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Office of the Chief Accountant
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.; Mail Stop 5546
Washington, D.C. 20549-5546

Re: Staff Paper: Exploring a Possible Method of Incorporation of IFRS

Office of the Chief Accountant:

Aflac welcomes the opportunity to share with you our views regarding the Staff Paper: Exploring a Possible Method of Incorporation of IFRS. We support the Commission's commitment to understanding the full impact of adopting IFRS into the U.S. financial reporting system before making a decision. Because Aflac has operations in both the U.S. and Japan, we are burdened with the preparation of multiple bases of financial statements. In Japan, companies have already been given the option to voluntarily adopt IFRS. If we were given this option in the U.S. the burden to prepare multiple bases of financial statements could potentially be eased in the future. In fact, we have already begun a project to enable ourselves to prepare IFRS compliant financial statements by the year 2013. Therefore, we support having a single set of high-quality global accounting standards, and believe it is fundamental to the efficiency of global financial markets.

Aflac sells supplemental insurance products in the U.S. and Japan and is the world's leading underwriter of individually issued policies marketed at worksites.

General Comments

For a few years now, the U.S. has explored the adoption of IFRS. In 2008, the SEC allowed foreign private issuers to file IFRS statements without reconciliation. Later that year, the SEC released a proposed roadmap for the adoption of IFRS, demonstrating its true commitment to having a set of high-quality global accounting standards. The comments from the proposed roadmap were generally positive but many constituents expressed concerns regarding the timeline and significant effort surrounding conversion. Even after the roadmap was delayed, the FASB and the IASB worked jointly on many projects with the goal of producing a single set of global accounting standards. As a result, many differences have been reduced between U.S. GAAP and IFRS. Since the standards have come much closer together, the U.S. is now at a point where many companies are better able to withstand the burden of adopting IFRS. We believe the proposed "condorsement" approach is a step in the right direction, but it is not the best method of incorporation for the United States. Below we provide our comments on the proposed "condorsement" approach as well as an alternative method of incorporation.

"Condorsement" Approach

We believe the greatest benefit to the "condorsement" approach is that it spreads implementation costs over time. However, we have several concerns with this approach. First, the transition period is very long and does not end with one set of IFRS compliant financial statements. For a company such as Aflac, this means that we will still ultimately have to keep another set of books for US GAAP reporting in the US and IFRS in Japan. Second, we have received no assurance that the proposed level of involvement the FASB will have in the IASB standard-setting process has been affirmed by the IASB. Lastly, the proposed endorsement process that would begin after the transition period may lead to many differences between U.S. GAAP and IFRS; thus continuing the need to keep track of these differences which results in two sets of books.

Transition Period

We understand the purpose for such a lengthy transition period is to minimize the impact incorporation of IFRS will have on U.S. entities, especially smaller entities that may not have the resources to adopt IFRS all at once. However, the suggested method still does not end with IFRS compliant financial statements. The staff paper states that after the 5-7 year transition period, IFRS and U.S. GAAP would be fully aligned; however, this is not an adequate substitution for adopting IFRS. For example, when we are required to adopt IFRS in Japan we would adopt IFRS as issued by the IASB. However, using the "condorsement" approach in the U.S., we would not have explicitly adopted IFRS. Therefore, this would result in differences in our Aflac Japan and Aflac Incorporated Consolidated financial statements due to the first time adoption guidance in IFRS 1. Under the "condorsement" approach, entities would never be able to assert that they are "IFRS compliant". Therefore, as we mentioned above, we will still need to maintain two sets of financial statements for our consolidated filings, one for the US and one for Japan.

FASB Involvement

It is suggested that the FASB will play an instrumental role in the global standard-setting process. The staff paper gives several examples of how the FASB could participate, ranging from providing input regarding project priorities to participating in meetings with other standard setters. We agree that if the U.S. decides to adopt IFRS that the FASB should have an influential role in the IASB's standard-setting process. However, the SEC staff paper implies that the IASB will agree to this proposed level of U.S. involvement without a real commitment to adopt IFRS. If a decision to adopt IFRS is not made soon, the IASB may decide to move forward without U.S. influence. Therefore, it is vital that a decision be made and that communications begin with the IASB about the future level of U.S. involvement with the IASB's standard-setting process.

