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Project **Insurance contracts**

Topic **Disclosures**

Purpose of this paper

1. This paper discusses the overall approach for disclosures on insurance contracts. It also asks the boards for input on the disclosure package developed so far for inclusion in the forthcoming exposure draft (ED) on insurance contracts [this package will be completed with specific disclosures for outstanding topics as the boards conclude their deliberations on those topics].

2. In developing this disclosure package the staff's approach has been to consider:

   (a) the relevance of current disclosure requirements in IFRS 4 *Insurance Contracts* and whether they should be retained;

   (b) US GAAP disclosure requirements; and

   (c) whether any additional disclosures should be required.

3. Some disclosure requirements are dealt with separately:

   (a) risk adjustments in agenda paper 6D (FASB Memorandum 41D),

   (b) participating contracts in agenda paper 6I (FASB Memorandum 41I), and

   (c) the discount rate will be discussed at a future meeting.

4. In this paper we will not address whether the boards should publish updated implementation guidance with the forthcoming ED.

Summary of staff recommendations

5. We propose the disclosure objectives in the forthcoming ED require an insurer to:

   (a) explain the characteristics of its insurance contracts;

   (b) identify and explain the amounts (and changes in those amounts) in its financial statements arising from insurance contracts; and

   (c) help users of its financial statements evaluate the nature and extent of risks arising from insurance contracts.

6. We recommend that these disclosure principles are supported by specific disclosure requirements, which should **as a minimum** include those currently in IFRS 4. In addition, the staff will assess which sections of the Implementation Guide in IFRS 4 should become part of the specific disclosure requirements in the future standard, enhanced where necessary by disclosures in existing U.S. GAAP.

7. Appendix A includes other drafting changes that reflect recent tentative board decisions such as the deletion of reference to the deferral of acquisition costs.

8. Appendix B provides a comparison between current U.S. GAAP and IFRS 4 requirements.

Structure of the paper

9. This paper is divided into the following sections:

   (a) Background (paragraphs 10 - 25)

   (b) Disclosure proposals (paragraphs 26 - 33)

   (c) Summary and staff recommendation (paragraphs 34)

   (d) Appendices:

      (i) A: IFRS 4 disclosure requirements and proposed changes

(ii) B: Comparison between US GAAP and IFRS 4 disclosure requirements

Background

10. This section discusses the following:

    (a) Meeting user requirements (paragraphs 11 - 16)

    (b) Applying principles-based disclosures (paragraph 17 - 23)

Meeting user requirements

11. Users have highlighted the importance of appropriate disclosure to accompany the insurance contracts measurement model. Such disclosure should be relevant and concise and differentiate between reported data and estimations or projections in order to provide clear and meaningful information to users. Users should be able to easily compare the entity's results over time and between entities.

12. Paragraph 9 of IAS 1 *Presentation of Financial Statements*, and FASB Statement of Financial Accounting Concepts No. 1 *Objectives of Financial Reporting by Business Enterprises*[1] state that financial statements should provide decision-useful information to help users assess:

    (a) the amount,

    (b) timing and

    (c) uncertainty

    of future cash flows.

13. Some users have expressed dissatisfaction with the adequacy (level of quality, clarity and granularity) of insurance disclosures under IFRS 4. However it is difficult to establish whether this is due to:

    (a) a deficiency in IFRS 4 disclosure requirements;

[1] This has been reinforced in the ED *An improved Conceptual Framework for Financial Reporting: Chapter 1 The Objective of Financial Reporting*.

(b) how the requirements are applied in practice; or

(c) inconsistency arising from different measurement approaches allowed under IFRS 4.

14. Similar concerns have been raised by users of financial statements prepared under U.S. GAAP for long-duration insurance contracts. For short-duration insurance contracts, users generally appear comfortable with the level of disclosure provided (however that may be a function of the additional information that can be obtained from the statutory filings).

15. The Discussion paper *Preliminary Views on Insurance Contracts* did not address disclosure issues.

16. Existing IFRSs provide little guidance on general disclosure principles that can be used to develop specific disclosure requirements. However we have considered disclosure requirements being developed in other projects such as those on Revenue Recognition and Financial Statement Presentation.

Applying principles-based disclosures

17. The disclosures in IFRS 4 are built around principles that explain the objective of disclosed information. This has the following advantages:

(a) it provides flexibility for management to organise and present information in line with its assessment of the facts and circumstances

(b) it emphasises the rationale of the requirements to make it easier for the preparer of financial statements to apply and follow the requirements,

(c) it is more universally applicable and can also cover future, yet unknown, cases,

(d) it avoids a ‘checklist’ approach and ‘boilerplate’ disclosures and cuts down on unnecessary and irrelevant disclosures.

18. Staff thinks that these considerations are still true and worth retaining. But principles alone are not sufficient. To assist preparers in determining the sort of information the principles are intended to capture, IFRS 4 is supplemented by:

(a) specific disclosure requirements that build on the disclosure principle; and

(b) implementation guidance that provides examples of the type of information that might be required to meet those requirements. The Implementation Guidance is not part of the standard and does not create requirements.

19. The staff believes specific requirements that supplement the principles should be retained as part of the forthcoming ED on insurance contracts. Such requirements provide preparers with guidance that clarifies the boards' intent. But specific requirements would also give a minimum set of key information that the boards consider necessary for users to understand the insurer's reporting, for example information on critical parts of the measurement model. Applying principles that are not supported by specific requirements could result in inconsistencies across entities for key information and make the analysis of financial statements difficult. For example, the multitude of disclosures in U.S. GAAP evolved over time to focus on areas where users were not receiving sufficient information.

