



Article from

The Financial Reporter

June 2017

Issue 109

Financial Reporting Research Update

By Jim Hawke and Ronora Stryker

Research is a primary mission of the Financial Reporting Section and a significant use of our section dues revenue. Here is an update, as of March 2017, on projects in process, on the horizon, and recently completed.

ON THE HORIZON...

Expansion of the 2015 report on Earnings Emergence Under Multiple Financial Reporting Bases to examine additional products and accounting changes is being considered. The original report looked at deferred annuities and term life insurance. The expanded report would add universal life and make updates for principles-based statutory reserves, targeted US GAAP changes, and the expected final version of IFRS for insurance products.

CURRENTLY IN PROCESS...

PBA Change Attribution Analysis—this project will study the drivers of change in principles-based reserves. The project oversight group has selected a researcher and work is in the middle project stage.

Simplified methods for principle-based reserve calculations—the project oversight group has selected the researcher and work is in the middle project stage.

Modern Deterministic Scenarios—a review of possible deterministic scenario sets which could be useful to company management, regulators and rating agencies under PBA. This project is in the late stages and we anticipate publication very soon. The POG received comments from regulators and is making final adjustments.

COMPLETED IN 2017 ...

Actuarial Model Governance: A Survey of Actuarial Modeling Governance and the Industry Evolution Report—this is an update to the original 2012 report co-sponsored by the Financial Reporting and Modeling Sections. <https://www.soa.org/Research-Reports/2017/2017-01-actuarial-model-governance>

COMPLETED IN 2016 ...

Nested Modeling—A company survey on the use of nested stochastic modeling and an analysis of ways to reduce run time and improve the efficiency of nested simulations: <https://www.soa.org/Research-Reports/2016/nested-stochastic-modeling>

PBA Implementation Guide Update and PBA Beginning Tales: <https://www.soa.org/Research/Research-Projects/Life-Insurance/research-2013-pba-implementation-guide.aspx>

Retention Management: <https://www.soa.org/Research/Research-Projects/Life-Insurance/research-quantitative-retention.aspx>

Predictive Analytics Call for Papers: <https://www.soa.org/News-and-Publications/Publications/Essays/2016-predictive-analytics.aspx>

COMPLETED IN 2015 ...

Transition from Low to High Interest Rates: <http://www.soa.org/Research/Research-Projects/Life-Insurance/research-2015-rising-interest-rate.aspx>

Multiple Measurement Bases: <http://www.soa.org/Research/Research-Projects/Life-Insurance/2015-earnings-emergence.aspx>

VBT/CSO Impact Study: <http://www.soa.org/Research/Research-Projects/Life-Insurance/research-cso-impact-study.aspx>

Tail risk/correlation of risk primer: <http://www.soa.org/Research/Research-Projects/Life-Insurance/2015-extreme-events-for-insurers.aspx>

Many of these projects were co-sponsored with other sections and organizations. Please visit the SOA research website for more information, or contact Jim Hawke or Ronora Stryker. ■



Jim Hawke, FSA, MAAA, is the chairperson of the Financial Reporting Section. He can be contacted at jamesshawke@gmail.com.



Ronora Stryker, ASA, MAAA, is a research actuary for the Society of Actuaries. She can be contacted at rstryker@soa.org.