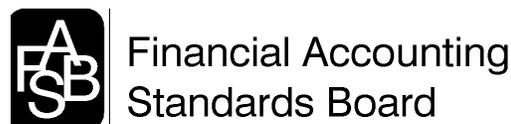


MINUTES



To: Board Members
From: Insurance Contracts Team
(Jourdan, ext. 273)
Subject: Minutes of the March 23, 2010,
Joint Board Meeting: Insurance
Contracts
Date: April 5, 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—Risk
Adjustments and Participating
contracts

Basis for Discussion: Board Memorandum Nos. 41I and 41L

Length of Discussion: 11:30 a.m. to 2:00 p.m. (Eastern)

Attendance:

Board members present: FASB: Herz, Smith, Siegel, Seidman,
and Linsmeier

IASB: Tweedie, Cooper, Gelard
Leisenring, McConnell, Engström,
Smith, Finnegan, Wei-Guo, Danjou,
Gomes, Kalavacherla, Garnett,
Mcgregor, and Yamada

Board member absent: None

Staff in charge of topic: van der Veen

Other staff at Board table: IASB: Clark, Hack, and Golden

Staff participating by video: FASB: Cropsey, Trench, Proestakes,
Jourdan, and Brickman
IASB: Upton

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.

The Board's technical plan calls for that Exposure Draft to be issued in the third quarter of 2010.

Summary of Decisions Reached:

The Boards discussed the following two topics:

1. Risk adjustments
2. Participating features in insurance contracts.

Risk Adjustments

The staff presented the Boards with the options for moving forward on the topic of risk adjustments.

The IASB decided tentatively that:

1. The measurement of an insurance contract should include a separate risk adjustment. (Vote—IASB: 8 to 7)
2. The risk adjustment should be the amount the insurer would rationally pay to be relieved of the risk [the objective proposed for the risk adjustment used in the IASB's recent Exposure Draft, *Measurement of Liabilities in IAS 37*]. (Vote—IASB: 7 in favor of this proposal, 3 in favor of an exit notion, 3 in favor of an entry notion)

The FASB decided tentatively that the measurement of an insurance contract should not include a separate risk adjustment. Instead, the measurement should include one single composite margin. (Vote—FASB: 4 to 1)

Participating Features in Insurance Contracts

The Boards discussed the treatment of participating features in insurance contracts.

The IASB decided tentatively that payments arising from the participating feature should be included in the measurement of insurance contracts in the same way as any other contractual cash flows (i.e., on an expected present value basis). (Vote—IASB: 11 to 4)

The FASB decided tentatively that the insurer should recognize a liability for participating benefits to the extent that it has a legal or constructive obligation to pay those benefits. (Vote—FASB: 3 to 2)

The Boards discussed possible disclosure requirements for participating contracts, and Board members provided comments for the staff to consider in developing those requirements for further discussion.

Next Steps

The Boards will continue their discussion of this project at the joint Board meeting on March 24.

General Announcements: None.