20. Appendix A provides the specific disclosure requirements in IFRS 4. Staff believes those requirements are still useful and can be used a starting point for developing the disclosures for the forthcoming ED. However, staff believes that those IFRS 4 requirements may not be complete enough for the insurance model that is being developed. IFRS4 is an interim-standard aimed at only minimal improvements; it does not prescribe a measurement model but allows the insurers to continue using most aspects of their pre-existing measurement models. However, as part of their insurance contracts project, the boards are now developing a new measurement model. Staff believes that the incorporation of this measurement model, and perhaps other elements of the future standard, will dictate revisions to the disclosure requirements currently in IFRS 4. Additional disclosure requirements could be based on:

(a) The implementation guidance to IFRS 4. This implementation guidance contains many disclosures examples, including some for the measurement model. However, this implementation guidance is non-authoritative. Therefore, staff proposes that relevant sections of the implementation guidance will be adapted for use in the standard.

(b) Existing US GAAP disclosures. US GAAP contains extensive disclosure requirements. These disclosures provide material to further enhance requirements that are being developed.

21. Accordingly, the staff recommend that:

(a) the disclosure principles should be supported by specific disclosure requirements.

(b) Those specific disclosure requirements should **as a minimum** include the specific disclosure requirements that are currently in IFRS 4. In addition, the staff will assess which sections of the Implementation Guide in IFRS 4 should become part of the specific disclosure requirements in the forthcoming standard, enhanced where necessary by disclosures in existing U.S. GAAP.

22. In developing the disclosure requirements, we will consider disaggregation of information, for example, by line of business or other relevant groupings of homogenous insurance contracts.

23. Prior to publishing the ED we intend to ask users to assess the usefulness and deficiencies of existing disclosure requirements.

Disclosure proposals

24. In this section staff proposes the disclosure principles and the disclosure requirements to support those principles, using the existing requirements in IFRS 4 as the starting point. Proposed new disclosure requirements, presented as marked-up disclosures from the IFRS 4, are included in appendix A.

25. Appendix B provides a comparison between current U.S. GAAP and IFRS 4 requirements. Staff concludes that the requirements in IFRS 4 cover broadly the same topics as US GAAP disclosure requirements, albeit in less detail. Staff will use this comparison for assessing which US GAAP requirements should be

brought across to supplement the disclosure requirements in a future IFRS for insurance contracts.

The disclosure principles

26. The staff proposes the following disclosure principles: **An entity shall disclose information that:**

    (a) **explains the characteristics of its insurance contracts;**

    (b) **identifies and explains the amounts in its financial statements arising from insurance contracts; and**

    (c) **helps users of its financial statements to evaluate the nature and extent of risks arising from insurance contracts.**

27. The above principles are broad, but in staff's view they:

    (a) reflect users' needs;

    (b) provide a framework from which to develop specific disclosures; and

    (c) provide preparers and auditors with a general guideline for assessing whether the overall quality of the disclosures meet the stated objectives.

28. These principles are consistent with what the boards decided tentatively in their discussions on revenue recognition and what the IASB has tentatively decided in its project on post-employment benefits. 26(b) and (c) are carried over from IFRS 4. 26(a) has been added to provide users with relevant information about the nature of the insurance business the entity conducts.

Explanation of characteristics

29. Paragraph 26(a) above recommends a requirement to provide disclosure about the characteristics of an entity's insurance contracts. Users have commented that insurers do not usually disclose the contractual terms with their customers in sufficient detail to enable them to understand the types of typical insurance contracts with customers. Such disclosure is particularly important for the insurance sector which has a wide range of contracts that vary in terms of their economic substance and composition of contractual rights and obligations. For

these reasons staff recommends that explicit reference is made to it in the disclosure principles.

Explanation of the amounts in the financial statements

30. Paragraph 37 (e) of IFRS 4 requires reconciliations (roll forwards) of changes in insurance liabilities. US GAAP requires a roll forward of claim liabilities splitting the changes based on whether those changes are in the current period or a prior period. A roll forward of the insurance liabilities is a key source of information about factors (cash flows, experience adjustments and changes in assumptions) influencing an insurer's obligations to policyholders. After the boards have concluded on all significant parts of the measurement model, we will assess whether it would be useful to require separate roll-forwards of components of the model.

31. The project on *Financial Statement Presentation* is developing a proposal to require disclose of an analysis of changes in amounts of assets and liabilities (roll-forward disclosure) for all significant accounts. We shall monitor developments on this project to ensure consistency in requirements.

Nature and extent of risks arising from insurance contracts

32. IFRS 4 requires disclosures about risk exposures and sensitivity analysis, consistent with the requirements in IFRS 7. For example, IFRS 4, paragraph 39 (c) (iii) requires disclosure about claims development. These risk disclosures are important because it gives users insights into the uncertainty surrounding estimates about future claims, and also indicates whether a particular insurer has tended to overestimate or underestimate ultimate payments. Staff concludes that those risk disclosures should be retained.

33. The US Securities and Exchange Commission (SEC) requires property and casualty insurers to provide a table showing the development of provisions for unpaid claims and claim adjustment expenses for the previous ten years, if the provisions exceed 50 per cent of equity. That table is not part of the financial statements.

Summary and staff recommendation

34. In this paper, staff proposes disclosure principles to be included in the forthcoming ED on insurance contracts. Staff also proposes specific disclosure requirements (see appendix A) to accompany those principles. These requirements will be expanded upon as the boards conclude their deliberations on outstanding topics.

