



SOCIETY OF ACTUARIES

Article from:

The Actuary Magazine

April/May 2010 – Volume 7 Issue 2

CERA CREDENTIAL NOW INTERNATIONAL

THIS MONTH'S COLUMN highlights our continued focus on risk management issues. There's almost no issue of greater importance to the profession; we've just signed a global treaty to extend the CERA credential to other countries; employers continue to tell us that having employees with serious risk management skills is critical to their success; and we believe some of the greatest new opportunities (and growth) for the profession lie in expanding the profession's role in enterprise risk management.

The column describes a new SOA research report on operational risk management and its use by insurance companies. This report investigates a new approach to risk management, based on issues underlying the 2008 financial crisis. The report answers the natural question of whether there is a better approach to managing operational risk—one that might have either prevented or mitigated many of these events. This joint research effort by the Society of Actuaries, Canadian Institute of Actuaries (CIA) and Casualty Actuarial Society (CAS) is a forward-looking approach and suggests effective strategies for risk management, showcasing the actuarial profession as a leader in risk management techniques and practices.

In addition, the column covers an important new research project reviewing retirement planning software. This report has already received wide media coverage and, undoubtedly, has helped many consumers. The SOA is leading efforts to understand and create solutions to retirement issues. The SOA and the Actuarial Foundation recently released a study on retirement planning software. The study revealed that these programs need improvement

in helping users accurately plan for retirement by better understanding risks. The study recommends vendors focus efforts on providing better treatment of certain aspects of their programs, such as longevity assumptions, rates of return and Social Security benefits, among others.

In an effort to better communicate these types of research, the SOA has created a new research e-newsletter, *Research News & Opportunities*, which is sent to our more than 20,000 members. This e-newsletter covers the wide range of ongoing research coming out of the SOA research department—from experience studies and research projects to key trends and findings. The SOA is regularly looking for ways to communicate more effectively with our members, and we believe this e-newsletter will offer you a broader view of all research, while reducing the number of communications you receive.

Also in this issue, you'll see that our new Social Insurance & Public Finance Section is off to a great start. Members expressed a need for a professional interest group that would focus on these important issues, so the SOA responded with the development of this Section. Membership has quickly grown and the Section has plans to explore some very important social issues including public pension plans, government-funded health plans, workers' compensation insurance and unemployment insurance. Read the sidebar on page 45 to learn how to join. **A**

— SOA Executive Director Greg Heidrich

NEW RISK MANAGEMENT REPORT: INSURANCE COMPANIES SHOULD CONSIDER DEVELOPING FORMAL OPERATIONAL RISK MANAGEMENT PROGRAMS

A recently released SOA, CIA and CAS study encourages North American insurance companies to create operational risk management programs. The study examined approaches to operational risk management (ORM) and considerations for establishing formal operational risk programs. A key goal of the study was to determine whether the management of operational risk is feasible,

and, if so, what issues need to be addressed in order to effectively implement ORM within a broader ERM context. The study shows that programs would benefit from the principles of modern ORM. Traditional ORM, the audit-based approach, has many useful aspects; some of these program features should be retained as well. View the entire report at www.soa.org by clicking on Research. **A**

SOA STUDY: IMPROVEMENTS NEEDED FOR RETIREMENT PLANNING TOOLS

This new study shows tools fall short in providing adequate analysis of post-retirement risks. The study, sponsored by the Society of Actuaries and the Actuarial Foundation, assesses the extent to which retirement planning programs help users understand post-retirement risks. The packages, in particular the consumer packages, need to do

a better job of helping the user focus on and understand key issues such as rates of return, life expectancy and the length of the planning period, timing of Social Security benefits receipt, use of home equity in retirement and survivor's benefits. Read the full study at www.soa.org by clicking on Research. **A**

SOA ESTABLISHES NEW SOCIAL INSURANCE & PUBLIC FINANCE SECTION

After hearing from members interested in forming this Section, the SOA put out feelers last year to see how many people would pledge to join. We quickly found out: lots of you! The newest SOA Section, Social Insurance & Public Finance is also the fastest growing. Since its inception in April 2009, it has attracted more than 500 members. The first newsletter, *In the Public Interest*, rolled out this January. Sessions are planned for both the SOA '10 Health Meeting and SOA '10 Annual Meeting & Exhibit. It needs members and volunteers to continue the momentum.

