sells voluntary supplemental insurance products including products designed to protect individuals from depletion of assets (accident, cancer, critical illness/care, hospital indemnity, fixed-benefit dental, and vision care plans) and loss-of-income products (life and short-term disability plans).

We are writing to echo the views expressed by the American Council of Life Insurers ("ACLI") in the June 20, 2018 letter ("ACLI's Letter") articulating industry-wide concerns with the plan to allow insufficient time (i.e. approximately two years) for implementation of the proposed changes. As noted in our comment letter dated December 15, 2016, on the FASB's Exposure Draft on Targeted Improvements for Long-Duration Contracts ("Exposure Draft"), our response to question 20 recommended a five-year implementation period from the date the new guidance is finalized.

While we recognize that the FASB has simplified certain aspects of the Exposure Draft, in our opinion the Proposed ASU in its current form continues to represent a fundamental overhaul of the insurance accounting model that will also profoundly change how insurance companies communicate their business model to external stakeholders. Consequently, we respectfully request that the Board allow for the implementation period of four full calendar years that are truly needed for a high-quality low-risk implementation, i.e., the effective date for public companies for fiscal years and respective interim periods beginning after December 15, 2022.

In addition to the arguments already articulated in the ACLI's Letter and in our December 2016 letter in favor of a longer implementation period, we would like to re-emphasize the following selected matters and related concerns that in our view will drive the need for the recommended four-year implementation period:

1) The key necessary milestones that must be included as part of the implementation timeline are:

   i. extensive review of the final standard by reporting entities and their auditors, resolution of key open technical issues (including reaching Big 4 and Industry consensus), some of which will need to be resolved up-front (vs. parallel with other implementation steps);

   ii. extensive and detailed education of finance, actuarial, information technology and executive personnel as well as external stakeholders;

   iii. sourcing suitable and sufficient internal and external expert talent in the areas of information technology, actuarial and finance to drive implementation;

   iv. coordination with and frequent dependence on external system providers to reprogram (and often completely overhaul) actuarial valuation systems and financial reporting systems;

   v. redesigning and testing processes, controls and multiple external and internal reporting deliverables;

   vi. augmenting certain business strategies (i.e., hedging, reinsurance, securitizations of insurance risk, etc.).

   The above steps must be executed concurrently with other, also complex, costly and resource-intensive changes to accounting and/or statutory rules: hedging, credit losses, leases as well as principle-based reserving. This must be accomplished without disruption to supporting daily "business-as-usual" or increasing financial reporting risks.

2) Updates to accounting for traditional insurance contracts will not only force extensive and time-consuming changes to valuation systems, but will also require manipulation of

substantial amount of records (tens of millions of records for many companies). Systems will need to be updated to incorporate the ability to isolate inforce liability assumptions changes, which will require multiple runs. The extremely data-intensive nature of these updates will take a significant amount of time and resources, which is not currently provided for in the proposed two-year implementation period.

Furthermore, for the multi-line companies that operate in more than one country, multiple systems are frequently utilized to maintain inforce, liability, and deferred acquisition cost ("DAC") balances, many of which may be customized and product-focused. This ultimately results in multiple sets of processes and systems that must be analyzed and updated to achieve adequate implementation of the proposed accounting changes.

To conclude, we acknowledge and appreciate the changes made during redeliberations that result in somewhat reduced complexity to the Proposed Guidance. We agree that these changes will provide some relief in time required for implementation; however, we strongly believe that these accommodations do not significantly change the timeline needed to implement the new guidance. We request the Board change the effective date to allow for a four-year implementation period from the date the new guidance is finalized, i.e., the effective date for public companies for fiscal years and respective interim periods beginning after December 15, 2022.

We appreciate the opportunity to share the opinions of Aflac with the FASB. If you have any questions or concerns regarding our comments, please feel free to contact June Howard, SVP and CAO, or Marzena Wright, VP, Accounting Policy, Investment & Capital Advisory at 212-510-4629 or MWright2@aflac.com.

Sincerely,

June P. Howard
Senior Vice President and
Chief Accounting Officer