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**International  
Accounting Standards  
Board**

*This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.  
These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.*

### **INFORMATION FOR OBSERVERS**

**Board Meeting:** 18 September 2008, London  
**Project:** Insurance Contracts  
**Subject:** Timetable (agenda paper 14C)

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#### **Purpose of this paper**

1. This paper includes an updated timetable for the Board's discussion on insurance contracts.

<i>Topic</i>	<i>Timing</i>
<b>Educational Session on the Key features of a Settlement notion</b> <ul style="list-style-type: none"><li>• If the Board decides to consider a settlement notion as a candidate for the measurement attribute, what would the key features of such a notion be? Key features include the following points:</li><li>• What would be an appropriate (concise) label for a settlement notion?</li><li>• When could entity-specific cash flows differ from market-participant cash flows?</li><li>• What should be the basis for the estimates: fully entity-specific or a mixture of entity-specific and market-based?</li><li>• If the estimates are to be a or a mixture of entity specific and</li></ul>	September 2008

<i>Topic</i>	<i>Timing</i>
<p>market based, what should be the principle to decide what type of estimates should be used?</p> <ul style="list-style-type: none"> <li>• What would be the objective of a risk margin under a settlement notion?</li> <li>• Would day one profits still be possible under a settlement notion?</li> </ul> <p>Other relevant projects: concepts (measurement), fair value measurements, non-financial liabilities (IAS 37), revenue recognition</p>	

<i>Topic</i>	<i>Timing</i>
<p data-bbox="188 255 1066 291"><b>Educational Session on the key features Measurement attribute</b></p> <ul style="list-style-type: none"> <li data-bbox="188 315 1043 456">• Staff will present the main features of a measurement attribute to the Board; no decisions are expected from the board at this stage. The features include:</li> <li data-bbox="188 483 1059 680">• Basis of the measurement attribute, e.g.: <ul style="list-style-type: none"> <li data-bbox="288 539 724 575">○ Current Exit Value as per DP<sup>1</sup></li> <li data-bbox="288 595 906 631">○ Current Exit Value with some modifications</li> <li data-bbox="288 651 699 687">○ A Fulfilment based attribute</li> </ul> </li> <li data-bbox="188 707 1043 1070">• Risk Margins and Day one profit <ul style="list-style-type: none"> <li data-bbox="288 763 938 799">○ What will be the objective for the risk margin?</li> <li data-bbox="288 819 995 909">○ Should there be a service margin? If so, what is its objective?</li> <li data-bbox="288 929 986 965">○ If day 1 profits occur, how should they be treated?</li> <li data-bbox="288 985 1043 1075">○ How should the margin be released to the performance statement?</li> </ul> </li> <li data-bbox="188 1099 1059 1352">• Basis for estimates: <ul style="list-style-type: none"> <li data-bbox="288 1155 1059 1245">○ Should liability measurement include (a) entity-specific estimates (b) market-participant estimates?</li> <li data-bbox="288 1265 1059 1355">○ What does the resulting liability measurement represent and how does it affect reported performance?</li> </ul> </li> <li data-bbox="188 1379 932 1688">• What attribute should be used for: <ul style="list-style-type: none"> <li data-bbox="288 1435 858 1471">○ non-life insurance pre-claims liabilities?</li> <li data-bbox="288 1491 676 1527">○ non-life claims liabilities?</li> <li data-bbox="288 1547 676 1583">○ other insurance liabilities?</li> <li data-bbox="288 1603 932 1639">○ reinsurance liabilities and reinsurance assets ?</li> <li data-bbox="288 1659 778 1695">○ insurance assets of policyholders?</li> </ul> </li> <li data-bbox="188 1715 1034 1805">• Should the credit characteristics of insurance liabilities affect their measurement?</li> <li data-bbox="188 1827 1037 1917">• For reinsurance assets, should an expected loss or an incurred loss model be used?</li> <li data-bbox="188 1939 989 2029">• What might be the implications for measurement of assets backing the insurance liabilities?</li> </ul>	<p data-bbox="1093 255 1203 344">October 2008</p>