Question for the boards
Do you agree with the disclosure principles in paragraph 26? Do you agree that those principles should be supplemented by specific disclosure requirements and that those specific disclosure requirements should **as a minimum** include the specific disclosure requirements that are currently in IFRS 4 (as included in appendix A)? [In addition, the staff will assess which sections of the Implementation Guide in IFRS 4 should become part of the specific disclosure requirements in the standard, enhanced where necessary by disclosures in existing U.S. GAAP.]

Appendix A

Comparison between the disclosure principles and current IFRS 4 disclosure requirements (plus the relevant paragraphs of IFRS 7)

IFRS 4		**Recommendation**
	Explanation of recognised amounts	Retain. Covers the disclosure principle to: - identify and explain the amounts in the financial statements arising from insurance contracts. The staff recommends to add a requirement to explain the characteristics of an entity’s insurance contracts.
36	**An insurer shall disclose information that identifies and explains the amounts in its financial statements arising from insurance contracts.**	
37	To comply with paragraph 36, an insurer shall disclose:	
	(a) its accounting policies for insurance contracts and related assets, liabilities, income and expense.	
	(b) the recognised assets, liabilities, income and expense (and, if it presents its statement of cash flows using the direct method, cash flows) arising from insurance contracts.	

	Furthermore, if the insurer is a cedant, it shall disclose~~:~~	
	~~(i)~~ ~~gains and~~ losses recognised in profit or loss on buying reinsurance; and	The boards decided tentatively not to allow gains at inception.
	~~(ii) if the cedant defers and amortises gains and losses arising on buying reinsurance, the amortisation for the period and the amounts remaining unamortised at the beginning and end of the period.~~	The proposals in this project would eliminate the deferral of such gains and losses. Thus, this disclosure requirement is longer relevant.
	(c) the process used to determine the assumptions that have the greatest effect on the measurement of the recognised amounts described in (b). When practicable, an insurer shall also give quantified disclosure of those assumptions.	Agenda paper 6D provides specific disclosure requirements on risk adjustments. Agenda paper 6I provides specific disclosure requirements on participating contracts.
	(d) the effect of changes in assumptions used to measure insurance assets and insurance liabilities, showing separately the effect of each change that has a material effect on the financial statements.	
	(e) reconciliations of changes in insurance liabilities, reinsurance assets and~~, if any, related deferred acquisition costs.~~	References to deferred acquisition costs would have to be deleted based on current tentative decisions.
	Nature and extent of risks arising from insurance contracts	Retain. Covers the disclosure principle to: - evaluate the nature and extent of risks arising from insurance
38	**An insurer shall disclose information that enables users of its financial statements to**	

	evaluate the nature and extent of risks arising from insurance contracts.	contracts The staff recommends to: - present sensitivity analyses in one place
39	To comply with paragraph 38, an insurer shall disclose:	
	(a) its objectives, policies and processes for managing risks arising from insurance contracts and the methods used to manage those risks.	
	(b) [deleted] [(b) previously required disclosure of "those terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the insurer's future cash flows. (this is covered by general disclosure about the characteristics of the contract)." It was deleted by IFRS 7 *Financial Instruments: Disclosures* in August 2005.	
	(c) information about *insurance risk* (both before and after risk mitigation by reinsurance), including information about:	
	(i) sensitivity to insurance risk (see paragraph 39A).	
	(ii) concentrations of insurance risk, including a description of how management determines concentrations and a description of the shared characteristic that identifies each concentration (eg type of insured event, geographical area, or currency).	
	(iii) actual claims compared with previous estimates (ie claims development). The disclosure about claims development shall go back to the period when the earliest	

material claim arose for which there is still uncertainty about the amount and timing of the claims payments, but need not go back more than ten years. An insurer need not disclose this information for claims for which uncertainty about the amount and timing of claims payments is typically resolved within one year.	
(d) information about credit risk, liquidity risk and market risk that paragraphs 31–42 of IFRS 7 would require if the insurance contracts were within the scope of IFRS 7. However:	
(i) an insurer need not provide the maturity analysis required by paragraph 39(a) of IFRS 7 if it discloses information about the estimated timing of the net cash outflows resulting from recognised insurance liabilities instead. This may take the form of an analysis, by estimated timing, of the amounts recognised in the statement of financial position.	
(ii) if an insurer uses an alternative method to manage sensitivity to market conditions, such as an embedded value analysis, it may use that sensitivity analysis to meet the requirement in paragraph 40(a) of IFRS 7. Such an insurer shall also provide the disclosures required by paragraph 41 of IFRS 7.	
(e) information about exposures to market risk arising from embedded derivatives contained in a host insurance contract ~~if the insurer is not required to, and does not, measure the embedded derivatives at fair value~~.	- retain the requirement in paragraph 39(e) to disclose market risk arising from embedded derivatives. IFRS 4 requires this disclosure mainly because such exposures would not necessarily be carried at an amount that reflects current market prices. Although the proposed measurement model would eliminate that deficiency, such exposures can still be significant, so a specific disclosure requirement would still generate useful information.

