

Area	GMA	PAA
Application	All P&C contracts	All P&C contracts with a coverage period of one year or less are eligible for PAA; PAA eligibility must be tested for contracts of longer duration
Initial measurement	Present value of cash flows + Risk adjustment + CSM	If not onerous, premiums received less initial acquisition costs unless acquisitions costs are recognized as expenses as incurred  If onerous, present value of cash flows plus risk adjustment
Cash flow projections	Yes	No, unless the contract is onerous
Risk adjustment	Yes	No, unless the contract is onerous
CSM	Yes (if the contract is issued and is not onerous)	No
Loss component	Yes, if onerous	Yes, if onerous
Option to immediately recognize acquisition costs	No	Yes, if the coverage period of all contracts in the group is one year or less
Revenue	Is comprised of expected claims and other expected insurance service expenses, release of risk adjustment and release of CSM (based on coverage units)	Pro rata to time or the timing of insurance service expenses
Onerous contract test at initial recognition	A quantification is always required	A quantitative test is performed if indicated by a qualitative assessment (facts and circumstances)