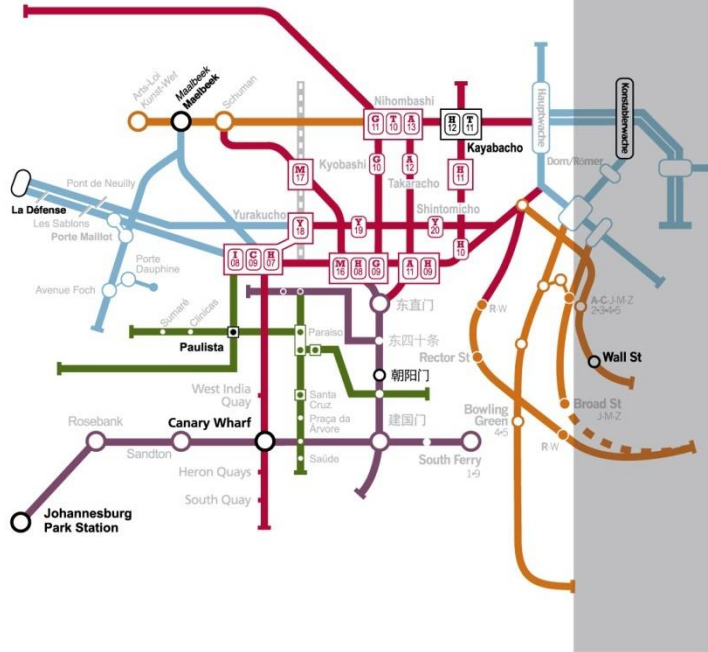


International Financial Reporting Standards



Insurance Contracts *Due Process: overview*

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

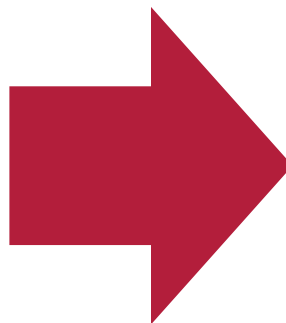
What is due process?

- Due process is a set of consultative procedures established by the International Accounting Standards Board® ‘the Board’ and the Trustees.
- The objective of these procedures is to ensure that, in exercising its independent decision-making, the Board conducts its standard-setting process in a transparent manner, considering a wide range of views from interested parties throughout all stages of the development of IFRS Standards.
- The Board uses these procedures to gain a better understanding of different accounting alternatives and the potential effect of the proposals on affected parties.
- A comprehensive and effective due process is essential to developing high quality IFRS Standards that serve investors and other users of financial information.

Need for a global insurance Standard

Today, the accounting for insurance contracts does not provide users with meaningful information needed to understand an insurer's financial position, performance, and exposure to risks.

Furthermore, diversity in accounting practices of the insurance industry has developed over time.



The objectives of the Insurance Contracts Standard are:

- to provide a single principle-based Standard that would increase comparability and transparency of entities that issue insurance contracts in different jurisdictions and capital markets; and
- to eliminate inconsistencies in measurement, performance presentation and disclosure.

This document describes the key due process steps to date undertaken by the Board in developing its proposals for a global Standard on insurance contracts.

Project history



Beginnings

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1997

IASC starts *Insurance Contracts*

The IASC set up the Steering Committee to begin work on the *Insurance Contracts* project. The Steering Committee:

- published an Issues Paper in 1999, which attracted 138 comment letters
- held two meetings to discuss the comment letters and two further meetings to develop a Draft Statement of Principles

Field testing

Field visits to 19 insurance companies in 9 countries to gain practical insight on implementation

