



SOCIETY OF ACTUARIES

Article from:

# The Financial Reporter

February 2004 – Issue 56

# Comments from the Chair

by Mark J. Freedman

**W**hat are you doing reading this? You should be in the midst of compiling, analyzing, explaining and further analyzing financial results, working 24 hours a day, seven days a week! You're taking a few minutes off to read about what the Financial Reporting Section Council has been up to. Well, be patient, because I'm in the mood to tell a story first about what's happened to me since I took the job as section chair.

The Financial Reporting Section Council had a hot breakfast for members at the Society of Actuaries' Annual Meeting. After facilitating buzz groups and feeding cholesterol to his bloodstream, John Bevacqua, last year's chair, inaugurated me as the new chair. John handed

me a green jacket, which has been the traditional gift for the upcoming chair.

Andy Warhol once said that "everyone is famous for 10 minutes in his lifetime," and I felt this was my 10 minutes. I fantasized that I shot a 64 to win the Masters' tournament. I graciously received my green jacket, but then reality came back very quickly.

First, John didn't give me a check for winning the tournament. Then, I realized I had to put on this gigantic green polyester jacket with a lot of creases and some strange odors, probably from never being cleaned for 15 years. When I looked inside the jacket, I saw autographs of all of the past chairs.

So, I'm looking for some very important advice from the readers of this article.

Should I dry clean the jacket and risk that the signatures vanish, or just grin and bear it, as my predecessors have done? Please tell me what you think by e-mailing me at [mark.freedman@ey.com](mailto:mark.freedman@ey.com). Past chairs get more weight for their votes. Tom Nace, the current vice chair, will get more weight, too, as he'll have to deal with this next year.

OK, now it's time to describe upcoming section activities.

Last year, we surveyed the members of our section. As John Bevacqua has mentioned, we received a lot of responses, so now the section council is attempting to react to this feedback.

High on the wish list of members was a desire for information about some hot specific financial reporting topics. We assumed that this would always be the case, although it is difficult to forecast exactly what the topics will be. Therefore, we've decided to host three or four webcasts a year on any current hot items. John coordinated the first webcast in December on three GAAP topics (SOP 03-1, DIG B36, and the draft internal replacement SOP). Upcoming seminars we're tentatively discussing are about statutory accounting and international accounting standards.

You told us that you're interested in a seminar about financial projections, so we are pursuing that idea. Another topic high on the



response list was financial statement disclosures, so we're planning to issue an RFP for a research project in this area.

One of the section's priorities for the last few years has been to follow developments in new financial reporting systems. The Society of Actuaries approached the section council to have someone represent them on the International Actuarial Association's (IAA) Insurance Accounting Committee, and I volunteered. In addition, the Board of Governors asked the section council to form a task force to analyze the IAA reply to the International Accounting Standards Board on the new draft insurance standard. Doug Doll, who happens to be one of the signers of the green jacket, is chairing that task force and I'm playing a liaison role from the section council (and IAA).

"If it isn't broken, don't fix it," applies to a lot of our other undertakings from the past, such as:

- Mark Peavy is coordinating the section council's activities for the Society of Actuaries' Spring Meeting. An interesting story about Mark is that the ACLI recently approached the council (through a secret agent) that he be made secretary of the council, so that his hand gets so tired writing meeting notes that he won't have the time to rally the NAIC and states regarding statutory reserve issues. Needless to say, Mark is now our secretary.
- Darin Zimmerman, a new section council member, is taking on that program committee role for the 2004 annual meeting. One recommendation to Darin is that he should continue to get interesting outside speakers next year, besides the usual cast of characters.
- For example, at a session I moderated on International Accounting Standards for insurers, Trish O'Malley, an IASB board member, told us about recent developments. Then, Arnold Schwarzenager engaged Jacques Chirac in a debate about fair value. Sam Gutterman and Dave Sandberg were nice enough to sit in just in

case Arnold and Jacques did not show up, but luckily they appeared at the last second, so we didn't need to watch the Sam and Dave show. Oh, my! Please pardon my relapse into fantasy.

- We will continue to run the Basic and Advanced GAAP seminars. Special thanks to Dave Rogers, a past member of the section council, for continuing to assist with the Advanced GAAP seminar last year. Hopefully, we can twist his arm into doing that again in 2004.
- Kerry Krantz, a new section council member, will continue to be our web liaison. The Society of Actuaries' website is undergoing a major change, and Kerry will help ensure that our section's material is appropriately handled. Kerry is also maintaining our List Serves.
- Jerry Enoch, as editor of this newsletter, has an unenviable task of (1) keeping up the high quality that has made our newsletter the most popular of the Section newsletters, according to a recent Society of Actuaries' survey of members, and (2) making sure everyone gets their articles done on time.
- We also serve as liaison with some other related committees, e.g. the Life Insurance Financial Reporting Committee of the American Academy of Actuaries.

The section council will meet next in January in order to discuss these and other potential issues that we may work on, so you'll hear more about this soon. Keep in mind that we will need volunteers from time to time to help us on initiatives, so keep your eyes open for blast emails.

Thank you for spending this break from your hectic work schedule with me. ☺