

**FINANCIAL RISKS COMMITTEE**  
**REPORT FOR THE PERIOD NOVEMBER 2003 – APRIL 2004**

Since our last Council Meeting, we have held a further seminar in the series on Risk Management which began in Sydney in 2003. This took place in London and, like Sydney, worked very well both in content and attendance. The speakers (with the exception of Stuart Wason) were different, being drawn from across Europe, but the output was similar. It does seem that the actuarial profession has a major role to play in pulling together serious thought on risk in financial areas.

At our meeting in Stockholm, we plan to begin thinking of where we go next on some of these issues. The actuarial profession thinks of itself as the risk profession, the one which understands both sides of the balance sheet and should therefore be preeminent in areas such as risk modeling, asset liability modeling and the use of financial economics in asset liability matching. But other groups are being formed, such as GARP, who also populate this area. Where do we, as an international profession want to position ourselves? What role should the IAA play? This is very much an international issue as these topics transcend national boundaries.

We are also planning further seminars. Another Risk Management seminar is planned in November, this time in Boston, USA, with the support of the North American bodies and in conjunction with a longer seminar being run by the newly formed risk group within the Society of Actuaries. The UK profession plans to make the March seminar an annual event. We would like to hold another in this series in Switzerland in 2005. We are also looking at the topics of Asset Liability Modelling and the use of Financial Economics – both in terms of sharing of experience and a possible seminar topics.

We are just beginning to think of relationships with other professional and supervisory bodies.

There is plenty to be done!

David Kingston  
Chairman