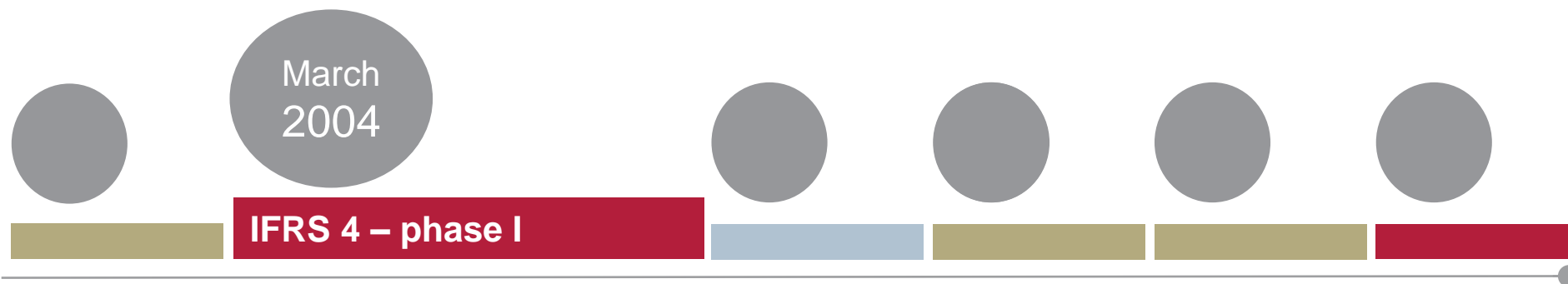
Next steps

In 2002 the International Accounting Standards Board decided to split the project into two phases.



IFRS 4 *Insurance Contracts* – phase I

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Publication

- Proposals for IFRS 4 *Insurance Contracts* phase I published in July 2003 attracted 136 responses.
- The IFRS 4 phase I Standard was published in March 2004 and works on IFRS 4 phase II began.

Advisory bodies

The Board consulted the Standards Advisory Council to seek feedback on its proposals and it established Insurance Advisory Committee that the staff consulted for advice on its further work on the project.

Insurance Working Group (IWG):

- established in 2004 to advise the Board during its continued work on the project
- comprised 19 senior financial executives from 9 countries
- held 8 meetings between September 2004 and June 2006

Discussion Paper

Preliminary views on Insurance Contracts

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Publication

Discussion Paper *Preliminary views on insurance contracts* attracted 162 comment letters.

Public meetings

The Board decided not to hold public round-table meetings at this stage of the project. Instead, the Board consulted the Insurance Working Group (IWG).

The IWG met in April 2008, November 2008 and June 2009, providing input on a number of issues arising from the feedback on the Discussion Paper.

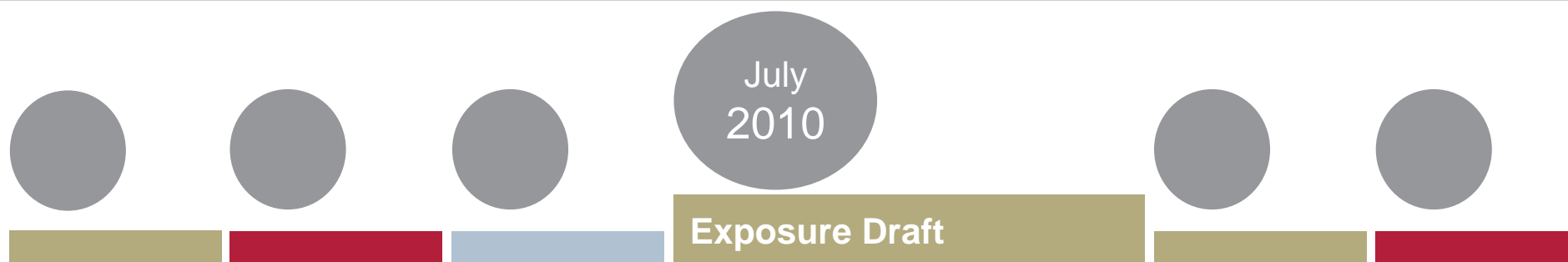
Field testing

Field work in 2009:

- to understand better some aspects of the practical application of the proposed model
- 16 preparers, based in Asia, Australia, Europe and North America

Exposure Draft *Insurance Contracts*

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Publication

Exposure Draft *Insurance Contracts* attracted 253 comment letters.

Public meetings

Round-table meetings in Tokyo, London and Norwalk in 2010 with 92 participants from 9 countries to obtain broad coverage of views

