



SOCIETY OF ACTUARIES

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Letter from the Editor

By Ross Bowen

WELCOME TO THIS ISSUE OF THE RISK MANAGEMENT NEWSLETTER!

David Ingram and Alice Underwood co-wrote “The Fabric of ERM,” which distinguishes between different approaches to ERM. They go on to give examples of each approach and consider the different strengths and weaknesses. I found that this article is a good reminder that ERM is frequently used in a wider context than insurance or banking.

In Dorothy Gjerdrum and Mary Peter’s article, “The New International Standard on the Practice of Risk Management – A Comparison of ISO 31000:2009 and the COSO ERM Framework,” they summarize ISO 31000:2009 which is an improvement on the traditional operational risk management process. Some of the key improvements highlighted in the article deal with risk identification, ownership, and education.

Don Mango and John Major collaborated to write “Measuring the Market Value of Risk Management.” This article takes a finance-based approach to risk management and suggests measuring the value of risk management by observing how the shareholder is impacted.

Jason Alleyne’s article, “Perspectives on Variable Annuity Guarantees,” relates pricing VA products to risk appetite. By discussing the product development process in a risk context, this article explores how product design and underlying assumptions impact product risk profiles. He successfully demonstrates how a transparent pricing philosophy should result in better understood risk metrics.

Louise Francis has written an interesting summary of the presentations at the ERM-II Systemic Risk Workshop: “How Can We Keep it From Happening Again.” The symposium was sponsored by the ERM Institute International, the NAIC’s Center for Insurance Policy and Research, the Robinson College

of Business of Georgia State University, and the Joint Risk Management Section of the SOA/CAS/CIA. The presentations are based on the themes of “Systemic Risks” and “Implications for the Insurance Industry and its Effective Regulation.”

Finally, Steven Siegel wrote an article discussing the successful 2010 ERM Symposium call for papers which includes abstracts from the three winning essays from the last round.

Enjoy this issue! ■



Ross Bowen, FSA, CFA, MAAA, is vice president, profitability management at Allianz Life Insurance Co. of North America in Minneapolis, Minn. He can be reached at Ross.Bowen@allianzlife.com.