



Article from

The Financial Reporter

March 2018

Issue 112

Financial Reporting Research Update

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Research is a primary mission of the Financial Reporting Section and a significant use of our section dues revenue. Here is an update, as of September 2017, on projects in process and those recently completed.

CURRENTLY IN PROCESS ...

The 2015 research report on earnings emergence under multiple financial reporting bases is being expanded to examine an additional product and upcoming accounting changes. The original report looked at deferred annuities and term life insurance under U.S. SAP, US GAAP, IFRS, CALM and market-consistent balance sheet approaches. The expanded report will add universal life and make updates for principle-based U.S. statutory reserves, targeted US GAAP changes, and the new IFRS for insurance products. The Financial Reporting Section is co-sponsoring this initiative with the Reinsurance Section. Work is in the middle project stage.

Waiver of premium in a principle-based environment—the Financial Reporting Section is co-sponsoring this review of pricing, reserving and experience with the Product Development Section. The project is in the end stages, with the oversight group currently reviewing a draft report summarizing the analysis performed.

Simplified methods for principle-based reserve calculations—the Project Oversight Group has selected the researcher and work is in the middle project stage.

COMPLETED IN 2017...

PBA change attribution analysis—this project studies the drivers of change in principle-based reserves. This project was published in August. An SOA webcast was also done at that time and the report is summarized in this issue of the newsletter. <https://www.soa.org/Research-Reports/2017/2017-understand-vm-20-results>

Modern deterministic scenarios—a review of possible deterministic scenario sets which could be useful to company management, regulators and rating agencies under PBA. This project was published in September and the report is summarized in this issue of the newsletter. <https://www.soa.org/Research-Reports/2017/2017-modern-deterministic-scenarios>

“Actuarial Model Governance: A Survey of Actuarial Modeling Governance and the Industry Evolution Report”—this is an update to the original 2012 report co-sponsored by the Financial Reporting and Modeling Sections. <https://www.soa.org/Research-Reports/2017/2017-01-actuarial-model-governance>

COMPLETED IN 2016...

Nested modeling—A company survey on the use of nested stochastic modeling and an analysis of ways to reduce run time and improve the efficiency of nested simulations: <https://www.soa.org/Research-Reports/2016/nested-stochastic-modeling>

“PBA Implementation Guide” update and PBA beginning tales: <https://www.soa.org/Research/Research-Projects/Life-Insurance/research-2013-pba-implementation-guide.aspx>

Retention management: <https://www.soa.org/Research/Research-Projects/Life-Insurance/research-quantitative-retention.aspx>

Predictive analytics call for papers: <https://www.soa.org/News-and-Publications/Publications/Essays/2016-predictive-analytics.aspx>

Many of these projects were co-sponsored with other sections and organizations. Please visit the SOA research website for more information, or contact David Armstrong or Ronora Stryker. ■



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