



Article from

Risk Management

December 2018

Issue 43

Editor's Note

By Cheryl Baoyan Liu

When this last issue of 2018 *Risk Management* reaches you, it's holiday season already. I wish you very merry holidays and a prosperous new year!

Last week, I read an essay telling the remarkable story about Jeff Bezos (pronounced Bay-Zose). Bezos oversaw the extraordinary creation of Amazon and has led the innovations at the company for more than two decades. The innovations have not only changed the buying habits of many but also the way that people do things throughout the world.

Similarly, technology evolutions also change the way insurers manage their businesses. In the March and August issues, we shared articles with readers about the top concerns on technology disruption on insurance business processes and the associated cyber landscape. In this last issue of *Risk Management* in 2018, we examine how innovation is bolstered by risk management.

The feature article is “The Perils and Prospects of Predictive Analytics” by Mark Griffin. Many life and health insurers are beginning to use predictive analytics for a variety of purposes. This article addresses the unique challenges and potential disruption predictive analytics brings to the risk manager, as well as the opportunities. In addition to the many considerations listed in the article, one key suggestion is to periodically assess the company's use of advanced analytics relative to their competitors.

The SOA held several seminars and meetings with the focus on predictive analytics in North America and Asia in 2018. One interesting topic in particular is how InsurTech interacts with risk management through predictive analytics. The seminar in Hong Kong successfully developed and nurtured an in-depth discussion and wide perspectives on this topic. We're honored to have Questor Ng from the organizing committee to share remarks on the seminar in this issue. The seminar provided a good forum for productive and insightful discussion among the audiences who will bring the knowledge back and use it as building blocks in shaping the future predictive analytics development.

We're pleased to have John Rhodes, CRO of Athene, one of the fastest growing and innovative companies in the retirement space, be the guest of the conversation in the third installment



of the “Conversation with a CRO” feature series. John shares his experience and views on effective risk management framework. He also comments on the biggest risk issues facing the insurance industry, where “impact of technology” once again is on the top of the list. After the financial crisis, I had the opportunity to work with John at Lincoln Financial when he headed up Lincoln's hedging program. John is certainly a tremendous leader, and I couldn't agree more about what he mentioned in the conversation on his ability to identify patterns, think about patterns and solve the puzzle in business problems.

The Joint Risk Management Research Committee released a new report on enterprise risk management (ERM) stakeholder engagement. This report examines current practices and identifies challenges in achieving ERM stakeholder buy-in. It also offers strategies to help overcome these challenges and improve ERM stakeholder engagement. For an easy reference, the author Kailan Shang provides an article to summarize key points of the research paper “Effective ERM Stakeholder Engagement.”

As usual, a list of recent articles and papers is provided 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 a special thank you to David Schraub and Kathryn Baker for helping me pull together this December issue. As we're gratefully sending out this 2018 *Risk Management* newsletter to you, we are already at work on the first issue of 2019!

Happy Holidays and enjoy reading! ■



Cheryl Baoyan Liu, FSA, CFA, is senior manager, risk management at FWD Life Insurance Company (Bermuda) Limited in Hong Kong. She can be reached at cheryl.by.liu@fwd.com.