

MINUTES



MEMORANDUM

To: Board Members
From: Insurance Team (Silver x399)
Subject: Minutes of November 19, 2014,
Board Meeting on Targeted
Improvements to the Accounting for
Long-Duration Contracts
Date: December 2, 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—Targeted Improvements to the
Accounting for Long-Duration Contracts

Basis for Discussion: FASB Memo 128: Liability for Future Policy
Benefits—Discount Rates

Length of Discussion: 8:30 AM to 9:15 AM

Attendance:

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

Board members absent: None

Staff in charge of topic: Casas

Other staff at Board table: Cosper, 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 targeted improvements to the accounting for long-duration contracts.

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

Tentative Board Decisions:

The Board discussed alternative discount rates to reflect the time value of money in the calculation of the liability for future policy benefits.

Discount Rate

The Board decided that long-duration insurance contracts that are discounted using an expected investment yield under existing GAAP should be discounted using a rate based on a portfolio of high-quality fixed-income investments.

(Vote: 4 to 3)

Next Steps

At a future Board meeting, the Board will consider the application of the discount rate to insurance contracts for which the liability for future policy benefits is discounted using a rate other than an expected investment yield under existing GAAP. It also will clarify the concept of “high-quality,” evaluate related disclosure requirements, and continue to deliberate other targeted improvements to accounting for long-duration contracts.

General Announcements:

None.