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Entities Working Draft

The new FASB accounting standard on Long-Duration Contracts makes targeted improvements to the existing recognition, measurement, presentation and disclosure requirements for long-duration contracts issued by an insurance company. FinREC and the ...

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The [American Institute of CPA's \(AICPA\) Financial Reporting Executive Committee](#) (FinREC) has issued a working draft of an accounting issue for Insurance Entities and is requesting feedback. The draft is related to the implementation of FASB Accounting Standards Update (ASU) No. 2018-12, *Targeted Improvements to the Accounting for Long-Duration Contracts*.

The new FASB accounting standard on Long-Duration Contracts makes targeted improvements to the existing recognition, measurement, presentation and disclosure requirements for long-duration contracts issued by an insurance company. FinREC and the AICPA Insurance Expert Panel will continue to develop working drafts on accounting implementation issues that have been identified for the new standard.

The working draft ([available here](#)) discusses considerations for application of FASB ASU 2018-12 to all types of ceded reinsurance arrangements of traditional and limited payment long-duration insurance contracts. The AICPA seeks feedback on:

- Issue #11AC: Ceded reinsurance – recognition of the reinsurance recoverable and cost of reinsurance measurement and application of the 100% net premium ratio cap and floor provisions.

Final issues for the project will be included in the [Audit and Accounting Guide: Life and Health Insurance Entities](#).

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