



SOCIETY OF ACTUARIES

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The Actuary at Risk — Conference Theme in Bali Indonesia

by Fauzi Arfan

The future is full of uncertainty. Some of the events that can happen are undesirable. According to Standard on Risk Management (ASNZS 4360 : 1995), the definition of risk is the change in something happening that will have an impact upon objectives. It is measured in terms of consequences and likelihood. Risk management is as much about identifying opportunities as avoiding or mitigating losses.

The actuarial profession deals with risk management. The mismanagement of risk ultimately leads to failures and losses in large and small organizations, public or private. Actuaries are experts in evaluating the likelihood of future events, designing creative ways to reduce the likelihood of undesirable events and decreasing the impact of undesirable events that do occur.

We can identify two kinds of risk—intrinsic and extrinsic risk.

By intrinsic risk we refer to the risk inherent in the work an actuary performs, in techniques, skills, approaches, data, tools and methodologies, and in the management of our clients or employers.

By extrinsic risk, we refer to the environment in which actuaries work. Extrinsic risk includes moral and ethical questions for individuals in the corporations, institutions, legislative bodies and overseeing agencies. It includes the level of professionalism or lack of it, in legislation that prescribes the prudential framework for actuarial advice and in the methods and procedures of enforcement.

In the current globalized environment, risk knows no borders. Political borders are made more prone by trade agreement and domestic consumers are exposed to imported risk including major financial failures. As Basel pressures for financial stability drive the reform of accounting standards and reporting rules, it is not sufficient for the profession to respond through stronger common education requirements and reciprocal recognition agreements for cross border practice.

The ultimate guarantee for the world consumers of actuarial products are uniformly high quality standards of practice that will need to be supported by the wider use of state-of-the-art techniques and models applicable throughout the actuarial universe.

The Society of Actuaries of Indonesia will hold its 13th East Asian Actuarial Conference at the Westin Hotel in Bali, Indonesia on September 12-15, 2005 with the official opening speech given by the Minister of Finance of Indonesia.

This is an opportunity for the EAAC members to strengthen their relationship with the Indonesian regulator. It is designed to be an interesting and useful conference with well-known international professionals visiting to debate and share their experience in these matters.

One of the highlights of attending the EAAC conference is the extreme beauty of Bali.

Bali is known all over the world as Island of the Gods, for its vibrant culture, the peaceful atmosphere and the local hospitality that will give all participants the warmest welcome. The participants can also try exhibiting rhythm as never experienced before, especially appealing to non-Indonesian participants. They can enjoy breakfast with the birds, a Bali Hai Sunset Dinner Cruise, Kintamani Lake, Monkey Forest with Sunset Temple and also play golf on the local course with fantastic scenery.

For more information please visit our Web site at www.eaac13th.com.

We are looking forward to seeing you at the conference. □

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