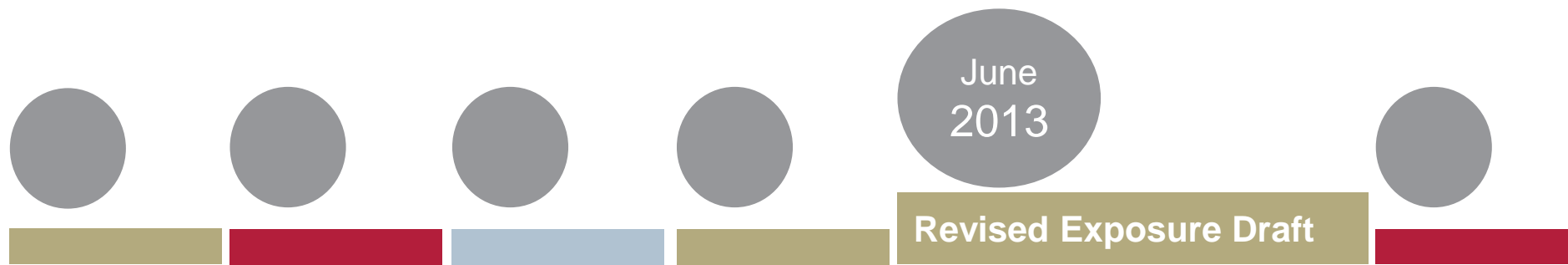
Insurance Working Group met 4 times between 2010-2011
Advisory Council meeting in October 2011 after 2 education sessions in 2010

Field testing

Field work in 2010 and 2011:

- to understand better some aspects of the practical application of the proposed model
- 15 preparers based in Asia, Australia, Europe and North America

Revised Exposure Draft *Insurance Contracts*



In September 2012, the Board decided that it should re-expose its proposals with feedback being sought only on a limited range of questions.

Publication

Revised Exposure Draft *Insurance Contracts* attracted 194 comment letters.

Outreach

Outreach activity during the comment letter period:

- consultations with standard-setters, regulators, actuaries, auditors and users
- meetings in Asia, Europe, North and South America, Australia and South Africa

Advisory bodies

The Accounting Standards Advisory Forum was updated on the progress on the project at each of its meetings (except its inaugural meeting).

Field testing

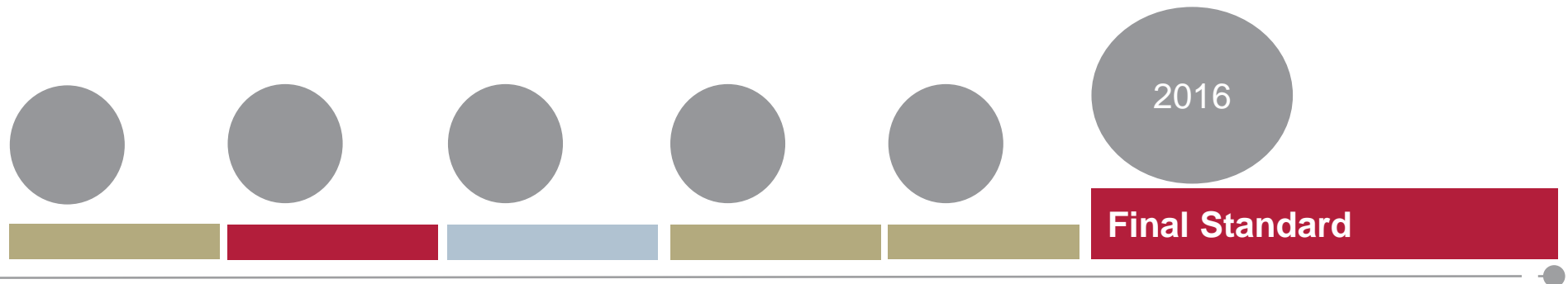
Field work during a 4-month comment period in 2013

- to understand better some aspects of the practical application of the proposed model
- 13 EU-based and non-EU based insurance companies

Final Standard

IFRS 4 *Insurance Contracts*

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- In January 2014, the Board considered a summary of the feedback and in March 2014 it began redeliberations during education and decision-making sessions.
- In January 2016, the Board completed the planned technical decisions.
- In February 2016, the Board reviewed and confirmed that they are satisfied that all the necessary due process steps to date have been completed and instructed the staff to commence the drafting process.

Stakeholders who have wanted to follow the project's development could get information from:

- **E-mail alerts**
 - Notifying the subscribers about upcoming meetings or any updated resources on the website
- **IASB® Update**
 - A summary of the tentative decisions reached at each meeting
- **Project update**
 - A high level overview of the proposals, feedback and tentative decisions
- **Effect of redeliberations on the 2013 Exposure Draft**
 - A staff paper indicating where and how the proposals in the 2013 ED would change as a result of the IASB's tentative decisions to date
- **Feedback statement**
 - An overview summarising the feedback received from respondents and the Board's responses, including tentative decisions to date
- **Podcasts**
 - A Board member and staff summarise the discussions from the latest meeting and discuss the tentative decisions in a broader context