39A To comply with paragraph 39(c)(i), an insurer shall disclose either (a) or (b) as follows:	
(a) a sensitivity analysis that shows how profit or loss and equity would have been affected if changes in the relevant risk variable that were reasonably possible at the end of the reporting period had occurred; the methods and assumptions used in preparing the sensitivity analysis; and any changes from the previous period in the methods and assumptions used. However, if an insurer uses an alternative method to manage sensitivity to market conditions, such as an embedded value analysis, it may meet this requirement by disclosing that alternative sensitivity analysis and the disclosures required by paragraph 41 of IFRS 7.	
(b) qualitative information about sensitivity, and information about those terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the insurer's future cash flows.	
The requirements in IFRS 7 *Financial Instruments: Disclosures* (referred to in IFRS 4) are as follows: **31 An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period.** 32 The disclosures required by paragraphs 33–42 focus on the risks that arise from financial instruments and how they have been managed. These risks typically include, but are not limited to, credit risk, *liquidity risk* and market risk. **Qualitative disclosures** 33 For each type of risk arising from financial instruments, an entity shall disclose: (a) the exposures to risk and how they arise;	

(b) its objectives, policies and processes for managing the risk and the methods used to measure the risk; and (c) any changes in (a) or (b) from the previous period. **Quantitative disclosures** 34 For each type of risk arising from financial instruments, an entity shall disclose: (a) summary quantitative data about its exposure to that risk at the end of the reporting period. This disclosure shall be based on the information provided internally to key management personnel of the entity (as defined in IAS 24 *Related Party Disclosures*), for example the entity's board of directors or chief executive officer. (b) the disclosures required by paragraphs 36–42, to the extent not provided in (a), unless the risk is not material (see paragraphs 29–31 of IAS 1 for a discussion of materiality). (c) concentrations of risk if not apparent from (a) and (b). 35 If the quantitative data disclosed as at the end of the reporting period are unrepresentative of an entity's exposure to risk during the period, an entity shall provide further information that is representative. **Credit risk** 36 An entity shall disclose by class of financial instrument: (a) the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not qualify for offset in accordance with IAS 32); (b) in respect of the amount disclosed in (a), a description of collateral held as security and other credit enhancements; (c) information about the credit quality of financial assets that are neither *past due* nor impaired; and	

(d) the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated. *Financial assets that are either past due or impaired* 37 An entity shall disclose by class of financial asset: (a) an analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired; (b) an analysis of financial assets that are individually determined to be impaired as at the end of the reporting period, including the factors the entity considered in determining that they are impaired; and (c) for the amounts disclosed in (a) and (b), a description of collateral held by the entity as security and other credit enhancements and, unless impracticable, an estimate of their fair value. *Collateral and other credit enhancements obtained* 38 When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements (eg guarantees), and such assets meet the recognition criteria in other Standards, an entity shall disclose: (a) the nature and carrying amount of the assets obtained; and (b) when the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations. **Liquidity risk** 39 An entity shall disclose: (a) a maturity analysis for financial liabilities that shows the remaining contractual maturities; and	

(b) a description of how it manages the liquidity risk inherent in (a). **Market risk** *Sensitivity analysis* 40 Unless an entity complies with paragraph 41, it shall disclose: (a) a sensitivity analysis for each type of market risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date; (b) the methods and assumptions used in preparing the sensitivity analysis; and (c) changes from the previous period in the methods and assumptions used, and the reasons for such changes. 41 If an entity prepares a sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables (eg interest rates and exchange rates) and uses it to manage financial risks, it may use that sensitivity analysis in place of the analysis specified in paragraph 40. The entity shall also disclose: (a) an explanation of the method used in preparing such a sensitivity analysis, and of the main parameters and assumptions underlying the data provided; and (b) an explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved. *Other market risk disclosures* 42 When the sensitivity analyses disclosed in accordance with paragraph 40 or 41 are unrepresentative of a risk inherent in a financial instrument (for example because the year-end exposure does not reflect the exposure during the year), the entity shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative.	

Appendix B

Comparison between current US GAAP and IFRS 4 requirements

US GAAP	Covered?
944-20-50 Financial Services-Insurance: Insurance Activities: Disclosure 50-1 944-605-50-1 and 50-2 Long-Duration Contracts > Limited-Payment and Universal Life-Type Contracts 944-20-50-1 For financial statement disclosures about limited-payment and universal life-type contracts, see paragraphs 944-605-50-1 through 50-2. 50-2 235-10-50 > Certain Participating Life Insurance Contracts 944-20-50-2 Disclosure of the specific accounting policy applied to participating life insurance contracts that meet the criteria in paragraph 944-20-15-3 shall be made in accordance with Section 235-10-50.	Yes: 37 To comply with paragraph 36, an insurer shall disclose: (a) its accounting policies for insurance contracts and related assets, liabilities, income and expense.
50-3 through 50-6 Reinsurance Contracts 944-20-50-3 All insurance entities shall disclose the nature, purpose, and effect of ceded reinsurance transactions on the insurance entity's operations. 944-20-50-4 Ceding entities also shall disclose the fact that the insurer is not relieved of its primary obligation to the policyholder in a reinsurance transaction. 944-20-50-5 Paragraph 944-310-45-6 states that, although amounts recoverable on unasserted claims shall be reported as reinsurance receivables, separate presentation or disclosure of various types of receivables is not precluded. 944-20-50-6 Separate presentation or disclosure of servicing carrier activity is not precluded.	Yes: 37 To comply with paragraph 36, an insurer shall disclose: (b) the recognised assets, liabilities, income and expense (and, if it presents its statement of cash flows using the direct method, cash flows)

	arising from insurance contracts. Furthermore, if the insurer is a cedant, it shall disclose losses recognised in profit or loss on buying reinsurance. 39 To comply with paragraph 38, an insurer shall disclose: (a) its objectives, policies and processes for managing risks arising from insurance contracts and the methods used to manage those risks.
944-30-50 Financial Services-Insurance: Acquisition Costs: Disclosure 50-1 General 944-30-50-1 Insurance entities shall disclose all of the following in their financial statements: a. The nature of acquisition costs capitalized b. The method of amortizing capitalized acquisition costs c. The amount of acquisition costs amortized for the period. 50-2 Long-Duration Contracts > Certain Participating Life Insurance Contracts 944-30-50-2 The following shall be disclosed in the financial statements with respect to long-duration participating life insurance contracts that meet the criteria in paragraph 944-20-15-3: a. The average rate of assumed investment yields used in estimating expected gross margins b. The nature of acquisition costs capitalized, the method of amortizing those costs, and the amount of those costs amortized for the period.	Based on current tentative decisions on acquisition costs: Not relevant

