



SOCIETY OF ACTUARIES

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by Doug Brooks

Another year begins for the Joint Risk Management Section in an environment where risks continue to dominate business news. Events in 2007 demonstrated that even institutions with significant risk-management capabilities are not immune to significant losses if those capabilities are not directed broadly enough, and if the decision-making culture of organizations does not take risk into account when making business decisions, and instead puts weight on short-term gains and rewards. This emphasizes what ERM is all about—integrating comprehensive risk management into the culture of an organization. However, it takes discipline to stay away from opportunities that the market appears to be rewarding. As actuaries, we must bring our own specific expertise to bear in the risk management field, but also ensure that the product of our efforts become part of the organization's culture and not just data that is reported for governance purposes. This requires effective communication on the business implications of the information we produce.

Over the past year, the actuarial profession has continued to push forward in the area of risk management. The Society of Actuaries has implemented a new designation—the Chartered Enterprise Risk Analyst (CERA)—that will provide more visibility to actuaries as trained risk management professionals. Internationally, the actuarial profession is considering development and recognition of a global ERM designation, as well as providing support for many other ERM-related initiatives. We remain a relatively small profession, and in order to compete as a profession and gain a reputation as experts in the broad field of risk management, we must continue to combine efforts as broadly as possible. This collaboration is evident as our section sponsored jointly by the Casualty Actuarial Society, the Canadian Institute of Actuaries and the Society of Actuaries. As

well, the section has encouraged international communication among actuaries with the creation of an international sub-committee that led to the creation of the International Network of Actuarial Risk Managers (INARM) an international network of actuaries interested in risk management. Dave Ingram was the lead force behind this initiative.

The section continued in its important roles of encouraging and sponsoring research, as well as supporting educational efforts through actuarial and other conferences—the ERM Symposium in particular. This newsletter is also a very important aspect of the section's work.

I would like to thank all of those who have contributed to the work of the section over the past year. In particular, Ken Seng Tan has spearheaded the newsletter for several years. Fred Tavan has similarly led the research initiative. Their terms on the section council have now ended. As well, thanks to Tony Dardis and Bob Wolf, whose terms have also ended. Particular thanks to Ron Harasym, who has taken on the responsibility of chairing the section for the next year.

The actuarial profession has much to offer the field of risk management. We are true professionals in this field, a field where many are attempting to stake out their territory. We must continue to develop and promote our expertise in this field. We must do this by combining the efforts of actuaries across various areas of practice and national boundaries. I look forward to seeing the section continue to help actuaries achieve these goals! ♦



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