

MINUTES



To: Board Members
From: Insurance Contracts Team
(Lindemuth, ext. 442)
Subject: Minutes of the February 3, 2011, 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—Discount rate
Basis for Discussion: FASB Memo Nos. 57, 57A
Length of Discussion: 8:30am to 10:00am (EST)
Attendance:
Board members present: FASB: Golden, Linsmeier, Seidman, Smith, and Siegel
Board member absent: None
Staff in charge of topic: Weiner, Yeoh, and Pryde
Staff members present: FASB: Montgomery, Proestakes, Lindemuth, and Kuhaneck

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 invited speakers from the American Academy of Actuaries to present an informational session on potential discount rates for the measurement of insurance contracts. The IASB's Exposure Draft, *Insurance Contracts*, and the FASB's Discussion Paper, *Preliminary Views on Insurance Contracts*, were consistent about the determination of the discount rate, which begins with a risk-free interest rate and adds an adjustment for illiquidity (referred to as a bottom-up approach). The guest speakers (William Hines and Stephen Strommen) provided a presentation on insurance companies' views of pricing and an expected portfolio rate less defaults and other risks (referred to as a top-down approach). The presentation attempted to portray that, in theory, either methodology would generate an appropriate discount rate.

No decisions were made.

General Announcements: None.