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## CHAIRPERSON'S CORNER

While many of you are in Quebec City, I am in my office trying to decide what you want to know about our section's activities. Here goes!

### VALUATION ACTUARY FORUM

A birth is always an exciting time, and soon after you read this, the Financial Reporting Section will give birth to the Valuation Actuary Forum. This is a half-day forum that will follow the ever-popular Valuation Actuary Symposium. Attendance will be limited in some yet-to-be-determined manner to appointed actuaries and others with a high level of responsibility, somewhat like the Chief Actuaries' Forum. Limited size facilitates free, open discussion, particularly as time passes and people get to know each other better. In the Smaller Insurance Companies Chief Actuaries' Forum, I have seen the discussions improve in successive years, as relationships form, repeat attenders pick up where they left off the previous year, and expectations are raised. I also expect that those who plan the forum for 2009 will change whatever structure we develop for 2008, learning from our initial experience. I expect this forum to start off well, and get better in successive years. I hope to hear people say, "Why didn't we start doing this years ago?"

### RESEARCH

If you are a financial reporting actuary, how can you not get excited about the research that we are doing? The only problem is that it is a lot of work and takes a long time (did someone say, "Yeah, like having a baby!").

We have just kicked off a project to examine the effects of the proposed principle-based reserving and capital requirements on U.S. life insurance products. This project was suggested by the AAA's Life Practice Council. The scope and approach of this project will be similar to the mammoth IFRS research project that we recently completed. The Project Oversight Group (POG), with thorough guidance from SOA research actuary, Ronora Stryker, will determine the scope and design of the project and will hire a research team to direct the project. A number of Actuarial Task Forces (ATFs) will be recruited to do the modeling. Each ATF will perform the modeling on a block of business, as directed by the researcher, with overall oversight from the POG and the section council. The researcher will compile, analyze and present the results.

We are also beginning another project that was requested by the AAA's Life Practice Council: determining margins for uncertainty under a principle-based framework. This project should include a literature search of approaches and should leverage the work of the International Actuarial Association's Risk Margin Task Force.

A third project oriented toward principle-based reserves examines uses of credibility theory to combine past experience with expectations of the future in order to set assumptions. This will probably include a literature review and, perhaps, a company survey.

These projects are co-sponsored with the SOA's Committee on Life Insurance Research, along with the Product Development Section and/or the Reinsurance Section. If you are interested in meeting any unmet needs on one of the three POC's or would like to be considered for an ATF, please contact Sue Deakins or me.

The section is also involved in an IAA monograph on stochastic modeling, a recently completed project on asset spread benchmarks (<http://www.soa.org/research/life/research-asset-spread.aspx>), and an almost-completed project on stochastic pricing for embedded options (led by the Product Development Section).

After reading about these projects, I hope that you are eager to go read some research (after you finish this newsletter).

## SURVEYS

The section is currently involved in two surveys. The first is our triennial survey of the section membership. The section council is excitedly awaiting the results of this survey, so that we can start making adjustments this year and use the survey to help us plan for next year. In the early days of the survey we have already received a volunteer to help us with a webcast. We hope that many others will volunteer in various ways.

We are also planning a specialty survey. This is a lengthy survey that will be sent to a relatively small group of valuation actuaries. This survey is desirable simply as a service to valuation actuaries. It will also be helpful in planning the Valuation Actuary Forum.

## SEMINARS

The annual GAAP and Advanced GAAP seminars will be held this summer, along with US GAAP for International Insurers, which is held in conjunction with the International Section. We have discussed the need for a seminar about Principle-Based Capital in the Spring of 2009. If you would like to participate or provide any input for this seminar, please contact Rod Bubke or me.

## OTHER

We are planning a couple of webcasts. The likely topics are reviewing and validating actuarial models and the

International Actuarial Association's paper about risk margins. We also plan and recruit for approximately 10 sessions at the Spring and Annual Meetings. This is a lot of work, and we are very appreciative of those who agree to present or moderate at a session. Finally, we are discussing the possibility of recommending that the exam syllabus be updated to reflect new reserving paradigms, such as underlie PBA and IFRS.

## CONCLUSION

This is a lot! And I haven't been exhaustive. Yet I am very aware of more that needs to be done. We need to do more research. We need to provide more seminars and more webcasts. And there are probably unmet member needs that we haven't even identified. Please volunteer to help us. We will gladly work around whatever shortcomings you have, just as we work around our own. I hope to see you at an SOA meeting this year. ■

- Jerry



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