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Insurance Spotlight

FASB Issues New Disclosure Requirements for Short-Duration Insurance Contracts

In This Issue:

The Bottom Line

- On May 21, 2015, the FASB issued ASU 2015-09[1] which expands the breadth of disclosures that an insurance entity must provide about its short-duration insurance contracts (the ASU does not apply to holders of short-duration contracts).
- The ASU focuses only on disclosures; it does not change the U.S. GAAP accounting model for short-duration contracts.
- One significant new disclosure required under the ASU is presentation of incurred and paid claims development tables by accident year, which need not exceed 10 years of claim information.
- An insurer's unique facts and circumstances and the characteristics of its insurance liabilities will dictate the appropriate extent of disaggregation for its disclosures.
- The ASU is effective for public business entities for annual periods beginning after December 15, 2015, and interim periods within annual reporting periods beginning after December 15, 2016. All other entities have a one-year delay. Early application is permitted (see Transition below for further discussion).
- To meet the new disclosure requirements, an insurance entity may have to establish or modify information technology systems and internal controls to gather information about its short-duration insurance contracts that is not currently tracked or readily available.
- The ASU's disclosure requirements differ from existing disclosure requirements under IFRSs and also differ from those in the IASB's proposed insurance standard.
- The claims development disclosures required by the ASU differ from those required by the SEC; insurers still will have to comply with existing SEC disclosure requirements.

[1] FASB Accounting Standards Update No. 2015-09, *Disclosures About Short-Duration Contracts*.

Beyond the Bottom Line

This *Insurance Spotlight* discusses the ASU's new disclosure requirements for short-duration insurance contracts and highlights key issues and potential challenges that insurance entities may face as a result of those requirements. In addition, this publication contains three appendixes. Appendix A illustrates how an insurance entity would disclose information about claims development under the ASU. Appendix B provides a sample disclosure of the historical average annual percentage payout of incurred claims under the ASU and illustrates how that average would be calculated. Appendix C discusses the FASB's and IASB's convergence efforts related to insurance contracts.

Background

The ASU represents the culmination of one of two FASB projects whose goal is to make targeted improvements to the accounting and disclosure models for insurance contracts under U.S. GAAP. In June 2013, the FASB released a proposed ASU[2] for public comment as part of its joint project with the IASB on insurance contracts after two years of deliberations during which the boards were unable to fully converge their proposals. In response to constituents' feedback on its proposal, the FASB decided in early 2014 to (1) refocus its efforts on making targeted improvements to insurance accounting under U.S. GAAP instead of pursuing an accounting model that would converge with IFRSs and (2) separately deliberate its targeted improvements for short-duration and long-duration contracts, respectively. Notably, the FASB also decided to retain the existing scope of insurance accounting under U.S. GAAP instead of adopting the contract-based approach proposed by the IASB; accordingly, only insurance entities[3] will be subject to the FASB's targeted improvements. In addition, the Board decided that its targeted improvements for short-duration contracts would focus only on disclosures; consequently, the new ASU does not change the existing accounting model for such contracts.

Summary

Under the ASU, insurance entities with short-duration insurance contracts must annually provide the following disclosures:

- "Incurred and paid claims [and allocated claim adjustment expenses (CAEs)] development information by accident year, on a net basis after risk mitigation through reinsurance, for the number of years for which claims incurred typically remain outstanding (that need not exceed 10 years, including the most recent reporting period presented in the statement of financial position). Each period presented in the disclosure about claims development that precedes the current reporting period is considered to be supplementary information." For the most recent reporting period presented, an insurer also must disclose the total net outstanding claims for all accident years before those presented in the claims development tables (i.e., collectively, for those accident years not separately presented in the development tables).
- A reconciliation of the claims development disclosures "to the aggregate carrying amount of the liability for unpaid claims and [CAEs] for the most recent reporting period presented, with separate disclosure of reinsurance recoverable on unpaid claims."
- For each accident year presented in the incurred claims development table, information about (1) claim frequency (unless impracticable) and (2) the amounts of incurred-but-not-reported (IBNR) liabilities plus the expected development on reported claims.
- A description of the methods, and any significant changes to such methods, for determining (1) both IBNR and expected development on reported claims and (2) cumulative claim frequency.
- For all claims except health insurance claims, the historical average annual percentage payout of incurred claims by age, net of reinsurance, for those accident years presented in the claims development tables.
- Information about any significant changes in methods and assumptions used in the computation of the liability for unpaid claims and CAEs,[4] including reasons for the changes and the impact of the changes on the most recent reporting period in the financial statements.