	50-3 > Sales Inducements 944-30-50-3 An insurance entity shall disclose all of the following: a. The entity's accounting policy for sales inducements, including both of the following: 1. The nature of the costs deferred 2. The method of amortizing those deferred costs. b. The amount of costs deferred and amortized for each of the periods presented c. The unamortized balance of deferred costs as of each balance sheet date. 50-4 Internal Replacement Transactions 944-30-50-4 The notes to financial statements shall describe the accounting policy applied to internal replacements, including whether or not the entity has availed itself of the alternative application guidance outlined in paragraphs 944-30-35-44 through 35-45 and, if so, for which types of internal replacement transactions.	
944-310-50	Financial Services-Insurance: Receivables: Disclosure	Yes: 37 To comply with paragraph 36, an insurer shall disclose: (a) its accounting policies for insurance contracts and related assets, liabilities, income and expense. (c) the process used to determine the assumptions that have the greatest effect on the measurement of the recognised amounts described in (b). When practicable, an insurer shall also give quantified disclosure of those assumptions. (d) the effect of changes in assumptions used to measure insurance assets and

	50-3	Financial Guarantee Insurance Contracts 944-310-50-3 To meet the disclosure objective in paragraph 944-20-50-7, an insurance entity shall disclose all of the following information for each annual period and interim period: a. For financial guarantee insurance contracts where premiums are received as payments over the period of the contract, rather than at inception, all of the following: 1. The premium receivable as of the date(s) of the statement of financial position and the line item in the statement of financial position where the amount is reported (if not presented separately) 2. The unearned premium revenue as of the date(s) of the statement of financial position and the line item in the statement of financial position where the amount is reported (if not presented separately) 3. The amount of accretion on the premium receivable and the line item in the statement of income where that amount is reported (if not presented separately) 4. The weighted-average risk-free rate used to discount the premiums expected to be collected 5. The weighted-average period of the premium receivable. b. A schedule of premiums expected to be collected related to the premium receivable detailing both of the following: 1. The four quarters of the subsequent annual period and each of the next four annual periods 2. The remaining periods aggregated in five-year increments. c. A rollforward of the premium receivable for the period, including all of the following: 1. The beginning premium receivable 2. Premium payments received 3. New business written 4. Adjustments to the premium receivable, including all of the following: i. Adjustments for changes in the period of a financial guarantee insurance contract ii. An explanation of why the adjustments in item (c)(4)(i) occurred iii. Accretion of the premium receivable discount iv. Other adjustments with explanations provided. 5. The ending premium receivable.	insurance liabilities, showing separately the effect of each change that has a material effect on the financial statements. (e) reconciliations of changes in insurance liabilities, reinsurance assets and~~, if any, related deferred acquisition costs.~~
944-320-50	Financial Services-Insurance: Investments-Debt and Equity Securities: Disclosure		Yes: IFRS 7
	50-1	General > Securities on Deposit 944-320-50-1 An entity shall disclose the carrying amount of securities deposited by insurance subsidiaries with state regulatory authorities.	14 An entity shall disclose: (a) the carrying amount of financial assets it has pledged as

	collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 37(a) of IAS 39; and (b) the terms and conditions relating to its pledge.
944-40-50 Financial Services-Insurance: Claim Costs and Liabilities for Future Policy Benefits: Disclosure	Yes: 37 To comply with paragraph 36, an insurer shall disclose: (a) its accounting policies for insurance contracts and related assets, liabilities, income and expense. (b) the recognised assets, liabilities, income and expense (and, if it presents its statement of cash flows using the direct method, cash flows) arising from insurance contracts. (e) reconciliations of changes in insurance liabilities, reinsurance assets and~~, if any,~~

	50-1 through 50-4	General 944-40-50-1 Insurance entities shall disclose in their financial statements the basis for estimating the liabilities for unpaid claims and claim adjustment expenses. 944-40-50-2 The requirements in paragraphs 944-40-50-3 through 50-4 apply to annual and complete sets of interim financial statements prepared in conformity with generally accepted accounting principles (GAAP). 944-40-50-3 For each fiscal year for which an income statement is presented, all of the following information about the liability for unpaid claims and claim adjustment expenses shall be disclosed: a. The balance in the liability for unpaid claims and claim adjustment expenses at the beginning and end of each fiscal year presented, and the related amount of reinsurance recoverable b. Incurred claims and claim adjustment expenses with separate disclosure of the provision for insured events of the current fiscal year and of increases or decreases in the provision for insured events of prior fiscal years c. Payments of claims and claim adjustment expenses with separate disclosure of payments of claims and claim adjustment expenses attributable to insured events of the current fiscal year and to insured events of prior fiscal years d. The reasons for the change in incurred claims and claim adjustment expenses recognized in the income statement attributable to insured events of prior fiscal years and should indicate whether additional premiums or return premiums have been accrued as a result of the prior-year effects. 944-40-50-4 Insurance entities shall disclose management's policies and methodologies for estimating the liability for unpaid claims and claim adjustment expenses for difficult-to-estimate liabilities, such as any of the following: a. Claims for toxic waste cleanup b. Asbestos-related illnesses c. Other environmental remediation exposures.	~~related deferred acquisition costs.~~
50-5		Short-Duration Contracts 944-40-50-5 Insurance entities shall disclose both of the following in their financial statements: a. The carrying amount of liabilities for unpaid claims and claim adjustment expenses relating to short-duration contracts that are presented at present value in the financial statements b. The range of interest rates used to discount the liabilities disclosed in (a).	Yes: 37 To comply with paragraph 36, an insurer shall disclose: (a) its accounting policies for

