



Article from

## **The Financial Reporter**

December 2016

Issue 14

# Financial Reporting Research Update

By Jim Hawke and Ronora Stryker

**R**esearch is a primary mission of the Financial Reporting Section and a significant use of our section dues revenue. Here is an update, as of Sept. 23, 2016, on projects in process, on the horizon, and recently completed.

## ON THE HORIZON ...

Impact of Targeted Changes to US GAAP—the council has received a proposal for a project to look at how companies will address the various new requirements. We will likely move forward when FASB's new guidance comes out.

Expansion of the 2015 report on Earnings Emergence Under Multiple Financial Reporting Bases to examine additional products is 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 is reviewing bids.

Simplified methods for principle-based reserve calculations—the project oversight group has selected the researcher.

Modern Deterministic Scenarios—a review of possible deterministic scenario sets that could be useful to company management, regulators, and rating agencies under PBA. The POG has selected the researcher and work is underway. A session was held at the Valuation Actuary Symposium on this.

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 will be devoted to this.

PBA Beginning Tales—A supplement to the PBA Implementation Guide, this report chronicles the experiences of a few companies in implementing VM-20. The report has been completed and is in the publication stage.

## COMPLETED IN 2015 AND 2016 ...

PBA Implementation Guide Update: <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 [jamesshawke@gmail.com](mailto:jamesshawke@gmail.com).



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