

## STAFF PAPER

June 2016

## IASB Meeting

Project	Insurance Contracts		
Paper topic	Cover Note		
CONTACT(S)	Andrea Pryde	apryde@ifrs.org	+44 (0)20 7246 6491

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board® (the “Board”) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in *IASB Update*.

**Purpose of this paper**

1. The papers for this meeting address the narrow scope issues that have arisen in the drafting process of the insurance contracts Standard. This cover note summarises the following issues in those papers.
  - (a) Agenda Paper 2A *Level of aggregation* considers the objective for the level of aggregation to be applied in measuring the contractual service margin after initial recognition, and the guidance that should be provided on how an entity can meet that objective.
  - (b) Agenda Paper 2B *Changes in the carrying amount of the contractual service margin for insurance contracts without direct participation features*.
  - (c) Agenda Paper 2C *Presentation and disclosure of insurance finance income or expense* considers whether the requirements for the presentation and disclosure of insurance finance income or expenses<sup>1</sup> should be amended.
  - (d) Agenda paper 2D *Reinsurance and the scope of the variable fee approach* asks the Board to amend the scope of the variable fee

---

<sup>1</sup> Insurance finance income or expense arising on insurance contracts is defined as the change in the effect of the time value of money arising from the passage of time and the effect of changes in financial assumptions.

approach to exclude reinsurance contracts that an entity issues or an entity holds.

### **Next steps**

2. The staff are in the process of addressing Board Member comments on the working draft. After this meeting, the staff expects to:
  - (a) Reflect the tentative decisions from this month's meeting in a revised draft.
  - (b) Ask selected external parties to provide us with input on how selected sections of the revised draft would be applied.
  - (c) Discuss any further sweep issues that arise from testing, and from the continued drafting process in the 3<sup>rd</sup> quarter of 2016. At that time we also expect to ask the Board to set a mandatory effective date.
3. We will also continue to engage with interested parties as they evaluate the outcomes of implementing the Board's decisions.