		insurance contracts and related assets, liabilities, income and expense. (b) the recognised assets, liabilities, income and expense (and, if it presents its statement of cash flows using the direct method, cash flows) arising from insurance contracts. (c) the process used to determine the assumptions that have the greatest effect on the measurement of the recognised amounts described in (b). When practicable, an insurer shall also give quantified disclosure of those assumptions.
50-6 and 50-7 50-8	Long-Duration Contracts > Traditional Long-Duration Contracts 944-40-50-6 Insurance entities shall disclose in their financial statements the methods and assumptions used in estimating the liability for future policy benefits. 944-40-50-7 Insurance entities are encouraged to disclose the average rate of assumed investment yields in effect for the current year. > Participating Contracts 944-40-50-8 An insurance entity shall disclose in the financial statements, with respect to long-duration participating life-insurance contracts that meet the criteria in paragraph 944-20-15-3, the methods and assumptions used in estimating the liability for future policy benefits.	Yes: 37 To comply with paragraph 36, an insurer shall disclose: (c) the process used to determine the assumptions that have the greatest effect on the measurement of the recognised amounts described in (b). When practicable, an insurer shall also give quantified disclosure of those

			assumptions.
50-9	Financial Guarantee Insurance Contracts 944-40-50-9 To meet the disclosure objective in paragraph 944-20-50-7, an insurance entity shall disclose all of the following information for each annual period (and in an interim period if a significant change has occurred in that interim period) unless otherwise indicated below: a. For the claim liability: 1. The weighted-average risk-free rate used to discount the claim liability. 2. The significant component(s) of the change in the claim liability for the period, including all of the following: i. Changes in the discount rate ii. The accretion of the discount on the claim liability iii. Changes in the timing iv. Changes in the likelihood of default. 3. The amount relating to the component(s) in item (2). 4. The line item in the statement of income where the amount or amounts in item (2) are reported (unless separately disclosed). 5. For each interim period, a schedule of insured financial obligations at the end of each interim period detailing, at a minimum, all of the following for each category or grouping of these financial obligations: i. Number of issued and outstanding financial guarantee insurance contracts ii. Remaining weighted-average contract period iii. Insured contractual payments outstanding, segregating principal and interest iv. Gross claim liability v. Gross potential recoveries vi. Discount, net (both claim liability and potential recoveries) vii. Net claim liability viii. Reinsurance recoverables vx. Unearned premium revenue. b. A description of the insurance entity's risk-management activities used to track and monitor deteriorating insured financial obligations, including all of the following: 1. A description of each grouping or category used to track and monitor deteriorating insured financial obligations 2. The insurance entity's policies for placing an insured financial obligation in, and monitoring, each grouping or category	37 (a) (b) (c) (d)	To comply with paragraph 36, an insurer shall disclose: its accounting policies for insurance contracts and related assets, liabilities, income and expense. the recognised assets, liabilities, income and expense (and, if it presents its statement of cash flows using the direct method, cash flows) arising from insurance contracts the process used to determine the assumptions that have the greatest effect on the measurement of the recognised amounts described in (b). When practicable, an insurer shall also give quantified disclosure of those assumptions. the effect of changes in assumptions used to measure insurance assets and insurance liabilities, showing separately the effect of each change that has a material effect on the financial

	3. The insurance entity's policies for avoiding or mitigating claim liabilities 4. The related expense and liability reported during the period for risk mitigation activities (not including reinsurance) 5. A description of where the risk mitigation activities expense and liability are reported in the statement of income and the statement of financial position, respectively.	statements.
944-470-50	Financial Services-Insurance: Debt: Disclosure 50-1 General > Surplus Notes 944-470-50-1 An entity shall disclose the domiciliary state insurance commissioner's role and ability to approve or disapprove any interest and principal payments.	Not relevant for this Standard.
944-50-50	Financial Services-Insurance: Policyholder Dividends: Disclosure 50-1 General > Participating Contracts 944-50-50-1 Insurance entities shall disclose all of the following in their financial statements: a. The relative percentage of participating insurance b. The method of accounting for policyholder dividends c. The amount of dividends d. The amount of any additional income allocated to participating policyholders.	To be considered in developing in new requirements for participating contracts, see agenda paper 6I, paragraphs 33-35.
944-505-50	Financial Services-Insurance: Equity: Disclosure 50-1 through 50-6 General 944-505-50-1 Insurance entities shall disclose in their financial statements all of the following information relating to stockholders' equity, statutory capital and surplus, and the effects of statutory accounting practices on the entity's ability to pay dividends to stockholders: a. The amount of statutory capital and surplus b. The amount of statutory capital and surplus necessary to satisfy regulatory requirements (based on the entity's current operations) if significant in relation to the entity's statutory capital and surplus c. The nature of statutory restrictions on the payment of dividends and the amount of retained earnings that is not available for the payment of dividends to stockholders. 944-505-50-2 The disclosure requirements beginning in the following paragraph apply to annual and	Not relevant for this Standard. See IAS 1 disclosure requirements: **134 An entity shall disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.** 135 To comply with paragraph