[2] FASB Proposed Accounting Standards Update, *Insurance Contracts (Topic 834)*.

[3] The scope of the ASU is limited to insurance entities within the scope of ASC 944. (For titles of *FASB Accounting Standards Codification* (ASC) references, see Deloitte's "Titles of Topics and Subtopics in the *FASB Accounting Standards Codification*.")

[4] Although this disclosure under the ASU is required only for annual periods, the ASU's Basis for Conclusions observes that ASC 270 requires disclosure in interim financial statements of the effects of a change in an accounting estimate.

- The carrying amounts of liabilities for unpaid claims and CAEs that are presented at present value and the effects of the discounting, including (1) the aggregate discount deducted from the liabilities, (2) the amount of interest accretion recognized during each period, and (3) the line item(s) in the statement of comprehensive income in which the interest accretion is classified.[5]

In addition, insurance entities are required to disclose the following in both interim and annual periods:

- The rollforward of the liability for unpaid claims and CAEs.[6]
- Total IBNR liabilities, plus expected development on reported claims, included in the liability for unpaid claims and CAEs for health insurance claims, either as a separate disclosure or as a component of the disclosure of the rollforward of the liability, at an appropriate level of disaggregation.

Additional Information About the Incurred- and Paid-Loss Development Tables

Number of Years in Table

During the Board's outreach process, financial statement users frequently cited the usefulness of 10-year incurred- and paid-loss development tables. The Board recognized, however, that a strict requirement to provide 10 years of information for all types of short-duration contracts would not necessarily ensure that constituents have access to the most decision-useful information. Accordingly, the Board established a principle that insurers should disclose information "for the number of years for which claims incurred typically remain outstanding, but need not exceed 10 years including the most recent reporting period presented." Insurers are not precluded from providing information for more than or fewer than 10 years if warranted by the characteristics of the disaggregated group of contracts. Management's determination of the appropriate number of periods to present in the development tables will depend on its judgment regarding "the number of years for which claims incurred typically remain outstanding."

Thinking It Through

The subjectivity inherent in management's application of the principle may create diversity in practice. Some insurers may conclude that the claims development tables for lines of business (or other disaggregated groups of contracts) with shorter payment periods, such as auto claims, should contain fewer periods than would be necessary for lines of business with longer-tail claims, such as workers' compensation. Further, insurers also will need to incorporate health insurance claims into the development tables, contrary to current disclosure practices under the SEC's rules. Because health insurance claims typically have a shorter payment period, some insurers may conclude that it is sufficient to provide information for fewer than 10 accident years in development tables related to such claims.

Level of Disaggregation

The ASU does not prescribe how an insurer's short-duration contracts should be disaggregated in the claims development tables; rather, it states only that "an insurance entity shall aggregate or disaggregate [such information] so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have significantly different characteristics." The ASU also notes that the extent of aggregation or disaggregation "depends on the facts and circumstances that pertain to the characteristics of the liability for unpaid claims and [CAEs]" and that insurers should consider "how information about the insurance entity's liability for unpaid claims and [CAEs] has been presented for other purposes, including all of the following:

a. Disclosures presented outside the financial statements (for example, in earnings releases, annual reports, statutory filings, or investor presentations)
b. Information regularly viewed by the chief operating decision maker for evaluating financial performance

[5] The ASU does not add any new requirements to discount short-duration insurance liabilities; however, the Board believed that financial statement users would find disclosure about discounted liabilities useful because existing U.S. GAAP and SEC staff guidance permit discounting of short-duration insurance contract liabilities under certain conditions.

[6] Previously, this disclosure was required only annually.

c. Other information that is similar to the types of information identified in (a) and (b) and that is used by the insurance entity or users of the insurance entity's financial statements to evaluate the insurance entity's financial performance or make resource allocation decisions."

In addition, the ASU provides examples of categories that may be an appropriate basis for disaggregation, specifically (1) type of coverage (e.g., major product line), (2) geography, (3) reportable segment, (4) market or type of customer, and (5) claim duration. It also states that an insurer should not aggregate amounts from different reportable segments. Further, insurers are not required to disclose claims development information for "insignificant" categories; however, even the insignificant amounts must be included in the reconciliation of claims development information to the carrying amount of the insurance liability in the statement of financial position.

