



SOCIETY OF ACTUARIES

Article from:

Risk Management

March 2014 – Issue 29

Letter from the Editors

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AS THE REGULATORY FOCUS on risk management increases, so does our opportunity for professional growth. Whether your company is adjusting to the federal oversight that comes with a SIFI designation or preparing for ORSA, risk management professionals are getting the “seat at the table” we have been looking for. The Joint Risk Management Section newsletter strives to deliver content that will help you take advantage of this opportunity to advance the risk management capabilities at your organization.

This edition includes articles covering a wide variety of topics. Starting off with the “Negative Consequences of Pension Risk,” David Cantor and Brett Dutton outline a framework that provides guidance on how to holistically manage pension risk.

On the life insurance side, in “A Principle-Based Approach to Mortality Guarantees for Life Insurance Products,” Carol Marler considers options to share poor experience from mortality shock events with policyholders in products with and without built-in mortality guarantees.

In “Enterprise Risk Quantification,” economic capital and stress testing are reviewed as methods to quantify risk. Authors David Wicklund and Chad Runchey outline key considerations for each of these methods in areas of methodology and implementation.

Focusing again on pensions, in “Rising PBGC Premiums: Assessing Pension Risk Management Decisions with a Shareholder Value Framework,” David Jaffe and Michael Moloney discuss the implications of a changing PBGC premium structure and its implications for both plan funding and risk in light of the Bipartisan Budget Act of 2013.

The next two articles discuss the current trends in two very different hedging programs. “A New Normal in Equity Repo” by Anand Omprakash and Phillippe Combescot points out a changing environment in the equity derivatives market for equity repo rates and the impact on hedging programs. Moosa Aziz and Greg Slawsky suggest that now is the time for companies to review their hedging programs for surrender risk in “Hedging Surrender Risk.”

In the final article of this edition, we continue our series, “Talk with a Risk Management Guru,” that was introduced in the December issue. This time we hear from Mike Smith, Chief Risk Officer of ING US. Through this interview Mike shares his insights into the current state of risk management in the industry as well as provides some advice to young actuaries. We want to thank Mike for taking the time to interview with Josh Rundle and share his knowledge with our readers.

We would also like to thank David Schraub, Kathryn Baker and Robert He for their support with pulling this newsletter together.

Enjoy! ■



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