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Financial Reporting Research Update

By David Armstrong 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 April 2018, on projects in process and those recently completed.

CURRENTLY IN PROCESS

The 2015 research report on Earnings Emergence Under Multiple Financial Reporting Bases is being expanded to examine an additional product and upcoming accounting changes. The original report looked at deferred annuities and term life insurance under US SAP, US GAAP, IFRS, CALM, and market-consistent balance sheet approaches. The expanded report will add universal life and make updates for principle-based U.S. statutory reserves, target changes to US GAAP, and the new IFRS for insurance products. The Financial Reporting Section is co-sponsoring this initiative with the Reinsurance Section. Work is in the late project stage.

“Simplified Methods for Principle-Based Reserve Calculations”—the project oversight group has selected the researcher and work is in the late project stage.

COMPLETED IN 2018

“Survey of Waiver of Premium/Monthly Deduction Rider Assumptions and Experience”—this report summarizes the practices and assumptions used by different companies for waiver of premium and waiver of monthly deduction benefits. Survey topics included mortality, valuation and pricing, and may be valuable to companies as they prepare for a principle-based framework. The results were published in March. <https://www.soa.org/research-reports/2018/survey-waiver-premium-monthly-deduction-rider/>

COMPLETED IN 2017

“PBA Change Attribution Analysis” this project studies the drivers of change in principle-based reserves. This project was published in August. An SOA webcast was also done at that time and the report was summarized in the December 2017 issue of this newsletter. <https://www.soa.org/research-reports/2017/2017-understand-vm-20-results/>



“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 was published in September and the report was summarized in the December 2017 issue of this newsletter. <https://www.soa.org/research-reports/2017/2017-modern-deterministic-scenarios/>

“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/>

REQUEST FOR RESEARCH PROPOSALS

Do you have an idea for a research topic you would like to see the Financial Reporting Section consider for funding? If so, we want to hear from you! The Financial Reporting Section is seeking proposals for research projects that will produce valuable and useful information or tools for actuaries practicing in financial reporting and related functions. For more information, see the RFP on the section website: <https://www.soa.org/research-ops/life-insurance-annuities-fin-report/>. ■



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