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Section Highlights

ENTREPRENEURIAL ACTUARIES SECTION

BY KEVIN PLEDGE

Entrepreneurs face many challenges; we have to deal with everything from raising capital to marketing our services. To meet these types of needs, the Entrepreneurial Actuaries Section set up a Resource Center to provide a knowledge base for actuarial entrepreneurs. This Resource Center is part of the SOA website (*http://bit.ly/EASRC*). A challenge of any website is currency. Section volunteers are involved in updating the content and reviewing the organization of the site to be more modern. We would like to see more consistent formatting; topics easily searched, and to allow readers to post comments. We are currently working with the SOA to update this asset to ensure that the effort that went into it is not lost over time.

While the Resource Center will benefit many entrepreneurial actuaries who offer actuarial services, there are also many actuaries who are entrepreneurs in other areas: software developers, media and even one actuary who owns a brewery company.

Another important issue for the Entrepreneurial Actuaries Section is around the definition of actuarial advice. When Nicole Fende discussed bartering on her radio show (*http://bit.ly/NFRadio*) it was not intended to be taken as actuarial advice; however an extreme view is that any advice given by an actuary constitutes actuarial advice. Even if you don't attach your actuarial credentials to what you are saying, it is argued that you can still be identified as an actuary from the directory or other sources. The Entrepreneurial Actuaries Section is looking for common sense to prevail in this area as we are actively involved in discussions around how you define an actuary and actuarial advice with the SOA staff and the Academy.

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TAXATION SECTION

BY KRISTIN A. L. SCHAEFER

The Taxation Section assists its members and affiliate professionals in all matters tax, including those related to life insurance companies. Fortunately for us, there is never a shortage of new regulations, rules, codes or provisions as you can see in any issue of our section publication, *TAXING TIMES*. A big topic in 2012 is Statement of Statutory Accounting Principles No. 101 (SSAP 101).

SSAP 101 relates to current and deferred taxes. It was effective Jan. 1, 2012 and replaced SSAPs 10 and 10R. Among other specifications, it defines the amount of deferred tax assets (DTAs) that can be admitted in an insurance company's statutory financial statements. What does this have to do with actuaries? We usually focus on calculating items such as reserves, which fall on the liability side of the balance sheet, not the asset side.

Temporary differences between book (statutory) and tax give rise to net DTAs. For many insurance companies, the largest temporary difference, and thus the largest component of the gross DTA, is caused by the difference between statutory and tax reserves.

SSAP 101 allows the book/tax difference in reserves that will reverse within a time period of up to three years to be admitted as part of the DTA. This time period and the amount allowed are constrained by several calculations specified in the SSAP. However, it is still important to estimate this reserve difference reversal as accurately as possible since the larger the number, the greater the potential admitted asset. Now do you see how this is relevant to actuaries?

If you're intrigued about SSAP 101 and want to know more, I encourage you to read the article "NAIC Adopts SSAP 101—Income Taxes" in the February 2012 issue of *TAXING TIMES*, which is available on the SOA website. Or plan to join other members of the Taxation Section at the SOA Annual Meeting. Our breakfast session will feature a discussion on the treatment of the DTA in the risk-based capital (RBC) formula.

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