



## Welcome to IASB Update

This IASB Update is a staff summary of the tentative decisions reached by the Board at a public meeting. As a project progresses, the Board can, and sometimes does, modify its earlier tentative decisions. Tentative decisions do not change existing requirements until those decisions are incorporated in a new or amended standard.

The International Accounting Standards Board met in London in March 2010 with the US Financial Accounting Standards Board (FASB). This supplement provides updates for the insurance contracts sessions held on 23 and 24 March, which were not available at the time of publishing the March Update.

## Insurance contracts

### Risk adjustments

The staff presented the boards with the options for moving forward on the topic of risk adjustments.

The IASB tentatively decided that:

- the measurement of an insurance contract should include a separate risk adjustment;
- the risk adjustment should be the amount that the insurer would rationally pay to be relieved of the risk [this was the objective proposed for the risk adjustment used in the IASB's recent exposure draft *Measurement of Liabilities in IAS 37*]

The FASB tentatively decided that the measurement of an insurance contract should not include a separate risk adjustment. Instead, the measurement should include one single composite margin.

### Participating features in insurance contracts

The boards discussed the treatment of participating features in insurance contracts.

The IASB tentatively decided that payments arising from the participating feature should be included in the measurement of insurance contracts in the same way as any other contractual cash flows (ie on an expected present value basis).

The FASB decided tentatively that the insurer should recognise a liability for participating benefits to the extent that it has a legal or constructive obligation to pay those benefits.

The boards discussed possible disclosure requirements for participating contracts. Board members provided comments for the staff to consider in developing these requirements for further discussion.

### Disclosures

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### Future board meetings

The IASB meets at least once a month for up to five days.  
The next Board meetings in 2010 are:

**8 April**  
**19 - 23 April**  
**17 - 21 May**

To see all Board meetings for 2010, [click here](#).

### Archive of IASB Update Newsletter

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### Podcast summaries

To listen to a short Board meeting audio summary (podcast) or previous Board meetings, [click here](#).

The boards discussed disclosure requirements for insurance contracts. The staff proposed that the forthcoming exposure draft on insurance contracts should require an insurer to disclose information that:

- explains the characteristics of its insurance contracts;
- identifies and explains the amounts in its financial statements arising from insurance contracts; and
- helps users of its financial statements to evaluate the nature and extent of risks arising from insurance contracts.

The boards asked staff to clarify these disclosure objectives, considering:

- their relevance to providing information about amount, timing and uncertainty of future cash flows;
- the disclosure objectives developed in other projects; and
- the appropriate level of disaggregation for disclosures.

The boards reviewed proposed minimum disclosure requirements that would supplement the disclosure objectives. Board members provided comments for the staff to consider in developing these requirements for further discussion.

#### *Next steps*

The boards will continue their discussion of this project in April.

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