

September 13, 2019

Mr. Shayne Kuhaneck  
Acting Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

By e-mail: [director@fasb.org](mailto:director@fasb.org)

**Re: Proposed Accounting Standards Update—*Financial Services—Insurance (Topic 944):  
Effective Date***

**(File Reference No. 2019-760)**

Dear Mr. Kuhaneck:

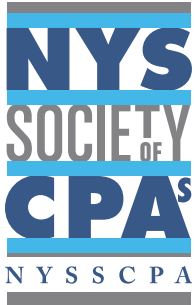
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 24,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Jeffrey A. Keene, Chair of the Financial Accounting Standards Committee, at (732) 750-0900, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Ita M. Rahilly  
President

Attachment



**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**PROPOSED ACCOUNTING STANDARDS UPDATE—*FINANCIAL SERVICES—  
INSURANCE (TOPIC 944): EFFECTIVE DATE***

**(File Reference No. 2019-760)**

**September 13, 2019**

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Ernest J. Markezin

# New York State Society of Certified Public Accountants

## Comments on

### **Proposed Accounting Standards Update—*Financial Services—Insurance (Topic 944): Effective Date***

We welcome the opportunity to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on Proposed Accounting Standards Update—*Financial Services—Insurance (Topic 944): Effective Date* (proposed Update).

#### **General Comment**

We agree with the FASB's recognition that extension of the effective dates of this significant accounting standard is necessary and appropriate. We also agree with the FASB's proposed approach to bifurcate reporting entities into large SEC filers and all other entities. However, as described in our response to Question 4, we believe large SEC filers should only include all SEC filers designated as Large Accelerated Filers and Accelerated Filers versus all SEC filers (in both cases, excluding those also identified as a smaller reporting company (SRC)).

Further, we agree with the FASB's proposed direction to allow more time for all other entities to implement major standards. A key benefit of this approach is it allows these entities to learn from the implementation of the large SEC filers.

#### **Specific Comments**

Our responses to the Questions for Respondents are presented below.

**Question 1: Effective date for larger public companies.** Should the amendments in Update 2018-12 be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021, for larger public companies (that is, SEC filers other than entities eligible to be SRCs as defined by the SEC)? If not, please explain why not.

**Response:** We agree with the proposed deferral of the effective date of Accounting Standards Update No. 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts* (Update 2018-12) for larger public companies to fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021.

**Question 2: Effective date for entities other than larger public companies.** Should the amendments in Update 2018-12 be effective two years after the effective date for larger public companies for entities other than larger public companies (that is, for entities other than larger public companies, effective for fiscal years beginning after December 15, 2023)? If not, please explain why not.

**Response:** We agree with the proposed deferral of the effective date of Update 2018-12 for other than larger public companies to two years after the effective date for larger public companies.

**Question 3: Interim periods for entities other than larger public companies.** Should the amendments in Update 2018-12 be effective for interim periods within the years after those amendments are effective for annual periods for entities other than larger public companies (that is, effective for interim periods within fiscal years beginning after December 15, 2024)? Or, alternatively, should the amendments in Update 2018-12 be effective for interim periods within the same fiscal year that the amendments in that Update are effective for annual periods (that is, effective for interim periods within fiscal years beginning after December 15, 2023)? Please explain why.

**Response:** SEC filers that are other than larger public companies should apply Update 2018-12 to interim periods within the fiscal year of adoption. Entities that are not SEC filers and therefore other than larger public companies should apply Update 2018-12 to interim periods in the fiscal year subsequent to adoption.

**Question 4: Threshold.** Should the population of SEC filers that are afforded a delayed effective date be entities eligible to be SRCs as defined by the SEC? If not, what definitional threshold, if any, do you suggest and why?

**Response:** We support the proposal to provide more time for implementation to smaller SEC filers as their resources are likely to be limited. We believe the population of SEC filers afforded a delayed effective date to be all SEC filers, except for Large Accelerated Filers and Accelerated Filers that are not SRCs. We note that the definition of SEC filers include both entities subject to the Securities Exchange Act of 1934 as well as certain other entities, including broker dealers and registered investment advisors, that only are required to file or furnish their financial statements with the SEC (non-registrants). We further observe that, often, these non-registrant entities may have the same or fewer resources than entities that qualify as SRCs. We believe these non-registrant entities should be afforded the same relief as SRCs.

We believe that large public companies should be revised to only include SEC filers that are designated as Large Accelerated Filers and Accelerated Filers, except for those that are also designated as an SRC. This better aligns the entities that would be subject to the earliest effective dates with the entities most likely to have the resources to respond timely to the changes caused by the new accounting standards.