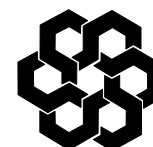


30 Cannon Street, London EC4M 6XH, England
Phone: +44 (0)20 7246 6410, Fax: +44 (0)20 7246 6411
Email: iasb@iasb.org.uk Website: <http://www.iasb.org>



**International
Accounting Standards
Board**

This document is provided as a convenience to observers at Insurance Working Group meetings, to assist them in following the discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.

Note: These notes are based on the staff paper prepared for the Insurance Working Group Meeting. Paragraph numbers correspond to paragraph numbers used in the Insurance Working group paper. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IASB Meeting: Insurance Working Group, April 2008
Paper: Field tests (Agenda paper 2C)

Purpose of this paper

1. Many respondents asked the Board to carry out field tests. This paper summarises some factors that the staff will consider in developing recommendations for the Board on whether we should carry out field tests.

Type of field test

2. We can distinguish two types of field test:
 - (a) a comprehensive test of a complete set of proposed accounting requirements, probably carried out at a single time
 - (b) targeted tests of specific issues, perhaps carried out at various times during the project as issues arise

Questions about comprehensive field tests

3. Is a comprehensive field test desirable and feasible?
4. What would be the objective of a comprehensive test? For example, to identify practical issues that may need to be resolved in moving from an outline proposal to a more fully

worked out proposal for implementation? Or to identify whether there are any ‘show-stoppers’ that would make a proposed approach unimplementable?

5. When would be the best time to carry out a comprehensive test?
 - (a) Before developing an exposure draft? This could enable the Board to consider the results before finalising an exposure draft. But it may require a test to be based on an incomplete proposal. Also, could we reasonably expect participants to commit significant resources to testing a proposal that could differ significantly from the final proposal?
 - (b) When the exposure draft has been issued? This would enable participants to test a fully-specified proposal.
6. Would a comprehensive field test slow the project down significantly? Would such a delay be acceptable?
7. Does the IASB have the resources to plan and control a comprehensive test?

Questions about targeted field tests

8. Are there opportunities to carry out targeted field testing on specific issues, using information that is already available or obtainable reasonably easily? Such information might include:
 - (a) information gained by participants in field tests organised by regulators, for example the Quantitative Impact Studies carried out in Europe for Solvency II.
 - (b) information generated by public studies organised by actuarial associations, trade associations and consultants.
 - (c) information generated by internal work carried out by individual companies or consultants, for various purposes, such as preliminary preparation for phase II or to develop economic capital models.
 - (d) experience gained by companies, consultants, regulators and users in applying existing requirements that apply some, though generally not all, features of the approach

9. How would we gain access to the information in the previous paragraph? And how would we control for differences between the approach underlying that information and the approach the Board ultimately adopts for phase II? Also, we would need to consider any geographic or other limitations on the scope of the work that produced that information.
10. When would we carry out targeted tests? For example, we would find it useful to gather more information now about the possible size of day one profits, but it is difficult to ask people to test this rigorously until a particular accounting approach is specified.

General points about field tests

11. How would we summarise the results of the field test for the Board in a way that gives the Board useful input as it decides on a final proposal?
12. Could the results of the field test be summarised for the public in a way that gives meaningful information, while respecting the confidentiality of participants?
13. One objective for a field test of solvency requirements may be to calibrate the requirements in a way that avoids creating significant winners and losers. However, this would not be an appropriate test of a new requirement for general purpose financial reporting.
14. How would we recruit volunteers for field tests? Volunteers are most likely to be the global players, so we would need to consider whether the results they produce can be generalised to other types of entity.

Questions for participants

15. **Should the Board consider carrying out field tests? If so, should they be comprehensive tests or targeted tests? How could they be organised?**