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# Staff Corner

By David Schraub

Many risk managers were at the ERM Symposium in Miami a few weeks ago. This yearly meeting is always a great opportunity to reconnect with old friends and interact with new people, and to learn many new tricks to perform risk management at a higher level. Allow me to share the beginning of a nice conversation that started at a Wednesday evening dinner meal with some pioneers in the risk management space, past chairs of the JRMS or the ERM symposium. This discussion continues now through email between the few of us, and now with you, reader of the JRMS newsletter: What do you think about the evolution of the role of actuaries in the risk management space?

## HOW TO MEASURE SUCCESS?

Should success be measured by the number of actuaries in CRO positions or by the number of actuaries employed in risk management roles? Or by the role and reach of the CRO position itself? Reading the visions of the CAS: “Actuaries are recognized for their authoritative advice and valued comment wherever there is financial risk and uncertainty,” CIA: “Actuaries are professional business people who are skilled in the application of mathematics to financial problems,” and SOA: “Actuaries are highly sought-after professionals who develop and communicate solutions for complex financial issues,” my definition of success would be number of actuaries employed in risk management roles, as long as quality is not sacrificed for quantity.

## HOW TO FOSTER SUCCESS?

Lobbying for a regulatory protection (e.g., CERA credential needed to sign ORSA, to be CRO at insurance companies) may be unsuccessful due to the low number of CERAs in senior positions, but more importantly could be counter-productive as it may pigeonhole risk managers in compliance and regulatory roles.

Trying to place actuaries at the top should help bring more actuaries into risk management in insurance industries. This means we should teach strategy, which requires synthesis and not analysis. (Note that we need to equip a small fraction of



L-R: David Schraub, Mike McLaughlin, Max Rudolph, Dave Ingram, and Barry Franklin

actuaries that will then pull the rest of the profession.) And we should encourage the CRO being part of the strategic decision making (which may or may not conflict with the three lines of defense model, depending on the exact definition of the CRO role). We are able to see long-term trends, and able to suggest plans that go beyond the myopic short-term horizon dictated by financial reporting and analyst expectations.

And what about outside the insurance and pension sectors? Risk management for industrial companies could be an answer to the current oversupply of actuaries at the entry level.

## WHAT IS OUR COMPETITIVE ADVANTAGE?

Actuaries have long-term future modeling skills. Most other professions look in the rear view mirror, relatively speaking. We are also extremely strong technically and our voice carries respect. This technical skill expertise gives us political capital, and allows us to speak truth to power if need be. But the downside to our deep modeling skills is that we could be viewed as shallow in other skill areas. One other competitive advantage is our code of conduct.

## LET'S WIDEN THE CONVERSATION

What are your thoughts as you are reading this? Do actuaries have a role to play in the risk management space? Please let us know and we will publish some reactions in our next issue. ■



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