<i>Topic</i>	<i>Timing</i>
<p><b>Future premiums and policyholder behaviour</b></p> <ul style="list-style-type: none"> <li>• If the unit of recognition is individual rights and obligations: is the guaranteed insurability test appropriate?</li> <li>• If the unit of recognition is the whole contract: where is the boundary between existing contracts and new contracts?</li> </ul> <p>Other relevant projects: revenue recognition, financial instruments, leases, concepts (elements, recognition)</p>	November 2008
<p><b>Policyholder participation - classification</b></p> <ul style="list-style-type: none"> <li>• If the unit of recognition is individual rights and obligations: 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?</li> <li>• Are there any specific issues for mutuals?</li> </ul> <p>Other relevant projects: concepts (elements, recognition), liabilities and equity</p>	November 2008
<p><b>Meeting of Insurance Working Group</b> (input on proposed measurement attributes discussed at October Educational Board Session)</p>	November 2008
<p><b>Main features of the Measurement attribute</b></p> <p>The Board will discuss and reach a conclusion on the main features of the measurement attribute based on the October Educational Board Session.</p>	December 2008
<p><b>Other issues on the building blocks</b></p> <ul style="list-style-type: none"> <li>• Is more guidance needed on discount rates? (may need to be addressed earlier on)</li> <li>• Guarantee fund assessments</li> <li>• Tax issues</li> <li>• Salvage and subrogation</li> </ul> <p>Other relevant projects: non-financial liabilities (IAS 37), income taxes, fair value measurements</p>	January 2009
<p><b>Inconsistencies with IAS 39 and IAS 18</b></p>	February 2009

<i>Topic</i>	<i>Timing</i>
<ul style="list-style-type: none"> <li>○ 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?</li> <li>○ Should any changes be made to the measurement attribute of assets held to back insurance contracts? (see separate discussion for participating, unit-linked and index-linked contracts).</li> </ul> <p>Other relevant projects: revenue recognition, financial instruments</p>	
<p><b>Policyholder accounting – initial review</b></p> <ul style="list-style-type: none"> <li>● Initial review of whether the same measurement attribute is appropriate for policyholders as insurers.</li> <li>● If the same measurement attribute is appropriate, consider whether practical shortcuts are needed.</li> </ul> <p>Other relevant projects: concepts (measurement, unit of account), fair value measurements, non-financial liabilities (IAS 37)</p>	February 2009
<p><b>Policyholder participation - measurement</b></p> <ul style="list-style-type: none"> <li>● Consider specific measurement issues for participation features.</li> <li>● Do we need to amend the IFRS 4 definition of a discretionary participation feature (DPF)?</li> <li>● Should investment contracts with a DPF be in the scope of the insurance standard or IAS 39?</li> <li>● Are there any specific issues for mutuals?</li> </ul> <p>Other relevant projects: concepts (measurement), fair value measurements, financial instruments, liabilities and equity</p>	March 2009
<p><b>Participating, unit-linked and index-linked insurance contracts and investment contracts and universal life contracts</b></p> <ul style="list-style-type: none"> <li>○ Should accounting mismatches be eliminated? If so, how?</li> <li>○ If assets are held in separate funds, are they part of the reporting entity?</li> <li>○ If policyholders bear part or all of the investment risk, how should this affect presentation and disclosure?</li> </ul> <p>Other relevant projects: concepts (unit of account), financial</p>	March 2009

<i>Topic</i>	<i>Timing</i>
instruments, consolidation, concepts (reporting entity)	
<p><b>Recognition and derecognition</b></p> <ul style="list-style-type: none"> <li>○ When should an insurer recognise an insurance liability?</li> <li>○ When should a cedant recognise reinsurance assets, especially if the underlying direct contracts have a different coverage period?</li> <li>○ When should an insurer derecognise insurance liabilities and reinsurance assets?</li> </ul> <p>Other relevant projects: concepts (recognition and derecognition), derecognition, revenue recognition</p>	April 2009
<p><b>Definition and scope</b></p> <ul style="list-style-type: none"> <li>● Should the IFRS 4 definition of an insurance contract change?</li> <li>● Financial guarantee contracts</li> <li>● Should existing scope exclusions continue? Should new scope exclusions be added?</li> <li>● Catastrophe bonds and alternative risk transfer</li> </ul> <p>Other relevant projects: financial instruments, revenue recognition, pensions</p>	April 2009
<p><b>Disclosure</b></p> <ul style="list-style-type: none"> <li>● What disclosures should be required?</li> </ul> <p>Other relevant projects: presentation of financial statements</p>	May 2009
<p><b>Minor issues</b></p> <ul style="list-style-type: none"> <li>● Insurance contracts acquired in business combinations and portfolio transfers</li> <li>● Should some income taxes be reported as taxes on policyholders, rather than as taxes on the insurer?</li> <li>● Interim reporting</li> <li>● Transition, including transition for assets backing insurance contracts.</li> <li>● Consequential amendments</li> </ul> <p>Other relevant projects: presentation of financial statements</p>	May 2009
<b>Policyholder accounting – follow up</b>	May 2009

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