



SOCIETY OF ACTUARIES

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Congratulations from Former President Harry Panjer

by Harry Panjer



Harry Panjer, former SOA President

Having served as president of the SOA for the 2002-03 year, I am thrilled to be able to write a few words summarizing some of the SOA activities over the past year for this first newsletter of the Risk Management Section of the SOA. One of my proudest moments as president was to see the creation of the Risk Management Section. For the past two years, the SOA's Risk Management Task Force, under the very able direction of Dave Ingram, had already mobilized many actuaries into working groups. In order to solidify the SOA's commitment to risk management, I requested a group led by board member Mike McLaughlin to serve as a catalyst in getting a section set up. Well, it's done. It was done in record time. The section council was elected, is in place, has met and is already active! And the council selected Dave Ingram as its chair. Congratulations to Dave and the entire council.

In the recent review of SOA governance, the sections were recognized as the key drivers of SOA activity of direct relevance to members. The bottom-up nature of sections engages members where it counts. The Risk Management Section now has the opportunity to lead the growth of risk-management specialization amongst actuaries.

In recognition of the importance of risk management, the SOA Board also directed the Education and Examination Committee leadership to investigate the development of a specialty track in risk management in the FSA exams in order to expand specialized knowledge in risk management to new fellows. This is well underway. It will take the form of a specialty within the finance track.

Risk management is a burgeoning field in its own right outside of our traditional areas of practice. Other organizations, especially the Global Association of Risk Professionals (GARP) and the Professional Risk Managers' International Association (PRMIA), are vying to lead the whole risk management field. On another front, the accounting profession, in particular the AICPA, through the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the USA, is proposing the accountants and auditors be responsible for all risk

measurement and management in all types of enterprises. They are proposing a framework for risk management that focuses very much on policies and procedures, monitoring, responsibilities and compliance. We, the actuarial profession, have addressed their proposal with correspondence from the Academy, the SOA and the Casualty Actuarial Society. We have pointed out that actuaries have been measuring and managing risk for a long time; we model it, we manage it and we use risk as an opportunity.

This past year the SOA and the CAS co-hosted the hugely successful risk management symposium in Washington. It was attended by many non-actuary risk managers, including leaders of PRIMA. We have committed to make it an annual event jointly sponsored with the CAS. PRMIA is also expected to play a key role in the coming ERM Symposium, April 26-27, 2004, in downtown Chicago.

This past year, the SOA also conducted a small meeting with prominent key risk managers—some were actuaries, some were not—to discuss strategies for creating more opportunities for actuaries in the risk management field.

This year, the SOA also created opportunities for actuaries to be more prominent in the risk management field. The electronic journal entitled *Financial Engineering News* is now carrying a regular feature entitled "Topics in Actuarial Analysis." Along with several other actuaries, I have published articles in this newsletter in the past year. The 2004 GARP Convention in New York featured an SOA-organized actuarial track as well as a one-day SOA-sponsored workshop.

We are also creating awareness of what actuaries do in risk management. Along with other actuarial organizations, the SOA is leading a public relations effort to promote the role of the chief risk officer in insurance and other financial institutions, as well as promote the skills that actuaries bring to this newly emerging role.

The new Risk Management Section now has the opportunity to be a leader in risk-management activity in the SOA. Go to it!! ♦