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Editor's Note

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These days, it is difficult to pick up a newspaper without running into an article about digital technology, FinTech, or artificial intelligence (AI). Over the past years, through digital technologies, predictive analytics is excelling customary statistical techniques in many aspects of insurance business, to deliver more compelling insurance products and services. It not only changes the way actuarial practices work, but also influences the approach to risk strategy.

We discussed the technology interruption on the insurance industry in the March issue. To take a profound dive, in this August issue I'm excited to bring articles to our readers on how predictive analytics reshapes the insurance practice and risk strategy, as well as an assortment of articles offering insights into other risk management spaces.

The first article deliberating predictive analytic is from an inquiry presented at the 2017 Actuarial Research Conference (ARC) on health care fraud detection. In the March issue of *Risk Management*, Dr. Shaun Wang shared his investigation on "Modeling of Optimal Spending and Allocation on Cybersecurity" at the ARC. In this issue, Dr. Lieberthal and his team deliberate their research on a health insurance fraud detection method. This health care fraud study aims to develop a prophetic modeling approach to fraud risk management in health care claims. Understanding the components of health care fraud informs public policymaking, can reduce pressure and the cost of compliance for law abiding providers, facilities, and their patients with potential to spill over into private insurance, and detecting health care fraud has the potential to improve value in health care.

Furthermore, predictive analytics through evolving technological advances also allow life insurers to change the traditional risk management practice. "Proactively Managing Life Insurance Risks" by Feng Sun and Amy Tran, discusses the challenges facing life insurers proactively managing life insurance risk and explores the impending applications of new technologies to the life insurance industry in regard to life insurance policy monitoring and intervention programs for risk management.

Our feature article this issue is "A Review of Root Cause in Insurer Insolvencies and Impairments," by Dave Heppen and

Veronika Cooper. It provides a summary of a study sponsored by CAS, CIA and SOA, to look to causes of insolvency and decisions made by management, regulators and policy holders over the life cycle of the insolvency. It was envisioned to educate insurance professionals on historical insurer impairments and insolvencies, also to explore future prevention indicators that insurance professionals can monitor to mitigate future insolvent situations.

In the second in the "Conversation with a CRO" series, we're pleased to feature Lori Evangel, CRO of Genworth Financial. Lori shares her experiences and perspectives on the biggest issues facing the insurance industry today, the prospects for the LTC industry, cyber risk concerns and management, and the outlook of predictive analytics.

We then turn our focus to global climate change debate, which has evolved over time, and becomes a C-suite topic on corporate governance and risk management. Through a study of interviewing 62 c-level executives of global insurance industry, the Geneva Association provides the reader with awareness into the role of the industry as risk managers and investors in addressing climate change goals, targets, and risks. The study brings focus to key external challenges and opportunities facing the insurance industry in scaling up its contributions.

The fallout from the financial crisis altered variable annuity risk management solutions. Given the rapid embracing of volatility management solutions within VAs and their adoption in the broader marketplace, "Measuring Benefits of Variable Annuity

Volatility Management Techniques" by Raghu Ramachandran and Aaron Sarfatti, compares the three most recognized solutions in the volatility management front. With pros and cons, the authors anticipate continued interest in these controls and a push by insurers for innovative solutions that overcome challenges while providing significant risk management benefits.

Risk Management is at an international level. JRMS has frequent communication and exchanges information with other international risk associations. In this issue, we are pleased to share with our members some recent activities and initiatives in the risk management space from AFIR-ERM, a section of the International Actuarial Association (IAA), with a focus on promoting actuarial research in investment finance and enterprise risk management.

ERM Symposium was held in Miami from April 19–20, 2018. Two days, 31 risk sessions, over 180 attendees, made this a successful professional gathering and sharing event. The symposium committee chairperson Mike McLaughlin provides highlights of the symposium in this issue.

Last and as usual, we provide a list of recent articles and papers that may be of interest to our members. These pieces can provide further information on a broad range of topics.

I would like to give special thanks to David Schraub and Kathryn Baker for helping me pull together this August *Risk Management* issue. Also, I want to express my sincere appreciation for the wonderful suggestions from our members that I receive over time. With these ideas, feedback, and recommendations, the newsletter is growing stronger. If you have more to share, please feel free to email me at the address below. Enjoy reading!

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