



SOCIETY OF ACTUARIES

Article from:

The Financial Reporter

March 2006 – Issue No. 64

Greetings

by Rick Browne

The *Financial Reporter* has featured several articles in the past year on the fair value of liabilities, with good discussion of the “own credit risk” question: if and how the credit risk of an insurer should be reflected in determining the fair value of its insurance liabilities. The December 2004 issue contained Don Solow’s article “On the Fair Value of Insurance Liabilities.” Then in September 2005 we carried Luke Girard’s piece, “On the Fair Value of Insurance Liabilities—The Other Viewpoint,” and in December 2005 another article by Luke which introduced the concept of the regulator’s option in “On the Fair Value of Insurance Liabilities: The Regulator’s Option.”



In this issue we follow up with two more articles on this topic. The first is a rebuttal by Don Solow to Luke Girard’s September article. The second is a different, but complementary, perspective on Luke’s regulator’s option article written by Mike Davlin. I hope our readers will find this ongoing and lively discussion to be informative and interesting.

The March issue also includes an article by John Morris on SOP 05-01, which addresses GAAP accounting for DAC on internal replacements. This is one in a series of articles for *The Financial Reporter* prepared by the American Academy’s Life Insurance Financial Reporting Committee (LIFRC). This SOP is effective next year (2007).

As a complement to last issue’s article by Tim Ruark on some of the practical considerations involved in implementing the C3 Phase 2 requirements, we have in this issue the results of a Deloitte survey on C3 Phase 2 practices reported by Patricia Matson and Don Wilson.

Finally, Ted Schlude has provided us with his report on the December 2005 meeting of the NAIC Life and Health Actuarial Task Force. Thanks to Ted for another excellent update. **S**

– Rick

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The Section Council thanks authors Frank Buck, Mark Freedman, Tom Kochis, Dan Kunesh, Mike McLaughlin, Ed Robbins, Dave Rogers, Eric Schuering, Brad Smith, editor Tom Herget and overseer Shirley Shao for this fine effort.

