



March 31, 2016

Ms. Wendy M. Payne
Executive Director
Federal Accounting Standards Advisory Board
Mailstop 6H19
441 G Street, NW, Suite 6814
Washington, DC 20548

Dear Ms. Payne:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments to the Federal Accounting Standards Advisory Board (FASAB) on its December 30, 2015 exposure draft entitled Insurance Programs. The FMSB is comprised of 25 members (list attached) with accounting and auditing backgrounds in federal, state and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately.

The FMSB has reviewed the exposure draft and overall supports the adoption of this standard by the FASAB as there is a need to have more consistent accounting for the various types of insurance programs associated with the Federal Agencies. We do have comments, requested clarifications and changes based on our review of the questions included in the exposure draft.

Below are our responses to the questions from the exposure draft.

Q1 The definition of an Insurance Program is confusing in paragraph 9 of the exposure draft. The definition includes the term being defined "insurance program is a general term used to refer to an insurance . . ." FASAB should consider adding a general definition of insurance at the outset of the proposed standard to help simplify the definition. We also recommend the following changes to the wording in paragraph 9 "Insurance Program — "insurance program" is a general term used to refer to an insurance or non-loan guarantee program that is authorized by law to financially compensate a designated population of beneficiaries by accepting all or part of the risk for losses incurred as a result of an adverse event." Since paragraph 10 excludes loan guarantee programs we believe removing non-loan wording clears up the definition.

Q2 (a) We agree the list of exclusions is necessary; however, we believe under the current format it is confusing and at times vague. No doubt the exclusions are meaningful to those who run the relevant programs but they are not to others. We recommend FASAB fully explain each exclusion and why are they excluded from this proposed standard.

Q2 (b) Including the additional items and providing clarifications as noted above will assist in producing consistent reporting.



Q3 We have no disagreements with the three categories. They are consistent with FASAB's concepts.

Q4 (a) We agree with the recognition guidance as presented. In Paragraph 33 it talks about estimating amounts to be paid to settle future claims. Our assumption when reading this is that it means the preparer would include insured events that haven't happen yet but that the preparer anticipates will happen. If this is not the case, then we recommend FASAB make the distinction in paragraph 33.

Q4 (b) We recommend FASAB provide its rationale for prescribing the expected cash flow approach. Since the rationale was not provided it was hard for us to adequately evaluate whether this approach is the best one. We were also confused that FASAB did not agree with the proposal from one of its members to "use any method that provides a reasonable estimate of cash flows" since the exposure draft in paragraphs 37 and A16f allows an agency to select another approach "if using an expected cash flow method is not practical and appropriate", which we believe could lead a preparer to use any cash flow method they deemed reasonable. The potential conflict needs to be addressed and clarified.

Q4 (c) We did not receive any feedback from members of the FMSB that are members of a Federal entity.

Q4 (d) The proposed disclosures seem appropriate and we believe the reconciliation as called for in paragraph 43 will be informative and useful.

Q5 We disagree since the exposure draft does not adequately explain what is a nonexchange insurance program is or provide any examples. We encourage FASAB to improve its explanation as well provide examples in its final draft.

Q6 (a) We agree with the new standards for the life insurance programs.

Q6 (b) The proposed disclosures seem appropriate and we believe the reconciliation as called for in paragraph 68 will be informative and useful.

Q7 We agree with the new disclosures.

Q8 The effective reporting date of the standard seems reasonable.



We appreciate the opportunity to comment on this document and will be pleased to discuss this letter with you at your convenience. If there are any questions regarding the comments in this letter, please contact Lealan Miller, CGFM, FSMB Chair, at lmiller@eidebailly.com or at 208-383-4756.

Sincerely,

A handwritten signature in black ink that reads "Lealan Miller".

Lealan Miller, CGFM, CPA
Chair- AGA Financial Management Standards Board

cc: John Homan, CGFM
AGA National President

Association of Government Accountants
Financial Management Standards Board
July 2015 – June 2016

Lealan Miller, Chair
Eric S. Berman
Robert L. Childree
Vanessa Davis
Scott DeViney
Richard Fontenrose
Melanie L. Geesaman
Stephen Gilbride
J. Dwight Hadley
David C. Horn
Albert A. Hrabak
Drummond Kahn
Simcha Kuritzky
Valerie A. Lindsey
Edward J. Mazur
Craig M. Murray, Vice Chair
Suesan R. Patton
Harriet Richardson
Eric Scheetz
Kenneth Smith
Roger Von Elm
Sheila Weinberg
Brittney Williams-Spross

Ann M. Ebberts, Chief Executive Officer, (Ex-Officio Member) AGA
Chris Collins, Staff Liaison, AG