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INTERNATIONAL / FEDERAL / STATE OVERVIEW

The European Solvency Initiative (solvency 2)

International Financial Reporting Standards (IFRS-IASB)

The NAIC Solvency Modernization Initiative (NAIC-SMI)

Financial System Assessment Programs (FSAP)

The International Organization of Security Commissions (IOSCO)

The US Security and Exchange Commission (SEC)



BARNERT COMPANIES
AHEAD OF THE CURVE

HOT BUTTON ISSUES

- Discounting Reserves – NON-LIFE (P/C)
- PARTICIPATING CONTRACTS – LIFE AND ANNUITY
- US GAAP and IFRS CONVERGENCE
- Aligning Statutory accounting with GAAP and IFRS



Discounting Reserves

- P/C position: HOLD RESERVES AT FULL VALUE
- Making the case with the NAIC, FASB/IASB
 - NAICs Implementation Group is conducting a series of seminars to discuss full value.
 - FASB/IASB are CONDUCTING a series of Roundtables around the world in response to the ED published in July and the Comments received.
- Pros and Cons



US GAAP and IFRS

Purposes: NAIC and IAIS use STATUTORY ACCOUNTING to protect policyholders while FASB/IASB use US GAAP and IFRS to protect stockholders.

Convergence: The role of the securities regulators in convergence of standards: IOSCO and the SEC

Primary obstacles to convergence is US GAAP and STATUTORY work, so why change?

Predicted outcomes.



Aligning statutory accounting with GAAP and IFRS

The Solvency Modernization Initiative is attempting to merge statutory and US GAAP accounting.

Predicted outcomes.



The Outcome

The outcome of these issues is related to several other accounting discussions underway.

Debate on financial instruments, leasing, and revenue recognition accounting informs the insurance participants because of cross-cutting issues.

Major pressure coming from the G20 will push participants to some kind of solution, but not sure what the soft landing will be.

