

MINUTES



MEMORANDUM

To: Board Members
From: Insurance Team (Konetzke x442)
Subject: Minutes of the August 13, 2014,
Board Meeting on Disclosures about Short-Duration Contracts
Date: September 17, 2014
cc: Sutay

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 an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Insurance—Disclosures about Short-Duration Contracts

Basis for Discussion: FASB Memo 123: Presentation of Disclosures about Claims Liabilities, Interim Disclosures about Health Insurance Claim Liabilities, Re-exposure, and Effective Date

Length of Discussion: 2:10 PM to 3:00 PM

Attendance:

Board members present: Golden, Kroeker, Buck, Linsmeier, Schroeder, Siegel, Smith

Board members absent:

Staff in charge of topic: M. Brown

Other staff at Board table: Cospers, Proestakes, Richer, Shah, Brickman, Silver, Konetzke

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of a FASB Accounting Standards Update addressing disclosures by insurance entities about short-duration insurance contracts.

The Board has not yet determined the timing of the release of that Update.

Tentative Board Decisions:

The Board continued its discussions of disclosures about short-duration contracts and made the following decisions.

Incurred and Paid Claims Development Tables

The Board affirmed its previous decision that incurred and paid claims development tables should be disclosed in the financial statement footnotes and that those disclosures need not go back more than 10 years, but that they should present information for the number of years for which claims incurred typically remain outstanding.

(Vote: 4 to 3)

Health Insurance Claims

The Board decided that insurance entities that issue short-duration insurance contracts should disclose in their interim and annual financial statements the incurred but not reported liabilities included in the liability for unpaid claims and claim adjustment expenses for health insurance claims, either as a separate disclosure or as a component of the rollforward of the liability for unpaid claims and claim adjustment expenses. The rollforward should be disaggregated so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have different characteristics.

(Vote: unanimous)

Effective Date

The Board decided that for public business entities, the final guidance should be effective for annual reporting periods beginning after December 15, 2014, and interim reporting periods within annual reporting periods beginning after December 15, 2015. The Board decided on a one-year delay for all other entities. The Board also decided to allow early adoption for all entities.

(Vote: unanimous)

Next Steps

The Board directed the staff to draft an Accounting Standards Update for vote by written ballot with an extended time frame for external review by a broad range of stakeholders.

(Vote: 5 to 2)

General Announcements:

None.