



AMERICAN ACADEMY of ACTUARIES

Risk Management & Financial Reporting Council Cycle Report **Vice President: Henry Siegel** **Staff Liaison: Tina Getachew** **January 2010**

Practice Council Highlights

- The Financial Regulatory Reform Task Force is beginning work on the duties of a systemic risk regulator for a white paper as listed in Action Item 2 of the 2009 Report of the Financial Summit.
- Maryellen Coggins and John Nigh are chairperson and vice-chairperson, respectively, of the newly formed ERM Subcommittee.
- In January, the ERM Subcommittee submitted comments to the Basel Committee on Banking Supervision on its paper, *Recognising the Risk-Mitigating Impact of Insurance in Operational Risk Modelling*.
- Also in January, the Risk Management & Solvency Committee submitted comments to the NAIC on its memo, *“Windows and Walls” Approach for Regulation of United States Based Insurers Operating within Corporate Groups*.
- In December, the Financial Regulatory Reform Task Force submitted a letter to the U.S. Senate Committee on Banking, Housing, and Urban Affairs regarding the House passed legislation, *H.R. 4173*. The Task Force urged the creation of an Office of the Chief Actuary as the Senate considers its plan for financial regulatory reform, which includes an Office of National Insurance.
- In December, the Risk Management & Solvency Committee submitted comments to the NAIC on its draft paper, *United States Insurance Financial Solvency Framework*.
- Also in December, the Risk Management & Financial Reporting Council submitted testimony regarding OTC derivatives reform and systemic risk to the U.S. Senate Committee on Agriculture, Nutrition & Forestry.
- In November, the Financial Regulatory Reform Task Force submitted a letter to the U.S. House of Representatives supporting the creation of an Office of the Chief Actuary in *H.R. 2609*, which would create a Federal Insurance Office.
- In November, the IFRS Task Force held an in-person meeting to discuss issues likely to arise in the upcoming IASB Insurance Contracts Exposure Draft.
- Also in November, Leonard Reback, vice chairperson of the Life Financial Reporting Committee and member of RMFRC’s Financial Reporting Committee participated in a FASB Roundtable on Fair Value Measurements.

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

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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.
- In November, the IFRS Task Force held an in-person meeting to discuss issues likely to arise in the upcoming IASB Insurance Contracts Exposure Draft.

Recent Publications

Publication	Intended Audience	Publication Date
Comments on <i>Recognising the Risk-Mitigating Impact of Insurance in Operational Risk Modelling</i>	Basel Committee on Banking Supervision	January 2009
Comments on “ <i>Windows and Walls</i> ” Approach for Regulation of United States Based Insurers Operating within Corporate Groups	NAIC	January 2009
Letter on Office of Chief Actuary	U.S. Senate	December 2009
Comments on <i>United States Insurance Financial Solvency Framework</i>	NAIC	December 2009
Testimony on OTC derivatives reform and systemic risk	U.S. Senate	December 2009
Letter on Office of Chief Actuary	U.S. House of Representatives	November 2009
Comments on Exposure Draft, <i>Fair Value Measurement</i>	IASB	October 2009
Comments on <i>Financial Instruments: Classification and Measurement</i> .	IASB	September 2009

Comments on Discussion Paper, <i>Credit Risk in Liability Measurement</i>	IASB	September 2009
White Paper, <i>Notes on the Use of Discount Rates in Accounting Present Value Estimates</i>	FASB/IASB/Actuarial Profession	September 2009