The Section, made up of professionals working in enterprise risk management, economics, research, health, pension or academia, will explore topics and trends related to social insurance and public finance. It aims to develop consistent, high quality continuing education opportunities and sponsor fundamental research on evaluating and managing social insurance programs, including public pension plans, government-funded health plans, workers' compensation insurance and unemployment insurance. Join the SIPF section at www.soa.org—just click on Professional Interests, About Professional Interests and then the Join a Section link on the lower left side of the page. **A**

SOA EDUCATIONAL OPPORTUNITIES

RETIREMENT INDUSTRY CONFERENCE

April 11–13
Washington, D.C.

ERM SYMPOSIUM

April 12–14
Chicago, IL

THE LIFE INSURANCE CONFERENCE

April 13–15
Washington, D.C.

LIFE AND ANNUITY SYMPOSIUM

May 17–18
Tampa, FL

LIFE AND ANNUITY SEMINARS

May 19
Tampa, FL

EQUITY-BASED INSURANCE GUARANTEES CONFERENCE


May 31–June 1
Tokyo, Japan

SOA '10 HEALTH MEETING

June 28–30
Orlando, FL

View all Professional Development opportunities by visiting www.soa.org and clicking on Event Calendar.

SOA ROLLS OUT NEW RESEARCH E-NEWSLETTER

The Society of Actuaries, in an effort to better communicate its research findings and opportunities and to streamline the number of communications to members, began sending in December a new e-newsletter, *Research News & Opportunities*. This newsletter is sent to all SOA members at least monthly and includes information on everything from recently released experience studies and research project results to opportunities to participate in calls for papers, Requests for Proposals and data requests. Keep an eye on your inbox and take advantage of this new, easy way to view the latest information from the SOA Research Department. The *Research News & Opportunities* e-newsletter is just one more way the SOA is working to create solutions to address member and customer needs. Past issues of the e-newsletter can be viewed at www.soa.org, by clicking on Research. 

THE ACTUARIAL PROFESSION IN THE NEWS

Insurance Newscast Names Six Actuaries to "100 Most Powerful People in Insurance Industry" "Insurance Dream Team" included SOA President S. Michael McLaughlin.

Wall Street Journal Posts Article on "Job Rated Report" and Actuary Top Position *The Journal* featured an article on the annual ranking and why the job of actuary landed in the top spot.


Foxbusiness.com Lists SOA Risk Management Survey Results Results showed that risk managers have implemented or plan to implement risk management programs.

National Mortgage News Features Article on SOA Financial Crisis Report

The piece covered the "Financial Crisis and Lessons for Insurers" report.

Producersweb.com Posts Column by FSA Mike Boot wrote a column on the results of a call for essays on the future of the life insurance industry.

Consumeraffairs.com Quotes FSA The site interviewed Anna Rappaport for an article on reverse mortgages.

To view all of these articles, visit www.imageoftheactuary.org and click on Actuaries in the News. 

VIEW ALL PROFESSIONAL DEVELOPMENT OPPORTUNITIES AT SOA.ORG

Life & Annuity SYMPOSIUM

NEW DECADE. NEW DIRECTIONS.

MARRIOTT TAMPA WATERSIDE
TAMPA, FL
MAY 17-18, 2010

- Two full days of offerings
- Variety of session lengths
- In-depth coverage of important topics
- More networking opportunities
- An optional third day with seminars

BE THERE. MAY 17, 18 AND 19. TAMPA.
Visit the SOA.org Web site for more information.

NEW

SEMINARS

MAY 19, 2010

How Will PBA Rock Your World?

Pricing in 2010 and Beyond: The New Frontier

Predictive Modeling for Life Insurance: How Actuaries can Participate in the Business Intelligence Revolution

Actuaries
Risk is Opportunity.®