	complete sets of interim financial statements prepared in conformity with generally accepted accounting principles (GAAP). The disclosures in the following paragraph shall be made if both of the following conditions are met: a. The use of prescribed or permitted statutory accounting practices (individually or in the aggregate) results in reported statutory surplus or risk-based capital that is significantly different from the statutory surplus or risk-based capital that would have been reported had National Association of Insurance Commissioners' statutory accounting practices been followed. b. Either of the following conditions is met: 1. State-prescribed statutory accounting practices differ from National Association of Insurance Commissioners' statutory accounting practices. 2. Permitted state statutory accounting practices differ from either state-prescribed statutory accounting practices or National Association of Insurance Commissioners' statutory accounting practices. 944-505-50-3 If the criteria in the preceding paragraph are met, insurance entities shall disclose both of the following at the date each financial statement is presented: a. A description of the prescribed or permitted statutory accounting practice b. The related monetary effect on statutory surplus of using an accounting practice that differs from either state-prescribed statutory accounting practices or National Association of Insurance Commissioners' statutory accounting practices. 944-505-50-4 The disclosures in the preceding paragraph shall be applied by all of the following entities if the entity prepares U.S. GAAP financial statements: a. A U.S. insurance entity b. A U.S. entity with a U.S. insurance subsidiary c. A foreign entity with a U.S. insurance subsidiary. 944-505-50-5 If a foreign insurance entity that does not have a U.S. insurance subsidiary prepares U.S. GAAP financial statements or is included in its parent's consolidated U.S. GAAP financial statements, the notes to financial statements shall disclose permitted regulatory accounting practices that significantly differ from the prescribed regulatory accounting practices of its respective regulatory authority and their monetary effects. 944-505-50-6 If an insurance entity's risk-based capital would have triggered a regulatory event had it	134, the entity discloses the following: (a) qualitative information about its objectives, policies and processes for managing capital, including: (i) a description of what it manages as capital; (ii) when an entity is subject to externally imposed capital requirements, the nature of those requirements and how those requirements are incorporated into the management of capital; and (iii) how it is meeting its objectives for managing capital. (b) summary quantitative data about what it manages as capital. Some entities regard some financial liabilities (eg some forms of subordinated debt) as part of capital. Other entities regard capital as excluding some components

not used a permitted practice, that fact shall be disclosed in the financial statements.	of equity (eg components arising from cash flow hedges). (c) any changes in (a) and (b) from the previous period. (d) whether during the period it complied with any externally imposed capital requirements to which it is subject. (e) when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance. The entity bases these disclosures on the information provided internally to key management personnel. 136 An entity may manage capital in a number of ways and be subject to a number of different capital requirements. For example, a conglomerate may include entities that undertake insurance activities and banking activities and those entities may operate in several jurisdictions. When an aggregate disclosure of capital requirements and how capital is managed would not

		provide useful information or distorts a financial statement user's understanding of an entity's capital resources, the entity shall disclose separate information for each capital requirement to which the entity is subject
944-60-50	Financial Services-Insurance: Premium Deficiency and Loss Recognition: Disclosure 50-1 Short-Duration Contracts 944-60-50-1 An insurance entity shall disclose in its financial statements whether it considers anticipated investment income in determining if a premium deficiency relating to short-duration contracts exists.	Not relevant, The proposed model considers time value of money .
944-605-50	Financial Services-Insurance: Revenue Recognition: Disclosure	Yes: 37 To comply with paragraph 36, an insurer shall disclose: (b) the recognised assets, liabilities, income and expense (and, if it presents its statement of cash flows using the direct method, cash flows) arising from insurance contracts. Furthermore, if the insurer is a cedant, it shall disclose losses recognised in profit or loss on buying reinsurance

	50-1 through 50-3	Reinsurance Contracts > All Reinsurance Contracts 944-605-50-1 All insurance entities shall disclose all of the following in their financial statements: a. For all reinsurance contracts, both of the following: 1. Methods used for income recognition on reinsurance contracts 2. If not reported under paragraph 944-605-45-1 in the statement of earnings, as separate line items or parenthetically, the amounts of earned premiums ceded and recoveries recognized under reinsurance contracts. b. For short-duration contracts, all of the following on both a written basis and an earned basis: 1. Premiums from direct business 2. Reinsurance assumed 3. Reinsurance ceded. c. For long-duration contracts, all of the following: 1. Premiums and amounts assessed against policyholders from direct business 2. Reinsurance assumed and ceded 3. Premiums and amounts earned. d. For foreign reinsurance accounted for by the open year method, all of the following shall be disclosed for each period for which an income statement is presented: 1. The amounts of premiums, claims, and expenses recognized as income on closing underwriting balances 2. The additions to underwriting balances for the year for reported premiums, claims, and expenses. e. The amounts of premiums, claims, and expenses in the underwriting account for each balance sheet presented. 944-605-50-2 Appropriate disclosure of both of the following items is encouraged: a. The extent to which reinsurance contracts indemnify the ceding entity against loss or liability relating to insurance risk b. Indemnification policies as part of the required disclosure in the preceding paragraph about the nature and effect of reinsurance transactions. 944-605-50-3 Disclosure in the financial statements of an insurance entity's accounting policies under Topic 250 shall include a description of the methods used to account for foreign reinsurance.	39 (c)	To comply with paragraph 38, an insurer shall disclose: information about *insurance risk* (both before and after risk mitigation by reinsurance), including information about: (iii) actual claims compared with previous estimates (ie claims development). The disclosure about claims development shall go back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments, but need not go back more than ten years. An insurer need not disclose this information for claims for which uncertainty about the amount and timing of claims payments is typically resolved

