



SOCIETY OF ACTUARIES

Article from:

# Risk Management

Ugr vgo dgt 2032 – Issue 42

# Looking Forward – Applying Risk Management to the Future

By A. David Cummings

## THIS IS MY FIRST OPPORTUNITY TO WRITE AN ARTICLE FOR THE "CHAIRPERSON'S CORNER."

Thanks to Matt Clark for his leadership over the past year, and to the many people who have helped establish our profession's reputation for expertise in risk management.

I'm looking forward to the next year of serving as chairperson of the Joint Risk Management Section (JRMS). As I think about the contributions that our profession is making in the field of risk management, I am glad to see that so many actuaries are also looking forward. We are helping to make sure that the lessons of the past are applied to improve risk management in the future. Two years ago, as I began my service on the JRMS Council, the world was waking up to the reality of a full-blown global economic crisis. This event has given

us nearly unlimited opportunities to analyze the failures that led to our current reality.

We all recognize that "post mortem analysis" of major risk events is crucial to

improving risk management practices. The JRMS has played a significant role in giving many people a forum to provide their views of what went wrong. Our first "call for essays" in 2008 attracted more than 40 authors. They shared a variety of perspectives on the various issues that ultimately led to an aggregation of risk across the entire financial system. When we published these essays on our website, they attracted the attention of many people who were looking to make sense of what had happened. Even today, these essays still get many hits on our website.

This newsletter has also been an important forum for ideas and insights related to the economic crisis. We have had many contributors who have provided deeper insights and challenged us to learn from the lessons of the past. The JRMS Research Team has also commissioned important and timely studies that provide a deeper body of literature on root causes of the crisis.

Our ERM Symposium has been a premier showcase for leading thought on all of these issues.

With so much happening, there seems like the "post mortem analysis" could continue for years to come. At a time like this, it would be very easy to get stuck looking backward. But in order for our profession to truly shape the risk management practices of the future, we need to look forward. The landscape of risk management has already changed significantly. We need to actively apply the lessons of the past while grappling with the risks of the future.

The JRMS is again providing a vital forum for the future of risk management to take shape. We recently issued our second "call for essays." These essays are focused on the challenges of managing systemic risk and the new (or soon-to-be new) realities of financial regulatory changes. They will be certain to seed the thinking about how our profession can benefit the broader financial services industry.

We also sponsored a unique collaborative workshop in May, in conjunction with the Enterprise Risk Management Institute International (ERM-II). This workshop brought risk management practitioners together with regulators and academics to frame a dialog about the future of financial regulation.

So as I begin my term as the JRMS Chairperson, I'm looking forward—along with all of you. We have made significant contributions to the future of risk management, but there are many more to come. The Joint Risk Management Section will continue to provide opportunities for actuaries to help define the best practices of the future. I encourage you to take advantage of these opportunities and make your own contribution as ERM evolves toward the future. ■



A. David Cummings, FCAS, MAAA, is vice president and chief actuary at ISO Innovative Analytics in Bloomington, Ill. He can be reached at [david.cummings@iso.com](mailto:david.cummings@iso.com).