
Project **Insurance contracts**

Topic **Cover note and proposed project timetable**

What is this paper about?

1. This paper:
 - (a) provides an overview of the papers for the boards' discussion at this meeting.
 - (b) sets out a proposed project timetable that will enable the IASB to finalise a standard on insurance contracts, and the FASB to finalise an exposure draft by mid-2011.

Summary of papers

2. At this meeting, the staff intend to present the following papers:
 - (a) **Agenda paper 3A/55A Educational session: Discount rate** – This paper presents the concerns raised on the discount rate during outreach and in the comment letters, reviews the criteria for discount rate selection, identifies groups of discount rates proposed and provides brief background information on the external speakers. The external speakers have provided the following papers:
 - (i) **Agenda paper 3B/55B Reference asset portfolio based rate** – Francesco Nagari and Andrew Smith, Deloitte LLP.

This paper has been prepared by the technical staff of the IFRS Foundation and the FASB for discussion at a public meeting of the FASB or the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the FASB or the IASB.

Comments made in relation to the application of U.S. GAAP or IFRSs do not purport to be acceptable or unacceptable application of U.S. GAAP or IFRSs.

The tentative decisions made by the FASB or the IASB at public meetings are reported in FASB *Action Alert* or in IASB *Update*. Official pronouncements of the FASB or the IASB are published only after each board has completed its full due process, including appropriate public consultation and formal voting procedures.

IASB/FASB Staff paper

- (ii) **Agenda paper 3C/55C *Economic default adjusted rate*** -
Rob Esson, IAIS/NAIC.
 - (iii) **Agenda paper 3D/55D *Actual asset portfolio based rate*** –
Nick Bauer, Eckler Ltd.
- (b) **Agenda paper 3E/55E *Analysis of comment letters on IASB Exposure Draft Insurance contracts***. This paper contains an analysis of the letters from 247¹ respondents that had been received at the time of posting this paper. This paper is intended for both Boards but focuses on the IASB Exposure Draft (ED) and not the FASB Discussion Paper (DP).
- (c) **Agenda paper 3F/55F *Analysis of comment letters on FASB Discussion Paper Preliminary Views on Insurance Contracts***. This paper contains an analysis of the 74 comment letters received at the time of posting this paper. This paper is intended for both Boards but focuses on the FASB DP and not the IASB ED.
3. We do not ask for decisions at this meeting.

¹ Some comment letters have been received in parts. As a result of administrative inconsistencies, some were labelled as sub-parts (eg 2A, 2B, 2C) and others had separate numbers (eg 4 and 114). In total we received 253 letters from 247 respondents.

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Table of concordance for issues discussed in agenda papers 3E/55E and 3F/55F

4. As we intend to discuss the issues raised in the comment letters for both the ED and the DP concurrently during the board meeting, we provide the following table of concordance for the main issues raised. This table shows how issues discussed in agenda papers 3E/55E and 3F/55F correspond.

Topic	Agenda paper 3E/55E	Agenda paper 3F/55F
Overall views on model, including timetable	7-17	7-12
Discount rate and volatility	19-32	14-25
Risk adjustment and margins	33-42, 86-100	41-60
Unbundling	43-47	85-95
Presentation	48-56	70-76
Modified approach for short duration contracts	57-67	61-69
Cash flows, including acquisition costs	70-80	26-40
Disclosures	125-129	77-82
Transition	135-137	83-84
Reinsurance	119-124	96-101

IASB/FASB Staff paper

Proposed project timetable

5. The following diagram sets out the issues and expected timing of papers we propose to bring to the boards in order to issue a final standard / FASB ED in June 2011. It assumes that we will have completed balloting by the end of June, but that the post-balloting processes will take place after June.