Endorsement

The staff paper proposes that after the transition period the FASB would endorse all new IFRSs. Although the paper states that it should be in very rare circumstances that the FASB modify a newly issued IFRS, we believe that the endorsement process will make modifications more likely to occur. There is great potential that the FASB will modify more IFRSs than the staff anticipates. For example, in the current insurance contracts joint project, the Boards currently do not agree on the criteria for deferring acquisition costs or the margin used in the building block approach for valuing insurance contracts and have each been very adamant in their positions. Another example involves the balance-sheet offsetting project. The Boards issued a substantially converged exposure draft; however, following the comment letter process, the FASB changed one of the converged decisions included in the draft. The Boards also disagree on how to account for Financial Instruments. We expect that under the "condorsement" approach, these types of disagreements will continue and lead to endorsed, but modified standards. The result of these differences in opinions will likely be differing standards for the FASB and the IASB, making it unlikely that we will have a single set of high-quality global accounting standards.

Proposed Incorporation Approach

We believe the following alternative approach would better achieve the goal of having a single set of high-quality global accounting standards. First, there should be graduated mandatory adoption dates based on an entity's filing status, with the option to early adopt. During the transition period and following the final mandatory adoption date, the FASB should have an influential role in the IASB standard-setting process. Lastly, there should be no endorsement process following the final mandatory adoption date.

Mandatory Graduated Adoption Dates and Early Adoption

Requiring a mandatory date of adoption of IFRS as promulgated by the IASB would ensure the ultimate adoption of IFRS and reinforce the U.S.'s commitment to having a single set of high-quality global accounting standards. However, in order to alleviate some of the costs associated with a sudden and complete adoption of IFRS, we propose graduated mandatory adoption dates based on the filing status of the issuer. This would give smaller companies a longer implementation period to spread their costs over. However, entities that are willing and able to adopt IFRS earlier should be given the option to early adopt. In fact, for companies that have international operations, such as Aflac, early adoption may prove to be less costly as they currently have to prepare multiple bases of financial statements.

Thus, in addition to voluntary early adoption, we also propose that U.S. companies are given the same IFRS adoption relief as foreign private issuers that file with the SEC. Currently, foreign private issuers are provided an exemption that relieves them of the requirement to prepare a reconciliation to U.S. GAAP, once they have adopted IFRS as promulgated by the IASB. The SEC allows this exemption because it serves as an incentive to use IFRS as issued by the IASB and it supports the IASB's development as a global standard setter. The SEC also allows foreign private issuers to prepare two years of audited financial statements, rather than three, in their first year of adoption to IFRS. Extending these exemptions to those who choose early adoption, as well as to those who adopt on a mandatory adoption date, would be beneficial in that it would strengthen the perceived commitment of the U.S. to adopt a single set of high-quality global accounting standards and it would also continue to encourage the use of IFRS around the world.

Transition and Post Mandatory Adoption

During the period before the first mandatory adoption date, the major projects listed on the Boards' Memorandum of Understanding should be final and completely converged. During the period before the final mandatory adoption date, the FASB should continue to endorse IFRS standards into

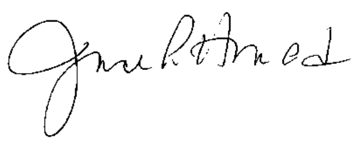
U.S. GAAP without modification and continue to work jointly with the IASB on significant projects. This will minimize the differences later adopters will have to account for upon adoption of IFRS.

As the world's largest economy, it is vital that the U.S. remain a major contributor to the global standard-setting process. Therefore, the FASB's role should be to provide input and support to the IASB and to advance the consideration of U.S. perspectives in the standard-setting process as suggested in the staff paper. However, after the final mandatory adoption date, the FASB should not endorse new IFRSs. If the SEC truly intends for U.S. GAAP to be the same as IFRS in the future then there is no need for an endorsement process. In an effort to continue to fulfill the SEC's current mission of protecting investors, maintaining fair, orderly and efficient capital markets and facilitating capital formation in the United States, the SEC's role would remain similar to its current role. It would not modify IFRSs, but at most, require additional disclosures in SEC filings.

Conclusion

The main concern associated with the proposed "condorsement" approach is that it results in two different sets of accounting standards, U.S. GAAP and IFRS. Using this approach, there will always be differences between the two standards, even if they are unintentional. In order to have a single set of high-quality global accounting standards, the U.S. must adopt IFRS as promulgated by the IASB. The FASB should continue to participate in and influence the development of these standards, and the SEC should continue to monitor these standards. Our proposed method of adopting IFRS will ensure the adoption of a single set of high-quality global accounting standards while still allowing for U.S. influence and U.S. investor protection.

Sincerely,



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