Retained Risk Practice Note Released for Exposure

The Academy’s Committee on Property and Liability Financial Reporting has released an exposure draft of a new practice note on retained risk.

The draft practice note, Retained Property Casualty Insurance-Related Risk: Interaction of Actuarial Analysis and Accounting, defines various ways that entities retain risk. Because the type of entity often determines the particular approach or applicable accounting treatment, the various types of entities and the associated variation in the retained risk characteristics are described. The common exposures that these various entities may retain also are described.

The practice note also discusses the relevant accounting guidance that could apply to the various entities and exposures, the interaction of the accounting guidance with the relevant actuarial concepts and the variation by type of entity. In addition, several specific situations are described that have particular applicable definitions and considerations.

The deadline for submitting comments on the exposure draft is March 30.

If you have any questions regarding this Academy Alert, please contact Marc Rosenberg, senior casualty policy analyst (roenberg@actuary.org; 202-785-7865).

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