



## **IASB Insurance Contracts Project**

**Field Testing Questionnaire: Presentation of the performance statement:  
Date Oct 2009**

### **Field Testing – Round 1**

In Round 1 of the targeted field test we ask you to submit information on specific topics prior to the publication of an exposure draft (ED). The questions we would like you to answer are detailed below. The questionnaire is supported by background information, including the most recent decisions made by the IASB and FASB boards.

We shall treat any information that you provide to us in the strictest confidence.

## **Presentation of the performance statement**

### **Return date: 28 October**

At their October meetings, the boards will have a preliminary discussion on the presentation of the statement of comprehensive income (performance statement). The paper for those discussions, agenda paper 4B, will also be re-used for a discussion on presentation at the October joint meeting. Agenda paper 4B is attached to this questionnaire as appendix B.

At this stage, staff does not ask the boards to make a choice between the presentation approaches or to seek any other Board decisions; this will be part of future Board meetings (currently scheduled for November). We are seeking input from field testing participants on some practical issues concerning the presentation models and would appreciate if you could provide answers by the deadline so that we can consider any input in developing the papers for the November Board meeting.

In the paper, staff identified four basic models: the traditional life model, the traditional non-life model, a fee model and a margin model. Staff also identified one variation on one of those models, namely a 'grossed-up' margin approach.

#### **Question 1**

Did you identify any other presentation models or variations to the models that the Boards could consider?

#### **Question 2**

For each of these models, did you identify any issues that might emerge in applying the model in practice? (Please describe)

Agenda paper 4A for the October meetings discusses when, if at all, an insurer should unbundle an insurance contract for recognition and measurement (staff recommends that an insurer should unbundle a contract if its components are not interdependent).

## IASB Insurance contract field testing – Presentation of the performance statement

This paper does not address whether some or all premiums should be treated as deposit receipts rather than revenues. Agenda paper 4A is attached to this questionnaire as appendix A.

Agenda paper 4B explains that, even in cases where unbundling is not applied for recognition and measurement, treating the deposit component of a premium as a deposit receipt rather than revenue may have to be considered for presentation purposes. Some existing models already use an unbundled model in the performance statement, for example in *Financial Services – Insurance Topic* (944) of the FASB Accounting Standards Codification, first introduced to US GAAP by FAS 97 *Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments*.

### Question 3

In addition to any matters you noted in responding to question 2:

Are there any circumstances when a premium contains a deposit component but it would **not** be feasible to treat that deposit component as a deposit receipt rather than revenue? Please describe these circumstances.

### Question 4

Do you have any other comments on the presentation models included in paper 4B?

**Please submit your results to  
Jane Jordan ([jjordan@iasb.org](mailto:jjordan@iasb.org) - tel: +44 20 7246 6423) by 28 October.**