



# AMERICAN ACADEMY of ACTUARIES

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## Risk Management & Financial Reporting Council Cycle Report

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### Practice Council Highlights

- The Deferred Tax Asset (DTA) Bridge Group submitted a preliminary [report](#) to the NAIC in June that presented a review of the risks associated with DTA in the Life, Health, and Property and Casualty RBC formulas. A final report is expected to be submitted in September.
- In late June, the Financial Reporting Committee and Life Financial Reporting Committee submitted a joint [comment letter](#) to the IASB concerning its Exposure Draft *Financial Instruments: Amortised Cost and Impairment*.
- In June, the IFRS Task Force met in New York City to create a list of principles for preparation of comments to the IASB Insurance Contracts Exposure Draft. The draft is expected to be released later this summer.
- In June, the Financial Regulatory Reform Task Force sent a [letter to Congress](#) urging the inclusion of an Office of the Chief Actuary in a proposed Office of Financial Research.
- In May, the Financial Regulatory Reform Task Force released a [paper](#) identifying the duties of a systemic risk regulator as listed in Action Item 2 of the 2009 Report of the Financial Summit.

### Operational Plan Highlights

**2.1:** Strengthen our reputation as the major source of unbiased technical advice to Congress and the executive branch, on matters within our expertise.

#### *2.1.1 Initiative to Better Focus Practice Councils in Public Policy*

- The Financial Regulatory Reform Task Force released a paper identifying the duties of a systemic risk regulator as listed in Action Item 2 of the 2009 Report of the Financial Summit.
- The Financial Regulatory Reform Task Force sent a letter to Congress urging the inclusion of an Office of the Chief Actuary in the Office of Financial Research.

**6.1:** Facilitate development of U.S. and North American coalitions with respect to international matters. Pursue, coordinate, and communicate on those objectives.

- The Financial Reporting Committee continues to provide comments to the IAA Insurance Accounting Committee on various IASB releases.

## Recent Publications

| Publication  | Intended Audience                      | Publication Date |
|--|--|------------------|
| DTA preliminary report   | NAIC                                   | June 2010        |
| Comment letter concerning an Exposure Draft <i>Financial Instruments: Amortised Cost and Impairment</i>  | IASB                                   | June 2010        |
| Letter for Office of Chief Actuary   | Congress                               | June 2010        |
| Systemic Risk Regulator paper  | Congress/public                        | May 2010         |
| <i>Guidance Paper on Capital Adequacy for Regulatory Solvency Purposes</i>   | IAIS                                   | April 2010       |
| <i>Consultation Paper on Regulatory Capital Requirements and Overarching Accounting and Valuation Issues for the Solvency Modernization Initiative</i> | NAIC                                   | February 2010    |
| <i>Consultation Paper on Corporate Governance and Risk Management</i>  | NAIC                                   | February 2010    |
| Letter on acquisition expenses   | IASB and FASB                          | February 2010    |
| <i>Proposed ASU—Financial Services—Insurance (Topic 944): Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts</i>           | FASB                                   | February 2010    |
| Comments on <i>Recognising the Risk-Mitigating Impact of Insurance in Operational Risk Modelling</i>   | Basel Committee on Banking Supervision | January 2010     |
| Comments on “ <i>Windows and Walls</i> ” <i>Approach for Regulation of United States Based Insurers Operating within Corporate Groups</i>              | NAIC                                   | January 2010     |