



SOCIETY OF ACTUARIES

Article from:

Risk Management

July 2006 – Issue 8

Announcing the Arrival of the Risk Management Section's Regional Meetings!

by Ron Harasym

Would you like to know more about what's hot in the Enterprise Risk Management (ERM) arena? Are you interested in networking with other risk management professionals? Then get ready as the Risk Management Section rolls out its program of regional meetings!

The first event of this exciting endeavor was held in Toronto on June 1. Other regional meetings are soon to follow. The event was organized by Ron Harasym, Ken Seng Tan, and Fred Tavan and featured a presentation by Mike Stramaglia, Executive Vice President and Chief Risk Officer of Sun Life Financial.

The meeting was kicked off by Ron Harasym as he provided an update on an exciting plan that will bring the Canadian Institute of Actuaries to be joint sponsors with the Society of Actuaries and the Casualty Actuarial Society of our Risk Management Section. Fred Tavan provided an overview of several exciting research initiatives underway that are being funded by the Risk Management Section. Ken Seng Tan described the vision of the Institute for Quantitative Finance and Insurance (IQFI), University of Waterloo, to be a world-class centre in financial risk management and to promote excellence in the science and practice of risk management through teaching, research and outreach activities.

Mike Stramaglia, the featured speaker, then provided a compelling presentation titled "Insurance/Capital Markets Developments: Convergence or Collision? Some Risk Management Perspectives".

Mike talked about how insurance and capital markets continue to converge on a number of key fronts. The extension of catastrophe bond issuance to extreme mortality events and other forms of life insurance securitization represent some of the more recent trends in this area. Mike focused on convergence at the product level. In particular, key drivers of product-related convergence include supply / demand imbalances,

regulatory / accounting / tax developments, advances in structured finance, increased rating agency participation, along with advances in ERM.

Insurance / capital market product convergence have evolved via practices involving securitization, insurance derivatives, contingent capital structures, credit derivatives as well as retail products such as variable annuities with riders linked to investment performance guarantees. The development of the life settlements industry is an excellent example of where risk managers need to "stay awake at the wheel" as markets will evolve to take opportunistic advantage of financial services providers wherever possible.

All in all, the convergence of insurance and capital markets is leading to new risks and opportunities to insurance company risk managers! Looking forward, further unbundling of the insurance value chain is inevitable leading to the emergence of new specialized competitors as well as the likelihood of increased disintermediation risk. All this leads to and increasing demand, expectations, and opportunities for innovative risk management professionals!

So now, would you like to know more about what's hot in the span of Enterprise Risk Management (ERM)? Are you very interested in networking with other risk management professionals? Then stay tuned for further announcements as the Risk Management Section rolls out its program of regional meetings in a number of cities across North America! ♦



Photo taken at the regional meeting (Toronto)

Left to Right: Gaurav Upadhyaya, Julia Wirch, Mike Stramaglia (speaker), Ron Harasym, Ken Seng Tan.



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