	50-4 Financial Guarantee Insurance Contracts 944-605-50-4 To meet the disclosure objective in paragraph 944-20-50-7, an insurance entity shall disclose all of the following information for each annual period and interim period: a. For premium revenue recognition that has been accelerated, the amount and reasons for acceleration b. A schedule of the future expected premium revenue as of the latest date of the statement of financial position detailing both of the following: 1. The four quarters of the subsequent annual period and each of the next four annual periods 2. The remaining periods aggregated in five-year increments.	within one year.
944-80-50	Financial Services-Insurance: Separate Accounts: Disclosure 50-1 General 944-80-50-1 The following information shall be disclosed in the financial statements of the insurance entity: a. The general nature of the contracts reported in separate accounts, including the extent and terms of minimum guarantees b. The basis of presentation for both of the following: 1. Separate account assets and liabilities 2. Related separate account activity. c. A description of the liability valuation methods and assumptions used in estimating the liabilities for additional insurance benefits and minimum guarantees d. All of the following amounts related to minimum guarantees: 1. The separate account liability balances subject to various types of benefits, for example: a. Guaranteed minimum death benefit b. Guaranteed minimum income benefit c. Guaranteed minimum accumulation benefit. 2. Disclosures within the categories of benefits identified in (d)(1) for the types of guarantees provided may also be appropriate, for example, all of the following: a. Return of net deposit b. Return of net deposits accrued at a stated rate c. Return of highest anniversary value. 3. The amount of liability reported for additional insurance benefits, annuitization benefits and other minimum guarantees, by type of benefit, for the most recent balance sheet date 4. The incurred and paid amounts related to (d)(3) for all periods presented 5. For contracts for which an additional liability is disclosed in (d)(3), the net amount at risk and	37 To comply with paragraph 36, an insurer shall disclose: (a) its accounting policies for insurance contracts and related assets, liabilities, income and expense. (b) the recognised assets, liabilities, income and expense (and, if it presents its statement of cash flows using the direct method, cash flows) arising from insurance contracts (c) the process used to determine the assumptions that have the greatest effect on the measurement of the recognised amounts described in (b). When practicable, an insurer shall also give quantified disclosure of those assumptions.

	weighted average attained age of contract holders. e. The aggregate fair value of assets, by major investment asset category, supporting separate accounts with additional insurance benefits and minimum investment return guarantees as of each date for which a statement of financial position is presented f. The amount of gains and losses recognized on assets transferred to separate accounts for the periods presented.	(d) the effect of changes in assumptions used to measure insurance assets and insurance liabilities, showing separately the effect of each change that has a material effect on the financial statements.
944-805-50	Financial Services-Insurance: Business Combinations: Disclosure 50-2 through 50-4 Demutualizations 944-805-50-2 An insurance entity shall disclose all of the following: a. The nature and terms of a demutualization or formation of a mutual insurance holding entity b. The basis of presentation and terms of operation of the closed block c. A general description of all of the following: 1. The method of emergence of earnings from the closed block 2. Presentation of assets and liabilities of the closed block 3. The policyholder dividend obligation. 944-805-50-3 An insurance entity that has formed a closed block shall disclose both of the following: a. A general description of the closed block, including all of the following: 1. The purpose of the closed block 2. The types of insurance policies included 3. The nature of the cash flows that increase and decrease the amount of closed block assets and liabilities 4. An indication of the continuing responsibility of the insurance entity to support the payment of contractual benefits 5. The nature of expenses charged to the closed block operations. b. Summarized financial data of the closed block as of, or for periods ending on the date of, the financial statements presented, which shall include, at a minimum, all of the following: 1. The carrying amounts for the major types of invested assets of the closed block 2. Future policy benefits and policyholders' account balances 3. Policyholder dividend obligation 4. Premiums	Generally not relevant for this Standard. The part on closed books is covered by: 37 To comply with paragraph 36, an insurer shall disclose: (a) its accounting policies for insurance contracts and related assets, liabilities, income and expense. (b) the recognised assets, liabilities, income and expense (and, if it presents its statement of cash flows using the direct method, cash flows) arising from insurance contracts

	5. Net investment income 6. Realized investment gains and losses 7. Policyholder benefits 8. Policyholder dividends 9. The amount of maximum future earnings remaining to inure to the benefit of stockholders from the assets and liabilities of the closed block 10. An analysis of the changes in the policyholder dividend obligation. Example 2 (see paragraph 944-805-55-3) illustrates the application of these disclosure requirements. 944-805-50-4 Disclosures that typically would be required by the preceding paragraph for the various specific elements included in the closed block need not be made separately for the closed block if the nature of the information for the closed block would not differ significantly from that already included for the reporting entity as a whole. For example, it is not necessary to show a separate schedule of contractual maturities of closed block fixed maturity securities if the relative composition of contractual maturities is similar to those of the reporting entity taken as a whole. However, if the relative maturities of the closed block fixed maturities securities differ from those of the reporting entity taken as a whole, separate disclosures shall be made.	