



Project	Insurance contracts
Topic	Project planning for Board discussions and Working Group meetings

Purpose of this paper

1. This paper gives an updated project timetable for Board discussions and Working Group meetings.
2. This time table aims for an exposure draft in April 2010; the previous time table we published (April 2009) planned an exposure draft by the end of this year.
3. The time table in this paper does not include field testing (if any). We intend to include the timing of field testing activities in an updated timetable for the July 2009 papers.

Next steps

4. In July 2009, we intend to ask the boards to conclude on the measurement approach for insurance contracts. We do not expect to get a conclusive answer on all the features of the measurement approach in that meeting, but we are aiming for a decision on key areas like the measurement objective.
5. In July we also intend to discuss whether to use the unearned premium approach for the pre-claims period of short duration contracts.
6. In previous meetings, the boards reached different tentative decisions on acquisition costs. Staff also intends to bring back this issue at a future meeting in order to reach a consistent answer.
7. In September, staff intends continue the discussion of the remaining issues on the measurement model. After that, staff expects to discuss other issues like

This paper has been prepared by the technical staff of the IASB for the purposes of discussion at a public meeting of the IASB working group identified in the header of this paper.

The views expressed in this paper are those of the staff preparing the paper and do not purport to represent the views of any individual members of the Board or the IASB.

The meeting at which this paper is discussed is a public meeting but it is not a decision-making meeting of the Board. Official pronouncements of the IASB are published only after the Board has completed its full due process, including appropriate public consultation and formal voting procedures.

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policyholder participation, recognition and derecognition, and scope and definition.

8. Staff expects we might need to hold at least one more Insurance Working Group meeting before the publication of the exposure draft; this meeting has not been included in the time table in this paper.

Appendix: Timetable for Board discussions and Working Group meetings

Meeting of Insurance Working Group	June 2009
Measurement approach We will ask the boards to discuss and reach a conclusion on the measurement approach (follow-up on February/ June 2009 Board meetings on the measurement approach)	July 2009
Use of the unearned premium for short-duration contracts	July 2009
Other issues on the measurement approach <ul style="list-style-type: none"> • Should other comprehensive income be used for some changes in insurance liabilities? • Non-performance risk Other relevant projects: revenue recognition, fair value measurements, employee benefits, credit risk in the measurement of liabilities	September 2009
Inconsistencies with IAS 39 and IAS 18 <ul style="list-style-type: none"> • For some or all financial liabilities and investment management contracts, should the Board eliminate some or all inconsistencies between the insurance contracts model and the models in IAS 39 and IAS 18? • Should an insurance contract be unbundled if the contract contains more than one component? • Should any changes be made to the measurement attribute of assets held to back insurance contracts? (see also separate discussion for participating, unit-linked and index-linked contracts). Other relevant projects: revenue recognition, financial instruments	September 2009

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<p>Discount rates</p> <ul style="list-style-type: none"> • guidance on discount rates <p>Other relevant projects: revenue recognition, fair value measurements, non-financial liabilities (IAS 37), employee benefits</p>	<p>September 2009</p>
<p>Policyholder participation - classification</p> <ul style="list-style-type: none"> • When should participation features be classified as equity and when should they be classified as liabilities? How should participation features be reported in the statements of financial position, financial performance and cash flows? • Are there any specific issues for mutuals? <p>Other relevant projects: concepts (elements, recognition), financial instruments with characteristics of equity</p>	<p>October 2009</p>
<p>Participating, unit-linked and index-linked insurance contracts and investment contracts and universal life contracts</p> <ul style="list-style-type: none"> • Should accounting mismatches be eliminated? If so, how? • If assets are held in separate funds, are they part of the reporting entity? • If policyholders bear part or all of the investment risk, how should this affect presentation and disclosure? <p>Other relevant projects: concepts (unit of account), financial instruments, consolidation, concepts (reporting entity)</p>	<p>October 2009</p>
<p>Recognition and derecognition</p> <ul style="list-style-type: none"> • When should an insurer recognise an insurance liability? • When should a cedant recognise reinsurance assets, especially if the underlying direct contracts have a different coverage period? • When should an insurer derecognise insurance liabilities and reinsurance assets? <p>Other relevant projects: concepts (recognition and derecognition), derecognition, revenue recognition</p>	<p>October 2009</p>

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<p>Presentation</p> <ul style="list-style-type: none">• Presentation of the balance sheet and the performance statement (Staff intends to discuss some presentation issues when discussing particular topics. The purpose of session is to discuss topics not discussed in earlier meetings). <p>Other relevant projects: presentation of financial statements</p>	November 2009
<p>Definition and scope</p> <ul style="list-style-type: none">• Should the IFRS 4 definition of an insurance contract change?• Financial guarantee contracts• Should existing scope exclusions continue? Should new scope exclusions be added?• Catastrophe bonds and alternative risk transfer <p>Other relevant projects: financial instruments, revenue recognition, pensions</p>	November 2009
<p>Disclosure</p> <ul style="list-style-type: none">• What disclosures should be required? <p>Other relevant projects: presentation of financial statements</p>	November 2009
<p>Other issues on the building blocks</p> <ul style="list-style-type: none">• Guarantee fund assessments• Tax issues• Salvage and subrogation <p>Other relevant projects: non-financial liabilities (IAS 37), income taxes, fair value measurements</p>	November 2009

<p>Policyholder accounting – initial review</p> <ul style="list-style-type: none"> • Initial review of whether the same measurement attribute is appropriate for policyholders as insurers. • If the same measurement attribute is appropriate, consider whether practical shortcuts are needed. <p>Other relevant projects: concepts (measurement, unit of account), fair value measurements, non-financial liabilities (IAS 37)</p>	<p>December 2009</p>
<p>Policyholder participation - measurement</p> <ul style="list-style-type: none"> • Consider specific measurement issues for participation features. • Do we need to amend the IFRS 4 definition of a discretionary participation feature (DPF)? • Should investment contracts with a DPF be in the scope of the insurance standard or financial instruments standards? • Are there any specific issues for mutuals? <p>Other relevant projects: concepts (measurement), fair value measurements, financial instruments, financial instruments with characteristics of equity</p>	<p>December 2009</p>
<p>Minor issues</p> <ul style="list-style-type: none"> • Insurance contracts acquired in business combinations and portfolio transfers • Should some income taxes be reported as taxes on policyholders, rather than as taxes on the insurer? • Interim reporting • Transition, including transition for assets backing insurance contracts. • Consequential amendments <p>Other relevant projects: presentation of financial statements</p>	<p>January 2009</p>

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<p>Policyholder accounting – follow up</p> <ul style="list-style-type: none"> • Review initial conclusions on policyholder accounting <p>Other relevant projects: non-financial liabilities (IAS 37)</p>	<p>January 2009</p>
<p>Pre balloting</p>	<p>January 2010/ February 2010</p>
<p>Sweep issues</p>	<p>March 2010</p>
<p>Publication of Exposure Draft</p>	<p>April 2010</p>
<p>Comments due</p>	<p>August 2010</p>
<p>Summary of comments</p>	<p>October 2010</p>
<p>Discussion of Issues from comment letters</p> <ul style="list-style-type: none"> • The issues, both the content and the total number, cannot be estimated at this stage • But we probably need to bring something to the Board every 1-2 months 	<p>November 2010 – April 2011</p>
<p>Pre balloting</p>	<p>April/ May 2011</p>
<p>Sweep</p>	<p>June 2011</p>
<p>Publication of final standard</p>	<p>July 2011</p>