

ERM: The Role for Actuaries

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ERM: The Role for Actuaries

- Value of ERM, CERA
- Global CERA Update
- Opportunities by industry
 - Insurance
 - Broader financial services and other
- Need for experience



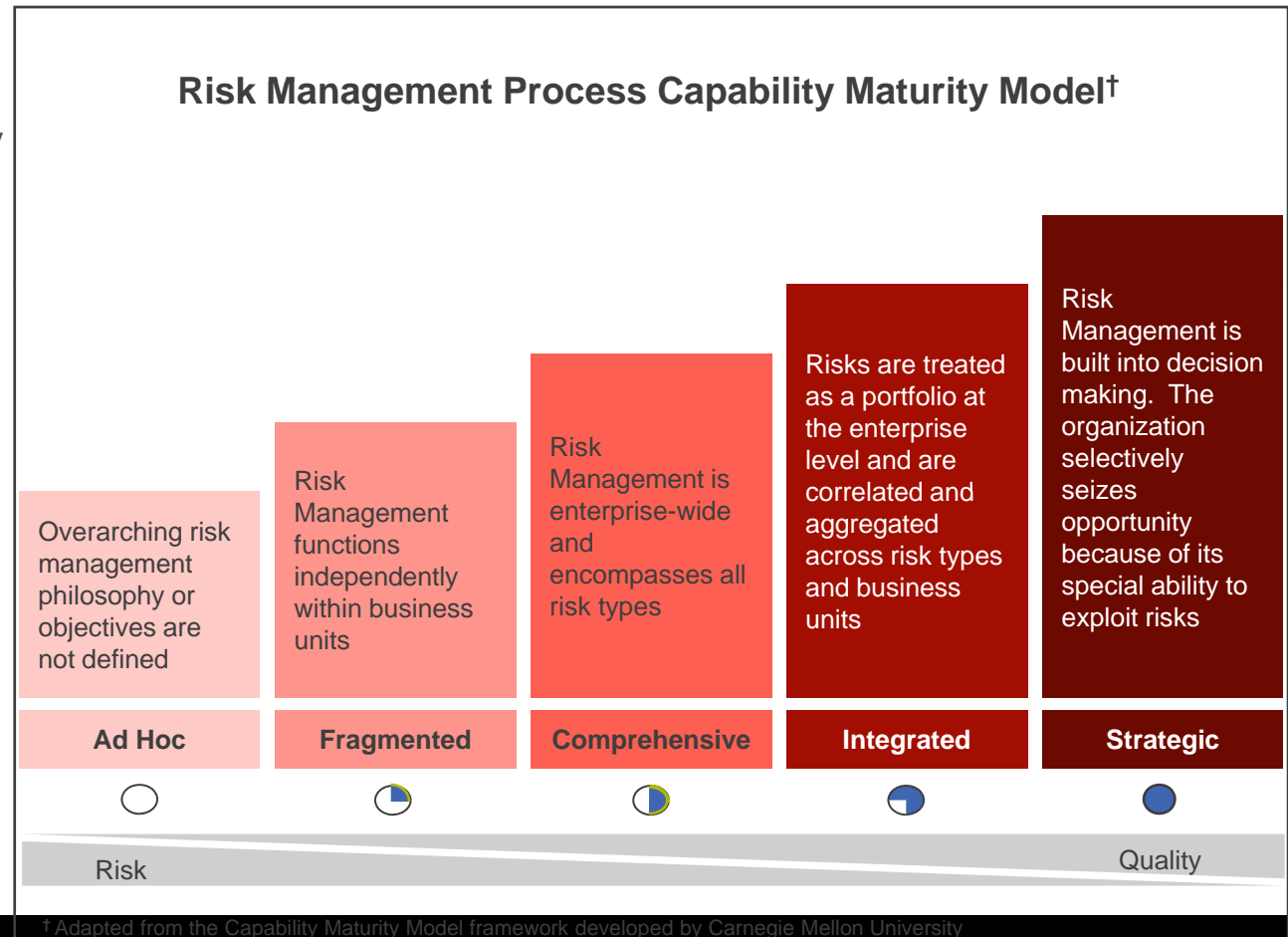
Enterprise Risk Management



The ERM Capability Maturity Model

The model shown here is a generalized version of a model that can help companies assess the robustness of their current ERM program. The model considers not only rating agency and regulatory requirements, but also the business value of ERM activities.

- The maturity model shows five stages of ERM capability
- In the Ad Hoc stage, ERM procedures are reactive rather than proactive
- At the most mature end of the spectrum, the Strategic stage is characterized not only by a robust systematic process for ERM, but by continuous improvement to that process
- Most companies are currently situated between the Fragmented and Integrated stages of the maturity model



Employer Benefits

- Value of ERM is generally acknowledged
 - Strong consensus within insurance, other
- Best practice still taking shape
 - Combination of governance, models
 - Demonstration, action, integration now required
- CERAs possess quant, financial assessment skills
- Helps implement clients' ERM programs
- Differentiates firm as ERM experts



SOA Employers Council

- 20 Employers
 - Insurers, consultants, recruiters
- Employers support the profession
 - They support the CERA
 - Insist that quality of credentials be maintained
- Place a high value on experience
- See opportunities outside of traditional areas
- Want the profession to be more visible



Opportunities for Actuaries



CERA Candidate Benefits

- The most comprehensive and rigorous ERM training available
- Differentiates from other risk professionals
- Gains exposure to the C-suite
- Advances the field of ERM
- Expands professional network
- Presents opportunities in broader industries
- No downside—FSA pathway remains open



CERA Services to Employer

- Product pricing
- Capital allocation
- Planning, forecasting, budgeting
- Risk-based decision support
- Customer value
- Operations support



Potential Employment

- Banking
- Transportation
- Energy
- Manufacturing



A Global Credential



THE TREATY ORGANIZATIONS

GERMANY

- DEUTSCHE AKTUARVEREINIGUNG E.V.

