

STAFF PAPER

December 2011

REG FASB | IASB Meeting

Project	Insurance contracts		
Paper topic	Unit of account – Overview		
CONTACT(S)	Leslie Vermaak	lvermaak@ifrs.org	+44 20 7246 6912
	Lauren Alexander	lalexander@fasb.org	+1 203 956 5282

This paper has been prepared by the staff of the IFRS Foundation and the FASB for discussion at a public meeting of the FASB or IASB. It does not purport to represent the views of any individual members of either board. Comments on the application of US GAAP or IFRSs do not purport to set out acceptable or unacceptable application of U.S. GAAP or IFRSs. The FASB and the IASB report their decisions made at public meetings in FASB Action Alert or in IASB Update.

1. This paper is a supplement to the unit of account papers 7A to 7 C.

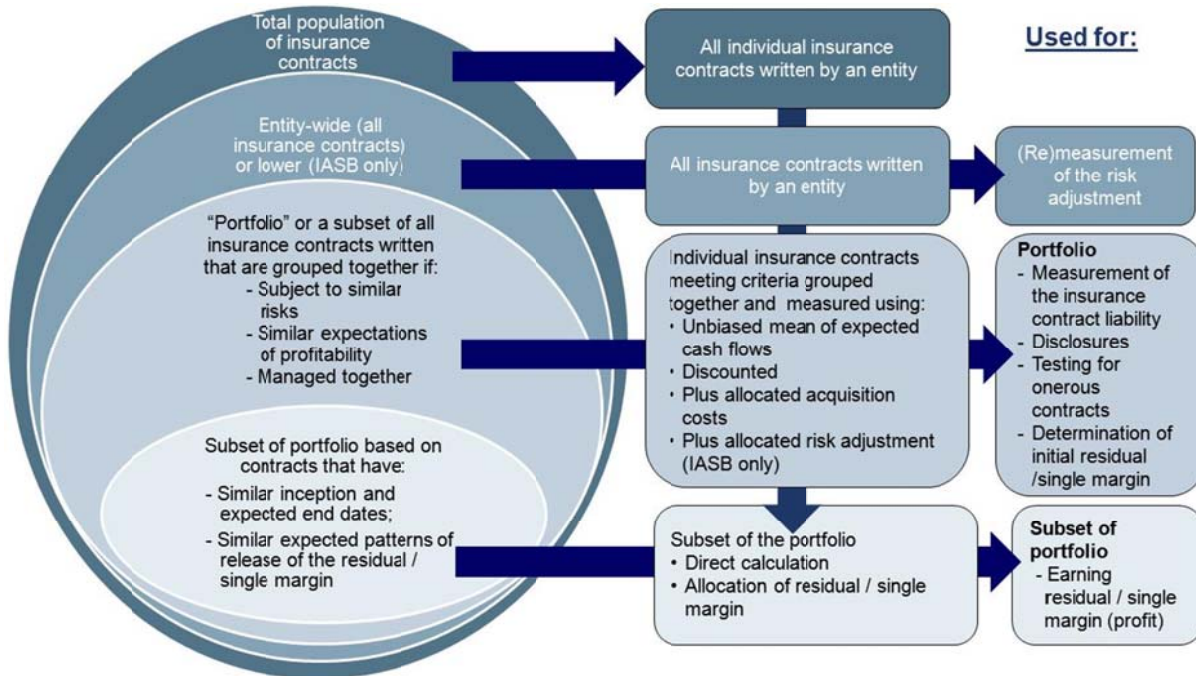
Unit of account - objective

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

Unit of account – how it fits into the model



Unit of account – process steps

