

MINUTES



To: Board Members

From: Insurance Contracts Team
(Montgomery, ext. 445)

Subject: Minutes of July 28, 2010, FASB Board Meeting: Insurance Contracts **Date:** July 29, 2010

cc: FASB: Bielstein, Golden, Stoklosa, Chookaszian, Posta, Guasp, Sutay, Klimek, Gabriele, McGarity, Proestakes, Lott, Hood, Brickman, Jones, Handy, Montgomery, Galloway (GASB), FASB Intranet; IASB: 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 an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Insurance Contracts—Modified Approach

Basis for Discussion: Board Memo No. 53

Length of Discussion: 9:00 a.m. to 10:15 a.m. EST

Attendance:

Board members present:	Herz, Smith, Siegel, Seidman, and Linsmeier
Staff in charge of topic:	Calif
Other staff at Board table:	Brickman, Handy, Proestakes, Jones, and Montgomery
Outside participants:	Calif

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of a Discussion Paper 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:

At this meeting, the Board discussed the following:

1. Whether some or all short-duration insurance contracts should be accounted for using a modified measurement and presentation approach, previously referred to as the unearned premium approach.
2. Based on its decision on the first item, how the FASB should proceed, including whether it should issue an Exposure Draft based on the tentative decisions to date or a Discussion Paper that solicits further input.

Some Board members supported the application of a modified measurement and presentation approach for certain insurance contracts. However, the Board had a number of questions about certain aspects of a modified measurement and presentation approach and about which insurance contracts should apply that approach rather than the basic approach.

The Board (unanimously) decided to issue a Discussion Paper to further solicit input from constituents. That Discussion Paper will compare the IASB's proposed model, the FASB's tentative decisions reached to date, and current U.S. GAAP. It also would include preliminary views on possible improvements to current guidance.

General Announcements:

Agenda decision: derecognition—limited scope amendments to Topic 860, Transfers and Servicing

The FASB chairman announced that he added a limited scope project to the Board's agenda to improve the accounting for repurchase agreements (repos) or other agreements that both entitle and obligate the transferor to repurchase or redeem financial assets before their maturity. Although this is not a joint project with the IASB, the Board intends to consider how the proposed improvements are similar to or different from IFRS.