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Editor's Note

By Cheryl Baoyan Liu

Through various communications, we heard from readers and received their feedback on the newsletter asking for more risk research reports. With support from the Society of Actuaries (SOA) research team, I'm glad to introduce an issue dedicated to research reports in this May 2019 *Risk Management*.

The feature article is a study on root cause in insurer insolvencies and impairments, jointly sponsored by the Canadian Institute of Actuaries, the Casualty Actuarial Society and the Society of Actuaries. This research studies insolvencies and impairments occurring between 1998 and 2015 across property and casualty, life and annuity, and health insurance in the United States and Canada. The study looks at the decisions made by the management team, regulators and policyholders over the life cycle of the insolvency. There are four phases in this research project. The core section of the Phase I study is published in this issue of the newsletter. A full version of the study can be found on the SOA website.

The second article gives the highlights of the most recently published Joint Risk Management Section (JRMS) surveys on policyholder behavior in the tail (PBITT). The JRMS is seeking to develop better estimates of PBITT. A PBITT working group has been established to examine and ultimately give guidance to actuaries on how to set policyholder assumptions in extreme

scenarios. As part of its work, the PBITT working group issues two surveys each year that gather the range of assumptions actuaries use in pricing, reserving and risk management of universal life with secondary guarantees and minimum guarantees on variable annuities. The author has summarized in this article the critical assumptions and findings of the report. Links are provided to the full reports.

The third article is on the topic of the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) guidance on enterprise risk management (ERM) frameworks. The 2017 update to the guidance stresses the importance of considering risk both in the strategy-setting process and in driving performance. Through a real-world COSO implementation example, this article presents an approach that allows organizations to achieve the ERM-strategy link.

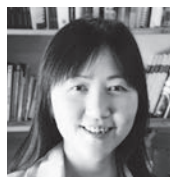
"Thoughts on How an Actuarial Control Cycle can Apply to Accelerated Underwriting," by Tim Morant, is on the analytical discussion front of life insurance underwriting. I think this is a nice addition to this research-focused newsletter as it maps out the evolution of underwriting technique and the impact on assumptions that inform pricing. I view this as another form of predictive analytics, which we discussed extensively in the newsletter in 2018.

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.

Almost every issue of *Risk Management* in the past five years, I ended the Editor's Note by thanking Kathryn Baker and David Schraub for their help in putting the newsletter together. In this issue, we say farewell to Kathryn, our SOA editing partner, who had supported the *Risk Management* newsletter for almost 13 years. She is professional and was great at keeping us on track and managing the newsletter publication. I wish her the best in her new chapter of life.

I would like to give a special thank you to Florian Richard, the JRMS section secretary, who coedited this newsletter. Also, my sincere appreciation to David Schraub, Julia Anderson Bauer and Katherine Pickett for their support in making this research-focused newsletter possible.

Happy reading! ■



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