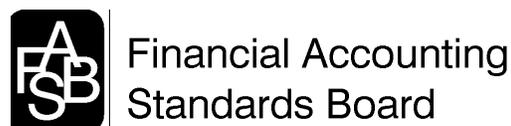


MINUTES



To: Board Members
From: Insurance Contracts Team
(Jones, ext. 384)
Subject: Minutes of the June 10, 2010, FASB Board Meeting: Insurance Contracts
Date: June 23, 2010
cc: FASB: Bielstein, Golden, Stoklosa, Chookaszian, Posta, Guasp, Sutay, Klimek, Gabriele, McGarity, Proestakes, Cropsey, Trench, Lott, Hood, Brickman, Galloway (GASB), FASB Intranet; IASB: Leisenring, Clark, van der Veen, Hack, 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—Participating Investment Contracts and Risk Adjustment Techniques

Basis for Discussion: Board Memos No. 49 through No. 49B

Length of Discussion: 9:15 a.m. to 11:30 a.m. EST

Attendance:

Board members present: FASB (in Norwalk): Herz, Smith, Siegel, Seidman, and Linsmeier

IASB: Tweedie, Gelard, Leisenring (in Norwalk), McConnell, Engström, Smith, Finnegan (in Norwalk), Wei-Guo, Danjou, Gomes, McGregor (by phone), and Yamada (by video)

Board members absent: Cooper, Kalavacherla, and Garnett

Staff in charge of topic: Jordan (49A) and van der Veen (49B)

Other staff at Board table: IASB: Clark, d'Eri, and Hack
Other: Tucker (PwC London),
Gutterman (by video, PwC Milwaukee)

Staff participating by video: FASB: Trench, Proestakes, Cropsey,
Jourdan, Jones, Brickman, and Golden

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of an Exposure Draft addressing insurance contracts.

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 Boards discussed participating investment contracts and risk adjustment techniques.

Participating Investment Contracts

The Boards discussed whether investment contracts with a discretionary participation feature should be within the scope of a future standard on insurance contracts or within the scope of standards for financial instruments.

The IASB tentatively decided to include investment contracts that both contain a discretionary participating feature and also participate in the same pool of assets as participating insurance contracts within the scope of the future standard on insurance contracts. The Boards asked the staff to consider further the criteria for determining when a pool of assets supports both participating insurance contracts and participating investments contracts, for example, by reference to the proportion of assets relating to insurance contracts in those pools.

Furthermore, the IASB tentatively decided that the boundary of these contracts should be defined as the point at which the contract holder no longer has a contractual right to receive benefits arising from a discretionary participating feature (Vote – IASB: 6 to 6, 3 absent, casting vote by Chairman).

The FASB tentatively decided to include these investment contracts in the scope of standards for financial instruments (Vote – FASB: unanimous).

Risk Adjustment Techniques

The Boards discussed further which techniques could be used to measure the

risk adjustment for insurance contracts (in a measurement approach that includes such an adjustment).

The Boards directed the staff to develop draft guidance that describes techniques for measuring risk adjustments that would satisfy the proposed objective and characteristics of the risk adjustment, such as approaches using confidence intervals, conditional tail expectations, or cost of capital.

Next Steps

The Boards will continue their discussion of this project at their joint meeting on June 14–17.

General Announcements: None.