Other Aspects of the ASU

Although the ASU requires quantitative disclosure about the frequency of claims by accident year unless impracticable,[7] it does not prescribe how an insurer should compute claim frequency. Similarly, insurers could apply different reserving methods to compute the amount of IBNR plus expected development on reported claims. To allow financial statement users to appropriately interpret these measures, the ASU requires insurers to disclose their methods of computing these amounts and any significant changes to those methods. For claim frequency, insurers also must indicate (1) whether frequency is measured by claim event or individual claimant (e.g., for an auto accident involving the driver and two passengers, whether the insurer views the incident as one claim or three claims) and (2) how they consider claims that do not result in a liability (e.g., coverages such as excess-of-loss or supplemental insurance may have claim activity that does not result in a liability for the insurer).

Thinking It Through

The Board's rationale for requiring disclosure of information by accident year about claim frequency and IBNR plus expected development on reported claims is to allow financial statement users to use this information in conjunction with the information about claims development to compute the average severity of reported claims.

For annual reporting periods, insurers are required to reconcile the information in the claims development tables to the aggregate carrying amount of the liability for unpaid claims and CAEs for the most recent reporting period presented in the statement of financial position. As part of the reconciliation, insurers must separately disclose the amount of reinsurance recoverable on unpaid claims.

Under the ASU, entities should present as required supplementary information (RSI)[8] (1) "[a]ll periods presented in the disclosure about claims development that precede the most recent reporting period" and (2) "the historical average annual percentage payout of incurred claims by age, net of reinsurance (that is, history of claims duration by age), as of the most recent reporting period." The ASU does not prescribe where an entity must present the claims development tables (e.g., outside the financial statements versus in the footnotes, with appropriate designation of what is RSI).

The incurred- and paid-loss development tables required under the ASU are similar to the 10-year consolidated-loss development table currently provided annually by public insurance entities in MD&A.[9] However, they differ in key respects, including the following:

- The disclosures required under the ASU are intended to provide claim information by accident year instead of tracking subsequent activity associated with a given reporting year's year-end reserves.
- Amounts presented under the ASU are disaggregated.
- The ASU does not require disclosure of information for 10 years; rather, the periods presented need not exceed 10 years.

7 "Impracticable" has the same meaning as in ASC 250-10-45-9. An insurer could apply this exemption in circumstances in which claim frequency information is unavailable to the insurer (as might be the case for assumed reinsurance or residual market pools). An insurer must disclose when it uses this exemption and explain why it is impracticable to provide the claim frequency information.

8 Under the auditing standards, RSI is not considered a part of an entity's basic financial statements (i.e., the auditor's opinion on the basic financial statements does not cover RSI), and an auditor would perform only specified procedures related to such information. However, the ASU's Basis for Conclusions indicates that "entities are not precluded from having the entire claims development tables audited."

9 Property and casualty insurers are required to prepare this table in accordance with SEC Industry Guide 6, "Disclosures Concerning Unpaid Claims and Claim Adjustment Expenses of Property-Casualty Insurance Underwriters" ("Guide 6").

- The ASU requires health insurance claim activity to be included in the development tables.
- The ASU requires tabular amounts to be presented net of reinsurance.
- Information for the most recent reporting period included in the development tables required under the ASU will be audited.

See Appendix A for an example of incurred- and paid-loss development tables under the ASU.

Thinking It Through

Although the information to be provided in the development tables under the ASU is similar to the information required under existing SEC rules, insurers that adopt the ASU still must comply with the SEC's disclosure requirements. It is unclear whether the SEC or its staff has any plans to revisit those requirements.

Material Changes in the Determination of the Insurance Liability

Because the liability for unpaid claims and CAEs is a management estimate requiring judgment, its balance can change significantly from year to year and even from quarter to quarter. To determine its estimate, management may consider the results of multiple actuarial methods and challenge the propriety of the assumptions and inputs used in those computations. To provide financial statement users with insight into changes to an insurer's method of computing its reserves, the ASU requires annual disclosure of (1) any significant changes in methods and assumptions used in the calculation of an insurer's liability for unpaid claims and CAEs, (2) the reasons for the changes, and (3) the effects of the changes on the financial statements for the most recent reporting period presented. As stated in the ASU's Basis for Conclusions, the Board believed that the new requirement is warranted because although ASC 250 requires disclosure of changes in accounting principles and estimates, there is no explicit requirement in current U.S. GAAP to disclose changes in actuarial methods and assumptions.

