May 25, 2022

Alex Casas
Assistant Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

By E-Mail: acasas@fasb.org

Subject: Agenda Request: Scope of ASU 2018-12, *Targeted Improvements to the Accounting for Long-Duration Contracts* (LDTI)

Dear Mr. Casas,

On behalf of the Allstate Insurance Company and Assurant, Inc. we respectfully request the FASB Board consider adding an agenda topic to consider amending the transition requirements of the LDTI standard that will be effective January 1, 2023.

We note that as written, the LDTI standard requires application to insurance contracts that were in-force and owned at the January 1, 2021 transition date, but that were disposed of by a reporting entity prior to the January 1, 2023 adoption date. Our request is that the Board consider a limited amendment to ASU 2018-12 to provide reporting entities with a practical expedient that would not require application of LDTI to long-duration insurance contracts that existed at the transition date but were disposed prior to the required date of adoption of the standard. Moreover, the Board can limit the application of the amendment to insurance contracts no longer in-force at the date of adoption as a result of a completed sale of business in scope of LDTI that also met the requirements for reporting as Discontinued Operations or held-for-sale under ASC 205, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.*

In connection with our request, we note that due to the secular low interest rate environment, a number of insurers with publicly traded stock sold insurance businesses whose contracts fell within the scope of the LDTI standard during the January 1, 2021 to December 31, 2022 transition period for public reporting entities. We further note that applying the LDTI standard to these contracts that were subject to a completed sale before the date of adoption would create a substantial burden, both financially and operationally, on companies that sold business in the transition period due both to the complexity of the standard and the fact that personnel with technical expertise, systems, and historical records typically transferred from the seller to the buyer in connection with the sale transactions. In addition, and most importantly, we do not believe applying the LDTI standard to business sold during the transition period would provide information that is decision-useful to investors, as the accounting impacts of the sale have already been communicated under the pre-LDTI GAAP rules and the economics of the sale would be unchanged by the application of LDTI. In short, we believe "re-casting for the effects of LDTI" and re-computing the gain or loss on sale of the business would confuse investors and as such reporting entities should be permitted a transition alternative that does not require application of LDTI to insurance contracts no longer in-force at the date of adoption as a result of a completed sale during the transition period.

We note that the transition amendment we are seeking would be consistent with the transition practical expedients the Board provided in ASC 842 and ASC 606, respectively wherein transition expedients were provided that allowed reporting entities to apply ASC 842 only to leases in effect at the date of adoption and ASC 606 where reporting entities were provided the opportunity to apply the standard to only revenue contracts that were not completed contracts at the date of adoption. We believe our request would be consistent with the transition practical expedients provided in the Leasing and Revenue Recognition standards.

We urge the Board to consider this request both on its merits and also for the purpose of eliminating diversity in practice as we believe that without the requested transition amendment, reporting entities may not consistently apply LDTI to insurance contracts sold during the transition period due to unique facts and circumstances that support their individual materiality evaluations. An amendment to the transition provisions would reduce diversity in practice and provide for more consistent application of the LDTI standard which would benefit the user community.

We appreciate your consideration of our proposal to amend the transition provisions of the LDTI standard to not require application to insurance contracts sold during the transition period which we believe will reduce the cost of applying the standard, reduce potential diversity in practice and most importantly will result in information for investors that is more decision-useful.

If you have any questions or if we can be of any further assistance to the Board and Staff in connection with this request, please contact either Kevin Spataro or Girish Ramanathan and we would be happy to assist.

Sincerely,

Kevin Spataro
Senior Vice President
Accounting Policy & Research
Allstate Insurance Company

Girish Ramanathan
Vice President
Accounting Policy & Research
Assurant, Inc.