



SOCIETY OF ACTUARIES

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My View for 2008

by Jerry Enoch



Three years ago I wrote my final column as editor of *The Financial Reporter*. It never occurred to me that one day I might be submitting the Chairperson's column to another editor. Surprise!

Shortly before I became Chairperson, Henry Siegel, last year's Chairperson, told me something that I will remember for a long time. He said, "You can accomplish anything you want, as long as you find the people to do it." That's a powerful statement. We rarely accomplish beyond our dreams, and we don't accomplish what we can't implement. I decided to dream big, to be willing to try many things and fail at some, rather than trying only what I'm confident we can accomplish. I told the council to not think in terms of, "What can we do?" but to think in terms of, "What do we want to do?"

The Council had had a "blue sky" discussion, and I thought about the most important opportunities facing the Financial Reporting Section. This gave birth to "the Big Three." In no particular order they are: meeting the increased demand for continuing education caused by increased requirements, becoming an effective, active force in research, and finding and fulfilling our appropriate role in the Principle-Based Approach (PBA). Each of these is worthy of additional description.

Continuing Education

The American Academy of Actuaries has greatly broadened and deepened its requirements for continuing education. If you are a member of the Academy or Society and are not familiar with these requirements, I strongly encourage you to read them on the Academy's Web site as soon as you complete this issue of *The Financial Reporter*. The Academy's

requirements become effective in 2008, and the Society's, which will be very similar, are to be effective in 2009. While providing great flexibility, the requirements will result in more actuaries needing more "organized" continuing education. Given the recent popularity of webcasts, I expect the demand for webcasts, as a convenient and inexpensive way to receive organized continuing education, to increase significantly. I want the Financial Reporting Section to effectively help meet the increased need through webcasts or any other medium.

I have another dream for continuing education that is not directly related to continuing education requirements, but becomes more important because of the new requirements. Our annual GAAP and Advanced GAAP seminars have been immensely successful year after year. These have been running for more than 10 years, and I won't venture a guess about their future lifetime. I, personally, am grateful for the actuaries who have led these seminars over the years. Aren't there other topics about which we could develop annual seminars that would benefit actuaries year after year? Can the section start one every other year for the next several years? That is my dream.

Research

The next item in the Big Three is research. The SOA is an organization devoted to education and research. The Section has contributed very effectively to education, but our experience in research is limited. Last year's Chairperson, Henry Siegel, took us to the next level with a huge research project about International Financial Reporting Standards. I hope you will read Tom Herget's article in this newsletter describing this project. Our challenge is to remain at that level.

PBA may help us accomplish that. Mike Boot, Staff Fellow with the SOA, has been working with several Academy groups, and has informed us of some very important research needs that the Academy has identified related to PBA. We are evaluating these to determine how we can best contribute. We also find that working with the SOA's Committee on Life Insurance Research provides many good opportunities to contribute toward research, and to learn from a broader base of experience. Additionally, research opportunities continue to emerge from the international arena.



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PBA

PBA rounds out the Big Three. This is one of those “unstructured problems” that actuaries are encouraged to learn to master. PBA is important and it is advancing. What role should the Financial Reporting Section take in PBA? We certainly don’t want to get in the way of the good work that is being done. At the same time, we want to recognize when it’s time to get involved. That involvement could involve education; it could involve research; it could involve something else. Maybe the time to get involved is this year; maybe it will be later. Whatever the case, it is a high priority for us to recognize our time to be involved.

Strategy for Accomplishing the Big Three

Believing that committees are rarely good leaders, we have a council member who is leading our efforts in each of these areas. Dwayne McGraw, who is in his first year on the council, is our Continuing Education Leader. I admire Dwayne’s boldness. Mike Leung, in his third year on the council, has agreed to provide support. Of course, the whole council is available anywhere for support when needed.

Sue Deakins is our Research Leader. Sue fulfilled this role last year. There is a considerable learning curve in finding and managing research projects, so

we are very fortunate that we have Sue’s experience working for us. She has hit the ground running.

Jason Morton has undertaken our unstructured problem by taking on the responsibility of PBA Leader. He will be coordinating with Mike Boot and Dwayne and Sue, as appropriate. Jason and Sue are both in their second year on the Council.

The tasks they have undertaken are too big for Dwayne, Sue and Jason alone. I expect that they will need to establish task forces to implement various projects, or even to identify projects. They will be looking for assistance from the Council and from the membership at large. When they ask for help, I hope that the response will be overwhelming. If you have an interest in one of these areas, please call or write them now. Tell them what your interest is, and there’s a good chance you can be involved.

I think that this is an exciting time for the Financial Reporting Section Council, and, if we do a good job this year, that excitement should continue for several years. I hope that the readers of this article will consider running for section council next year and will be interested in helping us with our work this year. Feel free to contact me or another council member. We have a lot going on besides the Big Three, but that will have to wait for a future article. **S**

Financial Reporting Section Plans Quebec City Offerings

Looking for a relevant structured learning opportunity? Pack your passport and head to the 2008 Life Spring Meeting in Quebec City June 16–18. Unlike prior years, this year’s meeting will include three full days of sessions—the last day is a joint day with CAS, CIA, IAA and SOA sessions.

The Financial Reporting Section Council has created a slate of sessions providing broad coverage of reporting developments. Highlighting the list of section offerings are sessions on the impact of principle-based approach (PBA). Some of these sessions include the Canadian experience with PBA, technical topics in PBA including credibility theory and setting the mortality assumptions, tech-

nology aspects of a PBA and capital in a PBA world including RBC C-3 phrase 3 for life insurance.

Other sessions include modeling UL secondary guarantees, GAAP updates and economic capital. In addition, there will be a four-part, embedded seminar providing an introduction to modeling efficiency and scenario reduction techniques.

The section council is excited about the programming for Quebec City. We look forward to seeing you there!

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