

Insurance Contracts

Joint FASB-IASB meeting, July 23
Handout to accompany Agenda paper 11A

The views expressed in this presentation are those of the presenter, not necessarily those of the IASC Foundation, the IASB or the FASB



FASB Meeting July 21

- Selected approach: Current fulfillment value including only a composite margin
- Basis:
 - Typically no transfer market for insurance contracts. Therefore focus on the cash flows that occur in fulfilling the insurance obligation.
 - No transfer objective, so no separate risk margin. The uncertainty inherent in the cash flows is reflected in the measurement probability-weighting of cash-flows (ie expected value).
 - Offers a better position for integration with the preliminary views of the boards expressed in the discussion paper on Revenue Recognition.

IASB Meeting July 22

- No approach selected. Considering both models, but broadly leaning towards an approach based on the updated IAS 37 model.
- Important factors for consideration:
 - Final outcome of the measurement requirements for the updated IAS 37 model.
 - Further clarification around some measurement features.
 - Positioning of the candidates in the context of preliminary views on Revenue Recognition.