

ASPE

At a Glance

Section AcG 21 - Accounting for
Life Insurance Contracts with
Cash Surrender Value

AcG-21 - Accounting for life insurance contracts with cash surrender value

Effective Date
Fiscal years beginning on or after January 1, 2026¹

Scope	Definitions
- Applies to life insurance policies with cash surrender value issued by a regulated insurance provider. Does not apply to insurance contracts where the reporting entity is the insurance provider.	Cash surrender value is the amount that would be realized by the owner of a life insurance policy upon termination of the policy prior to death of the insured. - A life insurance policy is a contract between a regulated insurance provider and a policy owner where the insurance provider will pay a benefit upon death of an insured party. - The owner of a life insurance policy is the person or entity that has authority to terminate the policy and determine the beneficiary of the death benefit.
Recognition and Measurement	
- The cash surrender value of a life insurance policy is recognized as an asset when the enterprise becomes the owner and beneficiary of the underlying insurance contract. - Upon recognition and at each reporting date, an enterprise measures cash surrender value at the amount that would be immediately realized upon termination of the policy prior to the death of the insured as provided by the issuer of the policy.	
Presentation and Disclosure	
- The difference between the aggregate policy premiums and the aggregate change in cash surrender value for the period is presented on a net basis on the face of the income statement, or the caption in the income statement that includes the change in cash surrender value is disclosed. - A net credit is presented as income. - A net debit is presented as an expense. - The carrying amount of cash surrender value in aggregate for all insurance policies with cash surrender value is presented on the face of the balance sheet, or the caption in the balance sheet that includes cash surrender value is disclosed.	

¹ Earlier application is permitted.

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