



Article from

The Financial Reporter

March 2019

Issue 116

Chairperson's Corner: Bringing on Disruption

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Change is here. Disruption is alive and well. Over the next two years, U.S. life insurance actuaries across insurance functions will experience the impact of substantial changes to the GAAP reporting of long-duration contracts; the mandatory adoption of life principle-based reserving; and reforms to statutory reserving, capital and interest rate hedge accounting for variable annuities. This period will be, without doubt, a very busy period for financial reporting actuaries.

At the heart of these changes lies regulators' decades-long desire to better align measures of solvency with long-term product risks and investors' desire to get a clearer view of the emergence of earnings and value. The work of actuaries involved in financial reporting has been to assist these constituents in getting a clear picture of insurers' financial condition and to help employers make sound strategic and tactical decisions about their businesses. Actuaries will need to pursue these noble objectives in the principle-based valuations of liabilities, in making extensive disclosures, and in modeling the complex interactions between insurance assets and liabilities.

Change management will prove to be an essential skill in helping organizations plan for and manage the implementation of accounting reforms in a way that makes the best use of time and minimizes disruptions to other functional priorities. Actuaries are well positioned to lead the way to a more complex reporting future in their respective organizations. Central to this leadership opportunity are 1) getting equipped and 2) being able to communicate with multiple stakeholders. Getting equipped means taking advantage of tools and processes that can increase productivity and having a second look at how responsibilities are shared across actuarial teams. It could also mean getting a better



perspective on how insurance assets (and not just liabilities) are measured and reported. Communicating with stakeholders, however, is probably the more crucial ability. In the words of the great motivator Tony Robbins, "To effectively communicate, we must realize that we are all different in the way we perceive the world and use this understanding as a guide to our communication with others."

Our work as the section council will be to equip you with the tools you need to succeed this year and beyond. Cutting-edge content delivered via podcasts and articles, webcasts on emerging issues and targeted meeting sessions are but a few of the ways we plan to help. To the changes and disruption ahead, we say: Bring it on. We will be ready. ■



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