

The paper "Insurance Contracts" is a worthy example of a business essay. The IASB published an exposure draft on insurance contracts and expected comments from various shareholders in the insurance sector by 25 October 2013. The exposure draft makes its proposals supersede the IFRS 4 insurance contracts since the IFRS lacks a comprehensive standard for accounting in insurance (IASB, 2013). This paper seeks to analyze two comment letters that followed the publication of the exposure draft. The comment letters include one from Sandler O'Neill and partners and another one from the APEC business advisory council.

The Sandler O'Neill and partner letter is lengthy and raised a number of concerns. The letter vehemently opposes various proposals pointing out that the preparers and investors will be short-changed if the proposals are to be taken as they are. In this letter, the writer points out some of the concerns they raised in the past with regard to the previous IASB proposals. The concerns included increased volatility in insurers equity and earnings and in increasing the cost and reducing the insurers capital (Longino, 2013). Sandler O'Neill and partners point out various issues in the current proposal that include the redefinition of an insurance contract which they claim ignores the identity of the issuer and uses the character of the instrument in its definition. In addition to that, they raise an issue with respect to the fair value measurement of the contracts.

The APEC business advisory council letter, on the other hand, is quite short. Just like the Sandler O'Neill and partners letter, concerns that were previously raised in the past exposure draft are pointed out. The APEC letter appreciates some of the proposed changes which include the use of OCI in discount rates and volume information presentation in the statement of comprehensive income (Wardhana, 2013). However, a number of concerns are raised. They include the scope of the contracts, complexity of the measurement model and consistency of the measurement model. The council is of the view that the scope of the contract is limited by the mirroring approach and that the measurement model is complex and would present the insurers with excess costs and practical burdens. Unlike the Sandler O'Neill and partners letter, the APEC letter gives a number of proposals.