



Article from

Financial Reporter

March 2017

Issue 108

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 Dec. 19, 2016, on projects in process, on the horizon, and recently completed.

ON THE HORIZON

Impact of Targeted Changes to US GAAP—In 2017 the council expects to move forward with a project to look at how companies will address the various new requirements.

Expansion of the 2015 report on Earnings Emergence Under Multiple Financial Reporting Bases to examine additional products is still being considered. The original report looked at deferred annuities and term life insurance.

CURRENTLY IN PROCESS

PBA Change Attribution Analysis—This project will study the drivers of change in principle-based reserves. The project oversight group has selected a researcher and work is in the early 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.

Nested Modeling—A company survey on the use of nested stochastic modeling and an analysis of techniques to reduce run time and improve the efficiency of nested simulations has been

completed and is in the publication stages now. A session at the Annual Meeting was devoted to this and we anticipate publication very soon.

COMPLETED IN 2015 AND 2016

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>

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 jameshawke@gmail.com.



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