August 31, 2018

Chairman and Vice - Chairman

Financial Accounting Standards Board

401 Merritt 7

P.O. Box 5116

Norwalk, CT 06856-5116

Re : COMMENTS : ACCOUNTING STANDARDS UPDATE – 2018-12; Financial Services - Insurance (Topic 944) Targeted Improvements to the Accounting for Long-Duration Contracts (ED)

Sirs :

This Accounting Standards Update promises to improve the current model of entity – level periodic reporting including disclosure requirements for public (implementation required by 2021) and private insurance companies (implementation required by 2022) insofar as entity – level annual and interim insurance businesses would be required to modify their disclosures for long – duration contracts of many kinds. This update, ASU 2018 – 12, is apparently implemented to simplify the disclosures of public insurance companies, primarily, though all reporting entities, or issuers, are affected. Accounting Standards Update 2018 – 12 aims to simplify disclosures, again and to improve the future timeliness and future transparency of the current reporting model for insurance companies. This includes the standardization of the valuation of future assets and liabilities of insurance entities, simplification of the accounting and bookkeeping concerning long – duration contracts and improving the effectiveness and informative qualities of the financial disclosures of these entities including interim disclosures. The update includes standardization guidelines and rules for measurement of present and future benefits and liabilities, contract and premium reserves, market and other risk, discount and contract rates, fair value, the amortization of contracts, additional benefits and charges, revenue recognition; and disclosure guidelines and rules for aggregated and disaggregated accounts and balances, minimum and maximum long – duration contract benefits, significant long – duration contract details and assumptions; reinsurance and additional actuarial assumptions concerning contract underwriting and contract benefits, and other valuation, accrual and actuarial details and assumptions and more. The overall reporting model for issuers in effect at present is retained yet improved.

This commenter, with some knowledge of reporting processes of financial entities as insurance companies are, though the chief subject matter of this ASU as life insurance, starting with this, is and are frequently having to do with long – duration contracts and other considerations that primarily have considerations that are non – financial : Life insurance is by definition not an investment and is primarily construed as a vehicle or device to diffuse and to stratify the risk of an event in which mortality and morbidity, and related assumptions play a large part. This memorandum, given this aforementioned detail, however, does not exclude other insurance products from its scope as it is the purview of this ASU to apply to reporting by insurance entities, not to debate as to which instruments and vehicles or entities to address, for instance. This standards update does appear to intentionally standardize the reporting process across the spectrum of the universe of insurance reporting entities in the U.S. where no two entities actually and really have the same assumptions nor underwriting nor actuarial nor accounting assumptions : This is to mention that from a reporting perspective, no two insurance businesses are alike, and without regard to scale. This standards update, in the reading of it, again, by the current commenter appears to place in the lap of accountants and without detailed and determined explanation nor practical qualification, a number of significant functions and reporting obligations that are actuarial in nature, probably and possibly that place an incorrect and additional burden on the individual corporate finance department that issues financial reports. Many of the processes and practicalities of individual insurance companies, in their specialties, differences and differentiations, in their underwriting and in their business and financial assumptions, and other considerations around the disclosure of these and other details, that benefit particularly individual consumers and policy – holders, should remain un – standardized. One reason for this is many insurance companies, virtually all in fact, are management and revenue – driven and accounting considerations follow this structure. This is a crude characterization, and in the vernacular, however, elegant enough under the circumstances and for reporting purposes, in the consideration of disclosures and all; the overall viability and continuation of these entities financially depends upon the preservation of this tone as preserved and for other intents and purposes also.

It is also entirely possible, given the universe of factors that comprise the assumptions, underwriting and structure of long – duration insurance contracts that implementation of this ASU will provoke unwanted and un – needed changes in underwriting and actuarial processes, and other among the character and even sources of long – duration contracts; and this includes the health of the insurance business itself given these proposed requirements, the proprietary and individually different nature of separate insurance businesses that is needed in the markets for long – duration contracts, the needed complexity at times of long – duration contracts, and the reinsurance business application to issuers under this ASU (2018 – 12). The mechanics of the proposed rules and guidelines in this ASU are cogent and clearly illustrated, though to make many of these public disclosure items as required in public reports could spoil and muddy the waters of financial reporting for insurance businesses in provoking additional distinctions and unnecessary complications between internal and external reporting for these entities, and for other, non – accounting and non – financial reasons. The goal of such ASU's as the reviewer interprets the proposed update has to do with minimizing risk and even doing away with "nominal" risk as mentioned in the update, and in the protection as well of various long – duration contract stakeholders. What the update looks like in its narrative, however, and in its structure and conveyance, portrays a new set of rules designed to annuitize and to eliminate variation in the structure of the subject matter of the update itself. This reinforces and informs the quality of consistency and comparability, public transparency and timeliness presumably of the entities subject matter of the update, but does not presently nor prospectively assure the present healthy and thriving continuity of these businesses given the proposed reporting requirements , nor the pertinent and actual commercial, economic, nor financial planning purposes, assumptions, proper and appropriate valuation, and other details about these contracts and their makers and other stakeholders.

With many individual businesses that have proprietary procedures, processes, assets and other secrets, as many, many insurance and other service and financial reporting industries have; transparency for the stakeholder is a question that should be resolved through proper audits and above all, and primarily through proper corporate operations, finance and reporting processes and procedures. Reporting simplicity with respect to these issuers and entities, especially consolidated entities is an equal consideration, but that is determined and resolved again not by additional and evermore costly compliance efforts, and even compliance – hedging of sorts, but by proper again business acumen, proper corporate finance and accounting and reporting practices as regulated. Additionally, the proposed application of present and future entity level controls to determine the rates of risk and return on long – duration and other contracts is a severe and deliberate limitation on the actual innovation, serviceability, and other features of such contracts and blocks the sort of proper financial variation, even the promise of future financial discovery and invention, that frequently benefits stakeholders of these contracts. This is yet another example of deliberate and structured, apparent annuitization, strictly speaking, of these instruments. The fair value accounting called for and by design in this update, and the related rules around computing risk, market and discount rates, etc., as applied, and again as the underpinning of this ASU are an additional blocking of the actual benefit, and the burdens too, of future assets and liabilities of long – duration contracts and their corporate makers, stakeholders and underwriters. The reviewer thanks the Board for this opportunity to comment.

Sincerely yours,

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