FRANCE

- INSTITUT DES ACTUAIRES

NETHERLANDS

- HET ACTUARIEEL GENOOTSCHAP

SWEDEN

- SVENSKA AKTUARIEFÖRENINGEN

UNITED KINGDOM

- FACULTY OF ACTUARIES
- INSTITUTE OF ACTUARIES

ISRAEL

- ISRAEL ASSOCIATION OF ACTUARIES

JAPAN

- INSTITUTE OF ACTUARIES OF JAPAN

CANADA

- CANADIAN INSTITUTE OF ACTUARIES/
INSTITUT CANADIEN DES ACTUAIRES

MEXICO

- COLEGIO NACIONAL DE ACTUARIOS A.C.

UNITED STATES

- CASUALTY ACTUARIAL SOCIETY
- SOCIETY OF ACTUARIES

SOUTH AFRICA

- ACTUARIAL SOCIETY OF SOUTH AFRICA

AUSTRALIA

- THE INSTITUTE OF ACTUARIES OF AUSTRALIA



Global CERA Treaty



Global CERA Update

- Board meeting held March 5, 2010
- Verein in process of formation
 - Attorneys hired, statutes being drafted
 - Administration, secretariat functions developing
 - Branding, marketing discussions underway
- UK, CAS, Australia likely next 3 award signatories
- Review panel established
- 15 additional associations interested



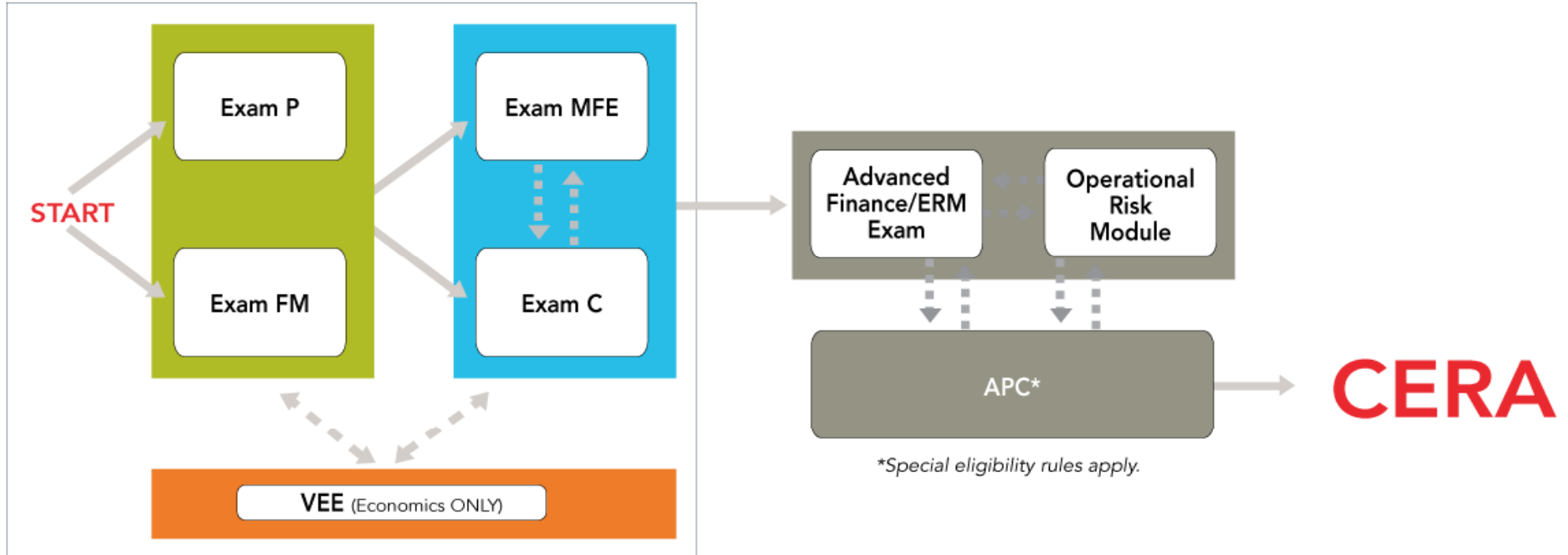
Discussion



Appendixes



Chartered Enterprise Risk Analyst (CERA) Credential for ERM



*Special eligibility rules apply.

*Must complete any two exams before applying.



Actuarial Skills: Present

- Predictive Modeling
 - for Underwriting, Marketing
- Customer Value
- Expense Analysis (functional, ABC)
- Sports statistics
- Airline pricing
- Operations research



Actuarial Skills: Future

- PMO (Project Management Office)
- Team building
- Meeting facilitation
- Storyboarding
- Presentation and media skills
- Speaking out, being visible



SOA Employers Council

- Provides insight on:
 - Business trends, issues and challenges
 - Hiring and staff development needs, preferences and practices
 - Business needs for research and other forms of intellectual capital development in risk-related areas
 - Market relevance of SOA products and services



Global Marketplace Benefits

- Enables organizations to be transparent
- Helps companies meet financial reporting and control requirements
- Addresses security and technology issues
- Prepares for disaster and business continuity in post-9/11 world
- Helps companies remain competitive in a global marketplace



ERM Leading Principles:

- Culture
- Roles and Responsibilities
- Integration
- Communication



End

