

## STAFF PAPER

March 2015

Accounting Standards Advisory  
Forum

Project	Insurance Contracts		
Paper topic	Cover note		
CONTACT(S)	Joanna Yeoh	jyeoh@ifrs.org	+44 (0)20 7246 6481
	Andrea Pryde	apryde@ifrs.org	+44 (0)20 7246 6957

This paper has been prepared by staff of the IFRS Foundation for discussion at a public meeting of the ASAF. The views expressed in this paper reflect the individual views of the author[s] and not those of the IASB or the IFRS Foundation. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs.

**Objective**

1. The objective of this session is to:
  - (a) discuss a presentation from the Accounting Standards Board of Japan (ASBJ). This is summarised in paragraphs 2-3.
  - (b) seek ASAF's advice on specific issues relating to the transition to the new insurance contracts Standard. This is summarised in paragraphs 4-5.

**ASBJ Presentation**

2. The IASB proposes a model in which the contractual service margin is an integral part of the measurement of the insurance contracts, and would therefore be presented in the liability section of the statement of financial position. Agenda Paper 6A: *ASBJ paper on the Use of OCI for Presentation of Unearned Profits* proposes that the contractual service margin of an insurance contract should be presented in 'AOCI' (ie the cumulative balance of other comprehensive income within equity).

3. To assist in the discussion, the IASB staff prepared Agenda Paper 6B: *IASB staff response to the ASBJ paper on the Use of OCI for Presentation of Unearned Profits*, which responds to the main arguments in Agenda Paper 6A.

### ***Transition to the new insurance standard***

4. IASB staff are seeking advice on specific issues relating to the transition to the new insurance contracts Standard in the light of the fact that the earliest possible mandatory effective date of the new insurance contracts Standard will be after the mandatory effective date of IFRS 9 *Financial Instruments* (IFRS 9). The questions to the ASAF members are in Agenda Paper 6C: *Insurance Contracts—Transition relief*.
5. Agenda Paper 6C is accompanied by ASAF Agenda Paper 6D / January 2015 IASB Agenda Paper 2A: *Initial application of the new insurance contracts Standard after implementation of IFRS 9 Financial Instruments*, which provides context to the questions in this paper