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Financial Reporting Issues for International Actuaries

A Report on the San Francisco Seminar

by Angelica Michail

*"If we apply knowledge to tasks we already know how to do, we call it productivity. If we apply knowledge to tasks that are new and different, we call it innovation. Only **knowledge** allows us to achieve those two goals."*

Peter Drucker, *Post Capitalist Society*

Knowledge on a wide variety of financial reporting issues for international actuaries was the order of the day for the attendees of the first seminar attempted by the International Section. The seminar, held October 20-21, 1999, in San Francisco, was jointly sponsored by the Financial Reporting Section, whose experience and resources proved invaluable on this project.

The seminar started with lunch right after the 50th Anniversary Annual meeting and continued to 12:00 noon the following day. The 44 attendees (including 10 speakers), had a virtual tour around the world of international financial reporting theory and practice — from Latin America to Asia to Europe. It was a whirlwind tour and the time was clearly insufficient to acquire the depth of knowledge needed to practice in all the countries discussed. There were, however, excellent overviews as well as some very detailed and specific information shared by the speakers. In addition, attendees were able to explore their specific concerns during the break-out sessions. With 33 evaluation forms submitted, and an average over-all rating of 1.7 (where 1 is excellent, 5 is poor), we believe we accomplished the goal for the seminar which was to enhance the attendees' understanding of the financial reporting issues in the global market.

Seminar Topics and Speakers

For those who missed the seminar, below is a list of the speakers and the topics covered.

Session I: Overview: International Financial Reporting

Bruce Moore - Financial Management of Multinational Life Insurers (Home Country Perspectives)

John Zellner - Mexico

Steve Mahan - Asia-Pacific (Hong Kong, Japan)

Ed Robbins - Chile

Jim Toole - Argentina

Dan Kunesh - Europe (EU, UK, Germany, Netherlands, Spain, Italy)

This segment included a general view of various countries' regulatory structure

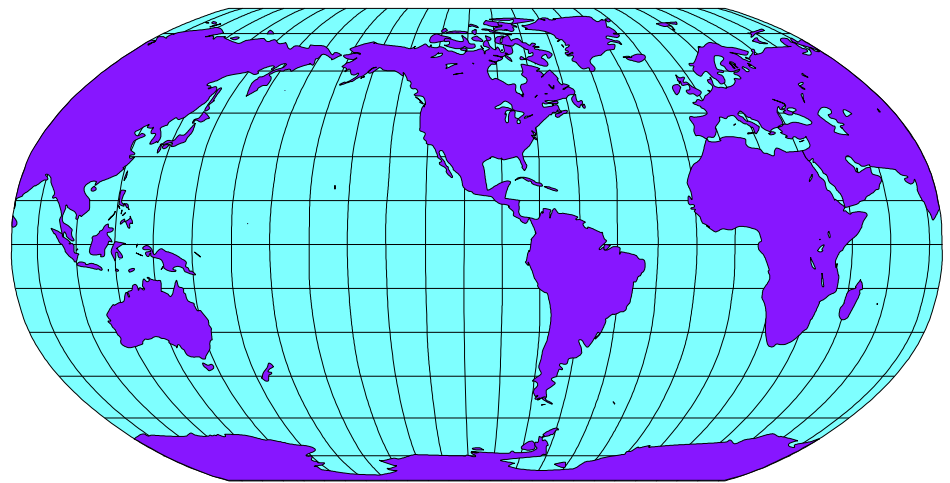
and Financial Reporting Standards Alma Tanjuakio (speaking on behalf of Mike Terne) - Multinational Company's Perspective on the International Financial Reporting Standards

Marty Huey and Angelica Michail - Reinsurance

This segment included a discussion of the International Accounting Standard Committee (IASC) structure, timeline, and the key issues and principles in developing the standards. Also discussed were the complications that occur when reinsurance crosses borders and a sampling of the reinsurance practices in some countries.

Session III: Break-out Sessions

Facilitators - Jim Toole (Latin America),



and practices and specific information on taxation, investments, capital and solvency requirements, and business practices.

Session II: International Solvency and Financial Reporting Standards, Reinsurance

Bruce Moore- International Solvency

Laura Hay (Europe),
Steve Mahan (Asia-Pacific)

Each group was engrossed in lively and informative discussions on the issues and concerns that attendees encounter in their work. A spokesperson from each group gave a summary report at the end of this session.

Session IV: U.S. GAAP for International Insurers and Reinsurers

Laura Hay, Ed Robbins, Steve Mahan

There was good reason to stay till the end and get a good picture of U.S. GAAP as applied internationally with a comprehensive "stepping stones" format, from detailed planning all the way to documenting findings and conclusions. The tour ended with European, Latin America and Asia-Pacific perspectives and practices.

Participant's Comments

Participant's evaluation form comments ranged from compliments to constructive criticisms. All comments are valuable because they affirm the value of the seminar and show the way for better seminars in the future. Below are some of those comments. I edited some of them to include those related to the agenda, speakers, and materials and to omit redundancies.

"Focus on specific countries was very good. I would appreciate more material on the particular laws of different countries as it may be difficult to research from scratch."

"Need more in-depth discussions and presentation."

"I had expected more focus on financial reporting, but very good meeting overall."

"I especially liked the GAAP session. Most of the presentations are informative and educational. The intention to cover more topics and materials was good, but was a little bit much for a short time period. The breakout session was a good idea. I definitely think that we should do more of this in the future."

"I think you underestimated the popularity that this session would have enjoyed if it was not tied to the annual meeting. The speakers all had a depth of information to share for

which the allotted time was not adequate so everything was rushed. Too bad, for they were all very good and informative. It definitely provided a meaningful service to International Section members. Thank you."

"In general, good seminar. Lots of material, nevertheless, good start."

"This has been a very useful seminar which has given me an understanding of issues."

For future seminar topics, the following were suggested: products, pricing assumptions, nonforfeiture requirements, asset liability management and cash flow testing techniques, currency risks, and risks in international operations. Some attendees have also suggested that speakers should include more anecdotal stories, real life examples and numerical illustrations.

Successful Seminar

We judge our success from the attendee evaluations we received, but we owe that success to the efforts of many who participated in front and behind the scenes.

Bruce Moore and Shirley Shao, past chairpersons of the International and Financial Reporting Sections, respectively, obtained the agreement and support of their councils to share the cost and work involved in planning, recruiting and making arrangements for the seminar. Ed Robbins from the Financial Reporting Section and I shared coordinating responsibilities. I knew we were off to a good start with the first phone conversation I had with Ed. He shared a lot of ideas and suggestions to enhance the success of the seminar.

We would not have had a seminar without expert speakers. We recruited speakers who we realize are busy international actuaries and yet they took time from their very busy schedules to prepare and deliver their presentations. They were very generous and enthusiastic in sharing their knowledge and

experience and they knew how to keep the attention of the audience.

We also appreciate the work done by the Society of Actuaries staff. Barb Choyke and the Continuing Education staff were already very busy preparing for the 50th anniversary and yet they made the necessary preparations for a seminar that followed right on the heels of the annual meeting.

Future Seminars

There are many reasons why we should be looking at seminars as a regular venue for helping our members develop professionally — the new examination structure, expansion of international insurance operations and markets, emphasis on international insurance regulations, to name a few. The success of our first seminar gives us the confidence and the inspiration to move ahead in this direction. Through the seminars, we hope to serve our members better. Through the seminars, we hope to help our members gain the knowledge that will make them more productive and innovative international actuaries.

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