



SOCIETY OF ACTUARIES

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CHAIRPERSON'S CORNER

By Craig Buck

I want to dedicate this edition of Chairperson's Corner to update you on some of the research projects our section is currently conducting or sponsoring. Research and education are two of the main responsibilities of the section, and we strive to keep providing a steady flow of research to our members. As you will see, the research pipeline is looking very strong.

To ensure the research we conduct is relevant to our members, we recently conducted a survey of potential research topics. More on that later, but it is encouraging to see a few of the topics near the top of the list, such as IFRS and PBA, being addressed in some capacity in our current research projects. Here is a brief overview of some of our ongoing research:

Mortality Improvement in the United States and Internationally—A project to study mortality improvement in the United States and internationally continues. This project examines historical life insurance and annuity policyholder mortality improvement rates and trends and how they compare to that of the general United States and international populations. The project is nearing completion, and by the time you read this the report, will likely have been released and posted on the SOA website.

IASB Financial Reporting For Insurance Liabilities—This project is an extension of the project completed in 2010 and examines the impact to life insurance financial reporting from the IASB exposure draft on accounting of insurance contract liabilities. A research team has been selected, and this project is moving ahead quickly.

Stochastic Modeling Efficiency—In collaboration with the American Academy of Actuaries' Modeling Efficiency Work Group, this study investigates various potential methods for enhancing modeling efficiency. The project specifically examines how they might be applied to the required stochastic modeling under a principle-based framework for determining reserves and capital. The Project Oversight Group was recruited and has had several calls that included selecting the researcher. The research team has begun to recruit companies to participate in the study.

Variable Annuity Guaranteed Living Benefits (VAGLB) Utilization Study—The section will conduct an intercompany experience study to analyze policyholder utilization of the most common VAGLBs. Researchers will begin by designing and developing the specifications for the intercompany study. A researcher has been selected and this project is in the early stages.

Comparative Failure Experience in the Insurance and Banking Industries—This project will identify factors that have been effective for the insurance and banking industries in reducing failure rates. Co-sponsored by the Financial Reporting section, the Committee on Life Insurance Research and the American Academy of Actuaries, this project is in the early stages. A request for proposals was issued and a Project Oversight Group is being formed to select a researcher.

Monograph on Rate Discounts—The International Actuarial Association (IAA) is leading a project to develop an educational monograph on the concepts and practical methods that can be used in the application of the discounting process for insurance company financial reporting, capital assessment and internal management reporting as well as for pension and employee benefits obligations on the sponsor entity. The Financial Reporting section is one of the many sponsors of the research. The IAA has recently issued an RFP for a researcher to perform the work for this project.

I am pleased with this strong line of research projects, and I encourage the members of the section to contribute both your ideas for other topics, as well as your time to conducting research.

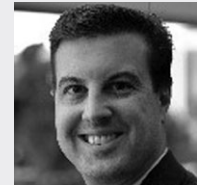
Further to that point, I mentioned that the section recently conducted a survey of its members regarding their educational needs and ideas for potential topics for future webcasts and professional development meeting sessions. The results of this survey are being used by the Council to develop actions to better serve our members.

Not surprisingly, two of the top areas of interest among the respondents were the convergence of financial reporting standards (IFRS, U.S. Statutory and US GAAP) and principle-based approaches, including C3 Phase III. Other areas of interest involved best practices among the financial reporting processes and systems, model validation, and setting policyholder behavior and other non-economic assumptions.

Thanks to all of you who provided your feedback through the survey, and especially to those of you who volunteered to speak, write or conduct research on some of these topics. The section will use this information to steer our future research projects and we plan

to address some of these topics in the coming months via webcast and/or sessions at the upcoming industry events.

Speaking of industry events, the Valuation Actuary Symposium and the Annual Meeting will be held in the coming months. Participating in these meetings as a speaker or session moderator is a great way to contribute your time to the actuarial profession, and a great way to network and meet other actuaries in your area of practice. If you make it, please stop by at one of the section's events and introduce yourself. I hope to see many of you there. ■



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