



<b>To:</b>	<b>Board members</b>	<b>Date:</b>	24 March 2014
<b>From:</b>	<b>Sue Lightfoot</b>	<b>Agenda Item:</b>	9.1 (M137)
<b>Subject:</b>	<b>Insurance Contracts – project update</b>	<b>File:</b>	

## Action

Receive an update on recent tentative decisions made by the IASB on its Insurance Contracts project, and decide whether there are any issues that need to be raised with the IASB on those tentative decisions at this stage.

## Attachments

Agenda Paper 9.2 *Insurance Contracts – Project Update* (to be tabled)

## Background

In November 2010, the AASB issued [ED 201 Insurance Contracts](#), which incorporated the IASB's exposure draft, ED/2010/8 *Insurance Contracts*. The comment period for IASB's ED/2010/8 closed on 30 November 2010 (the comment period for AASB ED 201 closed on 8 November 2010 and attracted 17 submissions).

The AASB submission to the IASB on ED/2010/8, dated 2 December 2010, can be located on the AASB website [here](#).

At AASB meetings held since 2010, AASB staff provided regular updates on the project incorporating tentative decisions made by the IASB.

The IASB subsequently decided to re-expose revised proposals. In June 2013, the AASB issued [ED 244 Insurance Contracts](#), which incorporated the IASB's revised exposure draft, ED/2013/7 *Insurance Contracts*. The comment period for IASB's ED/2013/7 closed on 25 October 2013 and 194 comment letters were received (the comment period for AASB ED 244 closed on 27 September 2013 and attracted 12 submissions).

The revised ED sought input on five areas for which the IASB made significant changes in response to the feedback it received on its proposals in the 2010 Exposure Draft, as follows:

- a) Adjusting the contractual service margin;
- b) Contracts that require the entity to hold underlying items and specify a link to returns on those underlying items;
- c) Presentation of insurance contract revenue and expense;

- d) Interest expense in profit or loss; and
- e) Effective date and transition.

The AASB submission to the IASB, dated 31 October 2013, can be located on the AASB website [here](#).

The IASB began redeliberations on ED/2013/7 in January 2014. The most recent IASB work plan identifies that the IASB is redeliberating on Insurance Contracts in Q1 2014. No further timing is indicated concerning finalisation of a Standard.

## **IASB meeting – March 2014**

Due to the timing of the meeting (17-21 March 2014), AASB staff will table a summary of discussions at the April AASB meeting (Tabled Agenda Paper 9.2).