Rollforward of the Liability for Unpaid Claims and CAEs

ASC 944-40-50-3 previously required insurers to disclose annually the rollforward of the liability for unpaid claims and CAEs. Through its outreach efforts, the Board received feedback that constituents would also like insurers to provide such information for all short-duration contracts for interim periods. In particular, interim rollforwards for health insurance liabilities are considered useful because of (1) the typically short duration of health insurance claims and (2) financial statement users' interest in the development of prior-period liability estimates.

Accordingly, ASC 944-40-50-3 as amended by the ASU requires insurers to disclose:

- The liability for unpaid claims and CAEs at the beginning of each fiscal year presented in the statement of income, and related amounts of reinsurance recoverable.
- Year-to-date incurred claims and CAEs, differentiating between those attributable to the current fiscal year and those attributable to prior fiscal years.
- Year-to-date payments of claims and CAEs, differentiating between those attributable to insured events of the current fiscal year and those attributable to prior fiscal years.
- The ending balance of the liability for unpaid claims and CAEs and the related amounts of reinsurance recoverable
- The reasons for the change in incurred claims and CAEs recognized in the income statement that are attributable to insured events of prior fiscal years, and whether prior-period effects have triggered the accrual of additional or return premiums.

Transition

Insurers should apply the ASU's disclosure requirements retrospectively by providing comparative disclosures for each prior fiscal year presented, except for those requirements that apply only to the current period. For example:

- Because the claims development and related tables depict cumulative experience, there is no need to provide comparative tables. In the year of adoption, an entity would provide the claims development tables, but those tables would not have to depict information about claims development for a particular category that occurred earlier than five years before the end of the year of adoption if it is impracticable to obtain the necessary information. For each subsequent year, the minimum number of years required in the claims development tables would increase by at least 1 year, but need not exceed 10 years, including the most recent period presented in the statement of financial position.
- An entity would prospectively apply the requirement to disclose material changes in judgments made in calculating the liability for unpaid claims and CAEs.

The ASU does not require insurers to provide the transition disclosures specified in ASC 250-10.

Thinking Ahead

Although some insurers may be accustomed to accumulating and reporting information similar to that needed to comply with the ASU under existing U.S. GAAP and SEC reporting requirements, they still should be mindful of a number of considerations. Many of the disclosures required under the ASU will need to be disaggregated to a greater extent than those currently provided, so insurers should ensure that they have sufficient systems in place to capture all of the data needed to comply with the ASU's requirements. Such data would typically include at least five years of claims development information for each disaggregated group of contracts. Health insurers in particular should assess the data-gathering capability of their internal systems because they may not be accumulating and reporting such information today.

Further, insurers must also assess whether they have sufficient internal controls in place to ensure that the disclosures, including those for the current financial reporting year included in the incurred- and paid-loss development tables, are complete and accurate.

Although the ASU does not affect existing SEC reporting requirements, insurers should assess whether the additional financial statement disclosures will warrant modifications to their MD&A discussion. As a best practice, insurers also may want to ensure that they are able to explain differences between, or otherwise are able to reconcile, the disclosures they provide under Guide 6 and their financial statement disclosures. In addition, registrants should bear in mind that certain financial data reported under the new disclosures will be subject to interactive data (XBRL[10]) reporting requirements; accordingly, they should give their internal financial reporting personnel or third-party service providers enough lead time to prepare the necessary interactive data files.

Multinational insurers should continue monitoring the IASB's insurance project, take note of the different requirements of IFRSs and U.S. GAAP, and, if necessary, assess whether they have systems and personnel capable of converting financial statements prepared under one set of standards to financial statements prepared in accordance with the other set of standards for internal or statutory reporting purposes. For a discussion of developments in the FASB's and IASB's respective insurance projects since their initial convergence effort, see Appendix C.

Finally, although private insurers will have an additional year to comply with the ASU's requirements, they should take full advantage of that extra time to ensure that they have sufficient systems and controls in place to implement the standard.

[10] eXtensible Business Reporting Language.

