



SOCIETY OF ACTUARIES

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Whether or not the safe harbor Keel Method is used or if another deterministic formula is developed and a demonstration is filed, actuarial certifications as of policy approval and annually thereafter will be required, testifying to the qualifications for, and appropriateness of, the method used.

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If this update on the development of VAGLB reserve methodology has sparked your interest, please remember that information on developments at the VAGLB Work Group and at LHATF meetings is open to all members of the industry. Contact Damien McAndrews at the American Academy for information on contributing to the Work Group's efforts.

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Treasurer's Report: "Wait Until Next Year"

by Larry Gorski

By now everyone has recovered from the stresses and strains associated with financial statement preparation.

The dust has settled on the books of the Financial Reporting Section and it's time for our annual report. For the first time in several years, our Fund Balance has decreased. The Fund Balance decreased from \$298,094 as of December 31, 1998 to \$243,662 at the close of 1999. The decision to draw down the Fund Balance was thoroughly discussed by the Financial Reporting Section Council. The decision was made to fully participate in the celebration of the SOA's 50th anniversary at the annual meeting and to invest in

(\$26,250); and the cost of postage and mailing of the Section newsletter and monograph (\$25,194).

For the upcoming year, the Section has made financial commitments (\$77,938) with the bulk of the commitment (\$50,140) going towards the preparation of the GAAP textbook. Taking these commitments into consideration and Accounts Payable of \$47,836, the Section's Unrestricted Fund Balance as of December 31, 1999 was \$117,887.

The underlying reasons for the decrease in our Fund Balance were the expenses to date associated with the preparation of the GAAP textbook, the one-time costs associated with Section



the future by funding a new textbook on GAAP. The textbook will be a valuable educational resource as the SOA begins to implement changes in the educational and examination process.

Income for 1999 was \$135,425, while expenses were \$189,857. Membership dues (\$26,490) and seminar registration fees (\$89,384) were the major sources of income. The drivers of our Section's expenses were: printing of the newsletters, Section monograph, and seminar material (\$50,558); the costs associated with seminars and the annual meeting cruise (\$37,097), travel costs associated with the preparation of the new GAAP textbook and Section Council meetings (\$24,389); seminar management fees

monograph (\$52,926), and the excess of expenses (\$20,265) over revenue (\$9,590) for the annual meeting cruise. Of course, the last annual meeting was special, the SOA's 50th anniversary, and the Section expects to start receiving income from the sale of the GAAP textbook, so next year's Treasurer's Report should show a return to positive growth in our fund balance. So just like the Chicago Cubs, we will have to "wait until next year."

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