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CHAIRPERSON'S CORNER

IF IT'S NOT BROKEN

As I begin my year as Chair of the Financial Reporting Section Council, we are experiencing unsettled and trying economic times which raise many questions for financial reporting actuaries. One might say the economy is broke. Before I began my career as an actuary, I was a high school math teacher and coach for nine years. As a football and basketball coach, when I found a play that worked I kept using it until the other team figured out a way to stop it. In other words, if it's not broke, don't fix it.

Unlike the economy, the financial reporting section council isn't broken. Due to the terrific leadership of our past chair Jerry Enoch and other past leaders as well as past and current council members and volunteers, the council is in a good position. Therefore, since it's not broke, we don't need to fix it. That's not to say we don't have a lot of work to do and there isn't much to be accomplished, because there is.

Last year, the council focused on the Big Three, research, continuing education and PBA. The first two of those, research and continuing education, are the heart and soul of what the section council does. For 2009, in addition to our work on PBA we have added a fourth member to our group, IFRS and international issues, so this year we have the Big Four.

CONTINUING EDUCATION

This is one of the pillars of what the sections of the SOA are all about. As companies may look to control travel expenses and with the expanded continuing education requirements, it is imperative that the section council provide efficient and effective opportunities for education for our members.

One way to provide such opportunities is through webcasts. Webcasts provide an opportunity for multiple individuals at a company to participate in continuing education at a relatively low cost. Many good sessions at the Spring and Annual meetings and Valuation Actuary Symposium will have approximately 70 attendees. When you consider a webcast that has 125 companies register and assume an average of five people per site, you are reaching 625 attendees. So you can see how efficient webcasts can be. A webcast that discussed the impact of the financial crisis on financial reporting was recently held in mid-December. In addition, webcasts on IFRS and market consistent embedded value (MCEV) are being planned. I would like the council to continue to develop frequent, valuable webcasts to provide service to our members.

In addition to webcasts, the council needs to continue to provide sessions at meetings that provide a service to our members. Last year the council gave birth to the Valuation Actuary Forum. While continuing to nurture that new educational opportunity, is there another topic that can serve as the next annual seminar that the council can sponsor along with the successful Basic and Advanced GAAP Seminars?

RESEARCH

Research is the other pillar of section activities. Sue Deakins has done a terrific job as our research coordinator. Working with Ronora Stryker, SOA research actuary, there are currently several research projects underway. Building on our use of Actuarial Task Forces to analyze impacts of IFRS, a project is in its early stages to analyze the impacts of PBA on reserves. This project is an important piece of work to move the PBA concept forward.

In addition, two other projects initiated to assist with PBA work are underway. One is examining the process of setting risk margins under a PBA approach and the other is looking at the use of credibility through a survey and statistical analysis.

Information on these and other research activities can be found in another article in this edition of the *Financial Reporter*.

PBA

We are continuing to define what the section's role should be in these initiatives. As mentioned above, research is certainly an area where we believe the section can provide value. The above projects along with any others that may be pursued will provide valuable information to move the work forward as well as to practicing actuaries once PBA becomes a reality.

In addition, the section can and will be involved with educating actuaries on PBA. With VACARVM being effective in 2009, the section will be sponsoring a session on the topic at the upcoming Spring Meeting. In addition, a session on Principle-Based Capital is being planned. I would also like to thank Karen Rudolph for providing updates in the *Financial Reporter*.

INTERNATIONAL ISSUES

As work on IFRS and potential convergence with US GAAP continues, it is important that actuaries are informed of developments so they can have input into the process. The section's role can be similar to that on PBA, i.e., research and education. The section conducted a research project on the impacts of IFRS based on the

Discussion Paper. It is planned to repeat this project when the Exposure Draft is issued. As mentioned above, a webcast is being planned to provide an update on IFRS and a session at the Spring Meeting will compare IFRS with FAS 157.

I would like to thank Henry Siegel for his informative updates on international issues in the *Financial Reporter*. In addition, the section is working with Jim Milholland on his work with the IAA. He will provide updates to the section council and in articles in the *Financial Reporter*. The first of these updates can be found in this issue.

There is a lot going on and much for the section council to do. I am happy to have such a dedicated and hard working council to get this work done. However, there is too much for the council to do alone. Thank you to all who have volunteered to help the section in any way. If you would like to participate, please don't hesitate to contact me or any council member.

Finally, I would like to say a big thank you to Rick Browne, our newsletter editor. This is Rick's last edition in this role as he passes the baton to Tara Hansen. This is an important role in providing a quality publication to our members and Rick has done a fabulous job. ■



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In the December 2008 issue of *The Financial Reporter*, the SOA incorrectly listed Jerry Enoch's author information. The correct information is: Jerry Enoch, FSA, MAAA, is vice president and chief actuary at Alfa Life Insurance Corp. He can be contacted at jenoch@alfains.com. The SOA regrets any confusion created by the error.

