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Financial Reporting Research Update

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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 June 24, 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.

The council has approved co-sponsoring a project on simplified methods for principle-based reserve calculations with the Smaller Insurance Company Section.

CURRENTLY IN PROCESS ...

PBA Change Attribution Analysis—this project will study the drivers of change in principle-based reserves. A project oversight group has been formed and the RFP will come out soon.

Nested Modeling—A company survey on the use of nested stochastic modelling and an analysis of techniques to reduce run time and improve the efficiency of nested simulations is nearing completion with a likely release by the end of the summer.

PBA Implementation Guide Update—An update to the earlier version including all current developments. The report was discussed at the 2016 Life and Annuity Symposium and should be released by the end of July.

Modern Deterministic Scenarios—A review of possible deterministic scenario sets which could be useful to company management, regulators, and rating agencies under PBA. The POG has selected the researcher and work is underway.

Predictive Analytics Call for Papers—The SOA issued a call for articles on the increasing use of predictive analytics by actuaries. POG has reviewed submissions. Prizes and publication will follow shortly.

Retention Management—Research that examines retention management strategies under a principle-based framework for reserves and capital is essentially completed. It was presented at the 2016 Life and Annuity Symposium and will be released by the end of the summer.

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. ■



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