

MINUTES



To: Board Members
From: Insurance Contracts Team
(Lindemuth, ext. 442)
Subject: Minutes of the February 2, 2011,
Joint Board Meeting: Insurance
Contracts **Date:** February 9, 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—Acquisition costs
Basis for Discussion: FASB Memo Nos. 55, 56A, 56B /
IASB Agenda Papers 3, 3A, 3B
Length of Discussion: 11:15am to 12:15pm (EST)
Attendance:
Board members present: IASB: König, Danjou, Pacter,
Finnegan, Zhang, Scott, and Cooper
Board members participating
by phone: FASB: Golden, Linsmeier, Seidman,
Smith, and Siegel
IASB: Gomes, Smith, Kalavacherla,
Tweedie, McGregor, and Yamada
Board member absent: None

Staff in charge of topic:	Weiner, Yeoh, and Pryde
Other staff at Board table:	IASB: Clark, Hack, Zeitler, d'Eri, and Vermaak
Staff participating by video:	FASB: Montgomery and Lindemuth
Staff participating by phone:	FASB: Proestakes

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 FASB and the IASB continued their discussions on insurance contracts by discussing how insurers should account for the costs of obtaining insurance contracts.

The Boards tentatively decided that the cash flows included in the initial measurement of insurance contracts should include certain acquisition costs that relate to a portfolio of insurance contracts.

The Boards discussed whether acquisition costs included in the initial measurement of the cash flows should include only those costs associated with successful selling efforts. The IASB did not come to a consensus, and the FASB tentatively decided that the acquisition costs included in the initial measurement of an insurance contract should include only the costs directly related to successful selling efforts.

The FASB tentatively decided to include implementation guidance to clarify which acquisition costs should be included in the initial measurement of an insurance contract. The IASB did not come to a consensus on whether to include implementation guidance.

Additionally, the Boards asked the staff to provide further clarification on how to define incremental costs, direct costs, or direct and incremental costs to better understand the acquisition costs that would be included in the cash flows.

General Announcements: None.