

FASB Agenda ref 77I

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STAFF PAPER

REG FASB | IASB Meeting

Project	Insurance contracts		
Paper topic	Unit of account – Overview		
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1. This paper is a supplement to the unit of account papers 7A to 7 C.

Unit of account - objective

- 1. Reflect pooling
 - Group too big -> lose information about losses
 - Group too small -> don't reflect economics of insurance



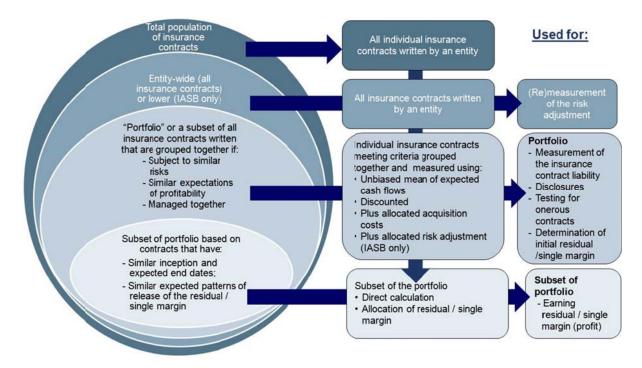
- 2. Make sure profit all recognised during contract term
 - To do this properly contract level allocation
 - Can group if it approximates individual contracts
 - This will be the case for contracts with similar:
 - inception dates;
 - expected end dates;
 - expected patterns of release

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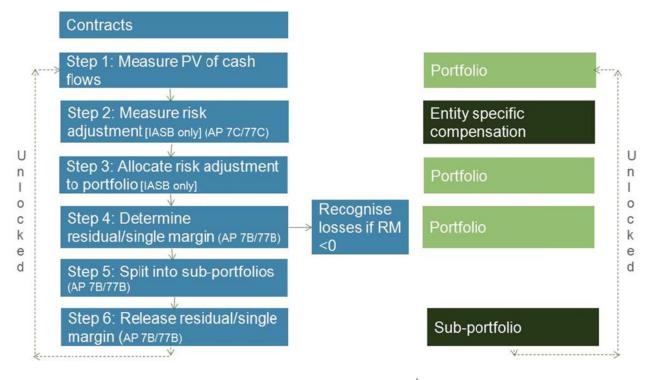
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Unit of account - how it fits into the model



Unit of account – process steps



Insurance Contracts | Unit of account - overview