

PRESS RELEASE

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IASB decide on targeted re-exposure of insurance contracts proposal

The International Accounting Standards Board (IASB) met on 26 September 2012 to continue its discussions on proposals for insurance contracts accounting. Although the deliberations on the project are not complete, in the interest of providing greater certainty to the market and given the late stage of the deliberations, the Board considered the need to re-expose its proposals. The Board concluded that the proposals should be re-exposed with feedback being sought only on a limited range of questions.

In coming to the decision to re-expose, the Board considered a number of factors including the length of time that has already been devoted to the project and the importance of issuing a final Standard in a timely fashion. However, the Board decided on balance given the substantive nature of the changes made since the original Exposure Draft and the importance of understanding the operationality of its proposals re-exposure is warranted.

The targeted questions in the new Exposure Draft will relate to proposed requirements for:

- (a) treatment of participating contracts
- (b) presentation of premiums in the statement of comprehensive income
- (c) treatment of the unearned profit in an insurance contract
- (d) presenting, in other comprehensive income, the effect of changes in the discount rate used to measure the insurance contract liability; and
- (e) the approach to transition.

Hans Hoogervorst, chairman of the IASB, said:

“We are very aware of the difficulties faced by insurance companies and pension funds in the current low interest environment. As such we realise the importance of establishing a workable Standard based on current measurement as soon as possible. However, it is of equal importance that we get this Standard right.

In light of some changes made since the original Exposure Draft and the benefit that we believe can be gained from obtaining constituents’ input on these targeted areas, I believe that targeted re-exposure is the right decision. Limiting the questions in this way will enable us to avoid re-opening issues which have already been decided and sufficiently re-deliberated.”

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Notes to editors:**About the IFRS Foundation**

The IFRS Foundation is the oversight body of the International Accounting Standards Board (IASB). The Foundation, through the IASB, is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements.

The Trustees of the IFRS Foundation promote the work of the [International Accounting Standards Board \(IASB\)](#) and the rigorous application of IFRSs but are not involved in any technical matters relating to the standards. This responsibility rests solely with the IASB.

About the Insurance Contracts project

The Insurance Contracts project aims at providing a single source of principle-based guidance to account for all types of insurance contracts.

Current IFRS 4 is an interim standard that allows insurers to continue using various existing accounting practices that have developed in a piecemeal fashion over many years.

In July 2010 the Board issued the exposure draft (ED) Insurance Contracts with a four-month comment period, ending on 30 November 2010. The proposals in the ED would eliminate inconsistencies and weaknesses in existing practices, by replacing IFRS 4 Insurance Contracts.