

MINUTES



To: Board Members
From: Insurance Contracts Team
(Lindemuth, ext. 442)
Subject: Minutes of the March 1, 2011,
Joint Board Meeting: Insurance
Contracts **Date:** March 3, 2011
cc: FASB: Bielstein, Golden, Stoklosa, Chookaszian, Posta, Guasp, Sutay,
Klimek, Gabriele, McGarity, Proestakes, Lott, Hood, Brickman, Weiner,
Kuhaneck, Lindemuth, Handy, Montgomery, Galloway (GASB), FASB
Intranet; IASB: Clark, Hack, Pryde, Zeitler, d'Eri, Vermaak, Yeoh, Jordan,
Teixeira

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue a final Accounting Standards Update.

Topic: Insurance Contracts—Discount Rate,
Scope

Basis for Discussion: FASB Memo Nos. 58C, 58E, 59, 59D /
IASB Agenda Papers 2, 2A, 2B, 2D

Length of Discussion: 8:00 to 10:15am (EST)

Attendance:

Board members present: FASB: Buck, Golden, Linsmeier,
Seidman, Shroeder, Smith, and Siegel

Board members participating
by video: IASB: Tweedie, Cooper, Danjou,
Engström, Finnegan, Gomes, König,
McConnell, McGregor, Scott, Yamada,
and Zhang

Board members participating
By video: IASB: Pacter, J. Smith, and
Kalavacherla

Board member absent:	None
Staff in charge of topic:	Weiner, Yeoh, and Pryde
Other staff participating by video:	IASB: Clark, Hack, Zeitler, d'Eri, and Vermaak
Staff members present:	FASB: Hildebrand, Kuhaneck, Lindemuth, Montgomery, Proestakes, and Weiner

Type of Document and Timing Based on the Technical Plan:

Please refer to the current technical plan for information about the expected release dates of exposure documents and final standards.

Summary of Decisions Reached:

The IASB and the FASB continued their discussions on insurance contracts on the following subjects:

1. Locking in the discount rate (postponed from a previous meeting)
2. Discounting non-life contract liabilities (postponed from a previous meeting)
3. Scope.

Locking in the Discount Rate

The Boards tentatively affirmed the proposal in the IASB's Exposure Draft, *Insurance Contracts*, and the FASB's Discussion Paper, *Preliminary Views on Insurance Contracts*, that the discount rate used to measure all insurance contracts should be a current rate that is updated each reporting period (that is, not to lock in the discount rate for any insurance contract). (Vote—IASB: unanimous; FASB: unanimous)

Discounting Non-Life Contract Liabilities

The IASB's Exposure Draft and the FASB's Discussion Paper proposed that discounting should be used in the measurement of all insurance liabilities.

The Boards tentatively decided to require discounting for all non-life long-tail claims.

The Boards tentatively agreed that discounting of insurance liabilities should not be required when the effect of discounting would be immaterial. The Boards asked the staff to develop, as part of the papers on the modified approach, additional guidance for determining when discounting a contract with a short-tail claim would be considered immaterial. (Vote—IASB: unanimous; FASB: unanimous)

Scope

The Boards tentatively affirmed the proposal to exclude from the scope of the guidance some fixed-fee service contracts that have as their primary purpose the provision of services. The Boards will consider in a future meeting how to identify such contracts.

The Boards tentatively affirmed all of the other scope exceptions that were proposed in the IASB's Exposure Draft and the FASB's Discussion Paper. (Vote—IASB: unanimous; FASB: 6-1)

General Announcements: None.