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Appendix A — Incurred- and Paid-Loss Development Tables

The sample tables below, which are reproduced from the ASU, illustrate how an insurance entity with one major short-duration product line (homeowners' insurance) would disclose (1) information about incurred claims and allocated CAEs, net of reinsurance; (2) information about cumulative paid claims and allocated CAEs, net of reinsurance; and (3) the reconciliation of the incurred and paid claims development tables to the liability for unpaid claims and CAEs for the most recent reporting period presented in the consolidated statement of financial position.

The information for all periods presented in the claims development tables that precede the most recent reporting period is considered required supplementary information (unless the insurer chooses to have the development tables audited). The ASU does not prescribe a location where insurers should present the development tables (e.g., outside the financial statements as a supplementary schedule or within the financial statement footnotes, clearly designating the supplementary information); however the ASU's Basis for Conclusions indicates that "[a]ll claims development years should be presented together to best communicate development trends to users."

Homeowners' Insurance

in thousands

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance											As of December 31, 20Y6	
Accident Year	For the Years Ended December 31,										Total of Incurred-but-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	20X7	20X8	20X9	20Y0	20Y1	20Y2	20Y3	20Y4	20Y5	20Y6		
20X7	$ 10,000	$ 9,900	$ 9,700	$ 9,800	$ 9,750	$ 9,750	$ 9,600	$ 9,650	$ 9,575	$ 9,550	$ 5	39
20X8		10,950	11,000	10,500	10,750	10,850	10,600	10,250	10,150	10,250	30	37
20X9			12,000	11,750	11,500	10,900	10,900	10,850	10,750	10,500	90	38
20Y0				12,250	12,500	12,550	12,400	12,200	12,150	12,000	300	36
20Y1					12,300	12,500	12,650	12,750	12,800	12,850	900	35
20Y2						12,800	12,900	12,750	12,700	12,700	1,100	34
20Y3							13,000	13,250	13,100	13,150	1,500	31
20Y4								13,150	13,250	13,300	2,100	29
20Y5									13,500	13,250	3,100	26
20Y6										13,750	5,000	22
									Total	$121,300		

Homeowners' Insurance

in thousands

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										
Accident Year	For the Years Ended December 31,									
	20X7	20X8	20X9	20Y0	20Y1	20Y2	20Y3	20Y4	20Y5	20Y6
20X7	$ 3,000	$ 5,000	$ 5,500	$ 6,000	$ 6,800	$ 7,500	$ 8,500	$ 9,000	$ 9,050	$ 9,075
20X8		3,500	5,750	6,500	7,500	7,750	8,250	8,500	9,000	9,500
20X9			3,750	6,000	6,500	7,500	7,900	8,250	8,950	9,700
20Y0				3,750	6,250	7,250	7,750	8,900	9,700	9,950
20Y1					4,250	5,500	6,750	8,000	8,950	9,250
20Y2						4,125	5,250	7,000	8,000	9,000
20Y3							4,500	5,750	7,250	7,750
20Y4								4,600	6,000	6,950
20Y5									4,750	6,125
20Y6										4,850
									Total	$ 82,150
									All outstanding liabilities before 20X7, net of reinsurance	1,400
									Liabilities for claims and claim adjustment expenses, net of reinsurance	$ 40,550

Reconciliation of the Disclosure of Incurred and Paid Claims Development to the Liability for Unpaid Claims and CAEs

	December 31, 20Y6
Net outstanding liabilities	
Homeowners' insurance	$ 40,550
Other short-duration insurance lines	1,976
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	42,526
Reinsurance recoverable on unpaid claims	
Homeowners' insurance	13,880
Other insurance lines	283
Total reinsurance recoverable on unpaid claims	14,163
Insurance lines other than short-duration	3,315
Unallocated claims adjustment expenses	2,420
Other	10
	5,745
Total gross liability for unpaid claims and claim adjustment expense	$ 62,434

Appendix B — Historical Claims Duration

The sample tables below are reproduced from the ASU. The first table illustrates how an insurance entity with one major short-duration product line (homeowners' insurance) would disclose the historical average annual percentage payout of incurred claims by age, net of reinsurance (i.e., the history of claims duration by age) and is considered required supplementary information because it is derived from the claims development tables (see Appendix A).

