



Information Summary

EMERGING FINANCIAL REPORTING ISSUES

November 2013

Submitted by: **AWCBC CFO COMMITTEE**

Background

The AWCBC Executive requested the CFO group identify emerging financial reporting issues of national importance and prepare briefings periodically that would provide the executive with a good understanding of the issues and any decisions to be made. Generally, these issues arise when changes are being contemplated by the respective standards setters who oversee the Actuarial Standards of Practice or the International Financial Reporting Standards. This information summary addresses that request.

At AWCBC meeting in May 2013, development of executive briefings was added to the Financial & Statistical Comparability committee annual work plan which was subsequently approved by the AWCBC Executive.

Key Issues

1. IFRS 4 Insurance Contracts

A significant issue that has been discussed over the past many years is the development of a new IFRS 4, *Insurance Contracts* standard which is attempting to redefine the way these liabilities are valued and updated over time. This standard continues to evolve as the International Accounting Standards Board (IASB) wrestles with the feedback received on their June 20, 2013 re-exposure draft; deadline for comment was October 25, 2013.

When released, the re-exposure draft was positioned as being near-final with respect to the core measurement and presentation requirements, leaving only a limited number of targeted issues remaining for comment and voting, with a final standard expected in H1 2014.

From recent outreach activities of IASB members and staff, there is current speculation in the accounting community that more changes and further delay in arriving at a final standard may be likely. Therefore, it appears premature to develop a briefing on this topic until such time as the standard is delivered in final form. It should be noted that the standards setters have continually stressed that they would be providing considerable lead time (4-5 years) for organizations to comply with the new standards.

2. Occupational Disease Liabilities

After following due process, the changes to the actuarial standards of practice related to long latency occupational disease liabilities were released in final form in 2011. A briefing on that topic has been prepared and is attached.

Closing

There are no other major financial reporting changes being contemplated by either of the standards setters at the present time. The CFO group will continue to monitor and update the AWCBC executive as necessary.