

Update on the Insurance Contracts Standard's April and May webinars

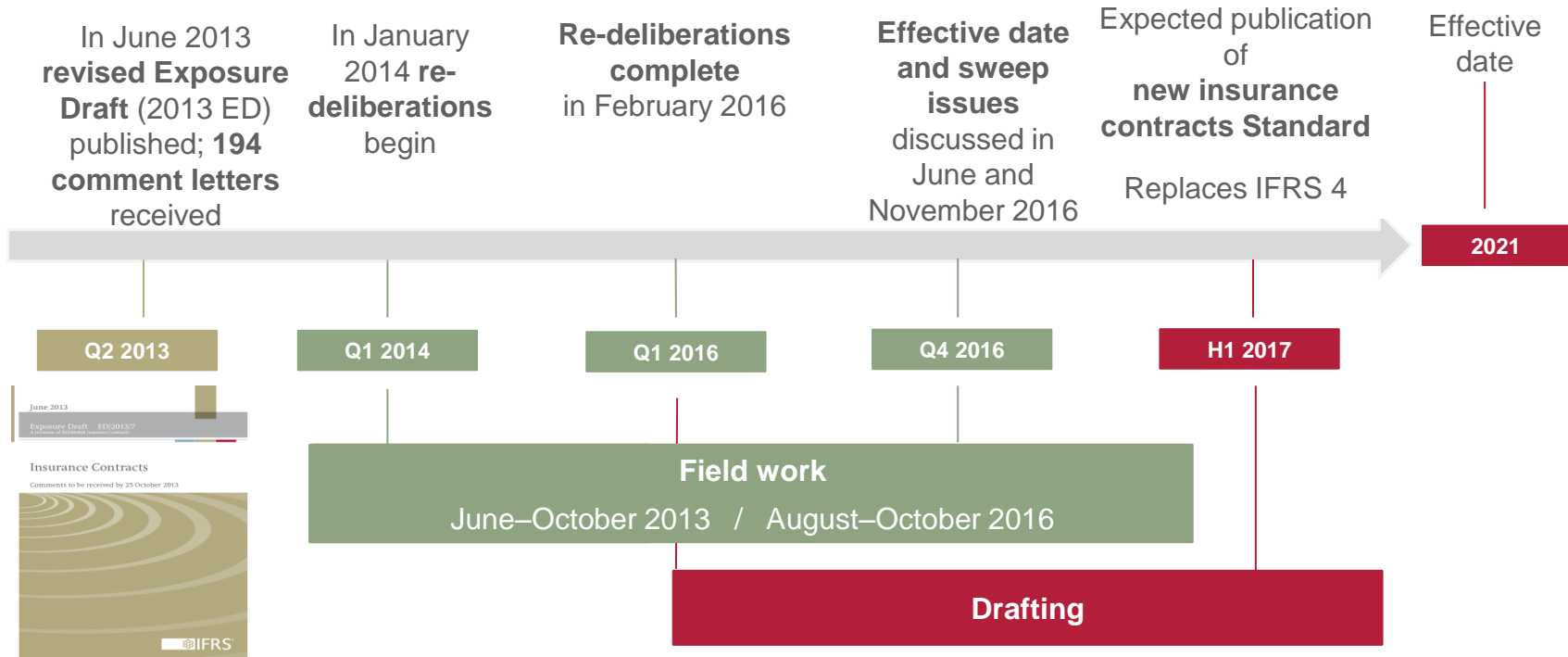
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IASB member
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1. The need for change and the history of the project

Webinar 1, slides 3-5

Where we are

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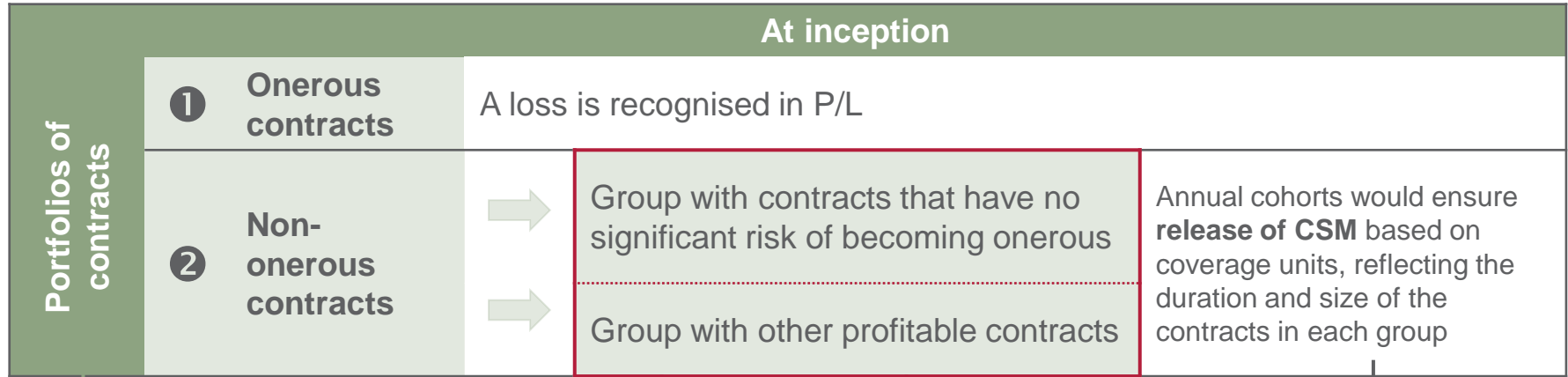


3. Initial measurement of insurance contracts and 4. subsequent measurement of insurance contracts: Level of Aggregation

Webinar 3, slides 17-18 and webinar 4, slide 10

Level of aggregation affects the recognition of profit

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A **portfolio** is a group of contracts:
1) subject to similar risks (eg contracts within each product line, such as annuities or whole-life); and
2) managed together as a single pool.

- More than 2 groups are possible
- Split would provide information about the resilience of the contracts in the group to becoming onerous

Unearned profit (CSM) is recognised as liability and is released as insurance services are provided

Risk assessment

- based on sensitivity of the fulfilment cash flows to changes in estimates
- consistent with internal reporting

- No exception to the level of aggregation for determining the groupings of contracts for the measurement and allocation of the contractual service margin when regulation affects the pricing of contracts
 - For example: if contracts have a significant risk of being onerous, even if as a consequence of regulation, those contracts may not be grouped with other profitable contracts

8. Applying the standard for the first time

Webinar 8, slide 8

Applying the new Standard for the first time

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DECIDE TRANSITION METHOD BY GROUP OF CONTRACT

Full retrospective approach (apply IAS 8)

if impracticable

Modified retrospective approach

- Modifications available if necessary given reasonable and supportable information
- Maximise the use of the information needed for full retrospective approach

if impracticable

OR

Fair value approach

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Web resources

- Series of webinars April-May 2016
- IASB® *Update*
- Investor resources
- Feedback Statement
- Due process summary
- High-level summary of the project
- Project Update about contracts without participation features

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