



SOCIETY OF ACTUARIES

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Letter from the Editor

By Ross Bowen

WELCOME TO THE JUNE ISSUE OF RISK MANAGEMENT!

Barely a week passes without a news story breaking that affects the insurance industry and the world in a new and unexpected way. Our newsletter intends to collect the best ideas we have in our profession for recognizing, anticipating, and reacting to these surprising events.

The Joint Risk Management Section is a collaborative effort of the SOA, CAS, and CIA. The *Risk Management* publication is well positioned to support the four main objectives of the section:

- To increase the level of communication and interaction with section members;
- To expand ERM educational opportunities for section and SOA members;
- To continue to foster risk management research; and
- To support the SOA's initiatives in promoting the actuarial profession as risk managers.

In this issue, Jeremy Waite and Andy White have written a useful article summarizing a risk management project undertaken by a working party of the International Actuarial Association. The resulting article is intended to be a platform for analyzing and responding to risk through a Comprehensive Actuarial Risk Evaluation (CARE). One day it may lead to a standard for risk assessment.

Larry Rubin and Victor Shi have written an article encouraging us to rethink our risk management strategies while the dust is still settling from the global financial crisis (if it is over!) One recommendation they make is to avoid short term-ism and take a long term view of the markets.

Effective risk management isn't about predicting the future; it is about preparing for what is possible.

Dr. Stephen Hiemstra has contributed an article, "Putting the System Back in Systemic Risk." He suggests management approaches for dealing with systemic risk and gives us a logical way to break down the analysis of risk in a step by step fashion. Efficient organizational learning is the key to survival.

Victor Shi partnered with Yungui Hu to produce a second article for this edition. "Risk Surface—Chart Your Risk Profiles," describes a tool for risk communication that can help practitioners illustrate the tail exposures we face when our sources of risk come from many places. Their approach can be much more illustrative than the more common deterministic scenario approach of showing optimistic, best guess, and pessimistic futures.

With this June issue of *Risk Management* I'll be taking over as editor. Sim Segal has done a great job managing this publication and I'll look to carry on his good work. Please help by submitting articles to the newsletter in the future. Besides general risk management articles, we are looking for articles related to Risk Identification, Risk Quantification, Risk Response, and Risk Culture and Disclosures.

Enjoy this issue of *Risk Management*!



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