



Memorandum

To:	ASAF and IASB members	Date:	18 June 2015
From:	Angus Thomson, Clive Brodie & David Ji	Agenda Item:	1B
Subject:	Insurance contracts		

Action

Consider papers by the Australian Accounting Standards Board (AASB) and New Zealand Accounting Standards Board (NZASB) staff on:

- ~ contractual service margin (CSM) recognition; and
- ~ disclosure of discount rate impacts and accretion of interest on the CSM in the context of non-participating insurance contracts.

Attachments

- ~ AASB-NZASB staff paper: Contractual Service Margin recognition – non-participating insurance contracts – agenda paper 1C
- ~ AASB-NZASB staff paper: Disclosure of discount rate impacts and accretion of interest on the Contractual Service Margin – non-participating insurance contracts – agenda paper 1E

Overview

Based on feedback received from a wide range of stakeholders in Australia and New Zealand, there is strong support for the IASB's insurance contracts project and the general direction on most issues. In particular, we are keen to note that there are a number of tentative decisions that would cause significant changes to reporting in Australia and New Zealand (such as on contract boundary), but which are likely to be welcomed as improvements to financial reporting.

Two issues have emerged as the key concerns of Australian and New Zealand stakeholders and these are the subject of the papers provided for your consideration. We also understand from our outreach that stakeholders in a number of other jurisdictions share some or all of our concerns on these issues.

We note the importance of the IASB's insurance contracts project to Australia and New Zealand, as insurance is a truly international business and our jurisdictions are net importers of capital. Accordingly, we have no wish to prolong the IASB's deliberations and intend the ASAF discussion to be beneficial to achieving progress.

The papers are ours, but we thank the IASB insurance contracts project staff and a number of national standard setters for their comments on draft versions of the papers.