The second table is not a required disclosure and is presented for informational purposes only. It shows how an insurer would use the information depicted in the illustrative claims development tables of Appendix A to calculate the average annual percentage payout of claims paid presented for years 1 and 2 in the first table of this appendix. The supporting computations for the remaining years 3 through 10 are not shown.

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance										
Years	1	2	3	4	5	6	7	8	9	10
Homeowners' Insurance	33.8%	14.9%	8.5%	7.2%	6.6%	4.9%	5.4%	5.7%	2.7%	0.3%

Percentage of Claims Paid in Year 1				Percentage of Claims Paid in Year 2			
Accident Year	Claims Paid in Year 1 (A)	Most Recently Re-estimated Incurred Claims (B)	Percentage of Claims Paid in Year 1 (A) / (B) = (C)	Accident Year	Total Claims Paid End of Year 2 (D)	Claims Paid in Year 2 (D) – (A) = (E)	Percentage of Claims Paid in Year 2 (E) / (B)
20X7	$ 3,000	$ 9,550	31.4%	20X7	$ 5,000	$ 2,000	20.9%
20X8	3,500	10,250	34.1%	20X8	5,750	2,250	22.0%
20X9	3,750	10,500	35.7%	20X9	6,000	2,250	21.4%
20Y0	3,750	12,000	31.3%	20Y0	6,250	2,500	20.8%
20Y1	4,250	12,850	33.1%	20Y1	5,500	1,250	9.7%
20Y2	4,125	12,700	32.5%	20Y2	5,250	1,125	8.9%
20Y3	4,500	13,150	34.2%	20Y3	5,750	1,250	9.5%
20Y4	4,600	13,300	34.6%	20Y4	6,000	1,400	10.5%
20Y5	4,750	13,250	35.8%	20Y5	6,125	1,375	10.4%
20Y6	4,850	13,750	35.3%				
	Average		33.8%		Average		33.8%

Appendix C — International Convergence

The FASB's insurance contract project began as a convergence project with the IASB. Although the boards agreed on certain elements of the proposed insurance accounting models, they were unable to bridge their remaining philosophical differences. In June 2013, the IASB issued its second exposure draft (ED)[11] on insurance contracts while the FASB separately issued a proposed ASU[12] on the topic. For additional information on the proposals, see Deloitte's August 6, 2013, *Heads Up*.

In February 2014, the FASB decided on the basis of feedback received on the proposed ASU to focus its future efforts on making targeted improvements to the existing U.S. GAAP insurance accounting models. In addition, the Board decided to split its insurance project into two separate projects, one addressing short-duration insurance contracts and the other dealing with long-duration insurance contracts. The final ASU represents the culmination of the FASB's project on short-duration insurance contracts. With respect to the second project, the FASB will consider targeted improvements related to the recognition, measurement, and disclosure of long-duration insurance contracts.

The IASB is currently redeliberating its 2013 ED. It expects to issue a final standard after 2015. In light of the IASB's tentative decisions, the IASB's final standard will most likely include an accounting model and disclosure requirements for short-duration contracts that significantly differ from those under U.S. GAAP. For information about the IASB's tentative decisions made during its redeliberations through March 2015, see Deloitte Touche Tohmatsu Limited's March 23, 2015, *IFRS Project Insights — Insurance Contracts*.

The disclosures required under the ASU are similar in some respects to certain disclosures currently required under IFRS 4.[13] For example, both standards require reconciliations of the changes in insurance liabilities and disclosure of significant changes in assumptions. Like the ASU, IFRS 4 also requires entities to disclose information about "actual claims compared with previous estimates ([i.e.,] claims development)" and clarifies that such disclosure "need not go back more than ten years."

However, there are differences between the ASU's requirements and those of IFRS 4. For example, the ASU is more specific about its requirements, and the levels of disaggregation used for the disclosure may differ from what would be used under IFRS 4. Further, whereas IFRS 4 states that "an insurer need not disclose this information for claims for which uncertainty about the amount and timing of claims payments is typically resolved within one year," the ASU does not provide such an exemption. IFRS 4 also does not characterize any of the loss development information as RSI.

In addition, IFRS 4 requires specific disclosures about the concentration of insurance risk and sensitivity to such risk that are not required under the ASU. Similarly, the ASU's requirement to disclose information about claims duration is not included in IFRS 4.

11 IASB Exposure Draft, *Insurance Contracts*.
12 See footnote 2.
13 IFRS 4, *Insurance Contracts*.

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