

ERM Practice Area and Risk Management Interest Group (RMIG)

Dear Member, (*scroll down to find out more about*)

- **ERM Practice Area (Vision and Strategic Objectives)**
- **ERM Committee Structure – call for volunteers**
- **RAMP and ERM – call for volunteers**
- **The Role of the CRO in ERM – podcast URL**
- **Finance, Investment & ERM (FIERM) Conference – call for volunteers**
- **Global ERM Webinar – call for volunteers**
- **Your involvement**

We now send you our second monthly e-mail notifying of events and briefly updating you on progress in relation to the ERM Practice Area and Risk Management Interest Group (RMIG).

ERM Practice Area <http://www.actuaries.org.uk/erm>

At the second ERM Practice Area Committee meeting we discussed our vision and strategic objectives. The following are the result of our discussions. They aim to provide a concise statement of where we want to take the profession in the field of ERM. Please let us know what you think by clicking on “reply” to this e-mail or emailing mark.symons@actuaries.org.uk We are keen to receive member input to ensure that the vision and objectives meet the needs of members.

Vision

Actuaries are recognised as leading professionals in the field of Enterprise Risk Management

Strategic Objectives

Education

- *All newly qualified actuaries have a sound understanding of the principles of Enterprise Risk Management*
- *The Specialist Level Actuarial qualification in ERM is highly regarded and recognised as a leading ERM qualification*

CPD, Career Support and Development

- *Actuaries working in risk management have access to high quality CPD and other resources to support them in their career*
- *Actuaries wanting to move into the risk management field have access to support that helps them achieve their objectives*
- *The Actuarial Profession provides an active network for risk management professionals to meet and discuss risk management issues*

Brand & External Relationships

- *The Actuarial Profession is seen as the membership organisation of choice for those wanting to develop a career in enterprise risk management*
- *The Actuarial Profession is recognised as a leader in Enterprise Risk Management*
- *The UK Actuarial Profession works collaboratively with International Actuarial Associations to promote the profession on a global basis*

Research & Thought Leadership

- *The Actuarial Profession is recognised for high quality research and thought leadership in the field of Enterprise Risk Management*

ERM Committee Structure

Learning from the experience of other practice areas we have established a number of sub-groups to take forward specific activities and priorities. The current subgroups and chairpersons are as follows:

- Education (Andrew Cairns)
- CPD, Career Support and Development (Jules Constantinou)
- Brand & External Relationships (Iain Brown)
- International Relationships (Seamus Creedon)
- Research & Thought Leadership (Colin Ledlie)

Please get in touch if you would like to get involved with this work (see Your Involvement (below) – para 1).

Global ERM Credential update

Last October's statement of intent to establish a global risk management qualification continues to gain momentum:

- France and Japan have expressed interest in joining US/UK/Australia/Canada/South Africa;
- Discussion at the Presidents' Forum in Quebec was positive, with a desire expressed on the part of the Groupe Consultatif to raise the initiative's profile amongst its membership.

Risk Analysis and Management for Projects (RAMP and ERM)

The Actuarial Profession has worked jointly with the Institution of Civil Engineers (ICE) on a range of risk management projects. For example, the initiative has developed RAMP which provides a framework for the evaluation and management of risks in projects of all kinds, including major infrastructure schemes.

The joint initiative is seeking to expand and there is currently an opportunity for two or three more actuaries to participate – see again the final paragraph – working alongside other professionals in “cutting edge” development of the methodologies. The work being undertaken includes:

- Research into the best ways of taking social and environmental considerations into account in the appraisal of major projects throughout the world;
- Studies of operational risk management;
- Updating the RAMP Handbook;
- Development of ERM frameworks which build on methodologies for managing strategic, project and operational risks.

Please get in touch if you would like to get involved in this work (see Your Involvement (below) – para 2).

The Role of the CRO in ERM

The podcast of 12 May networking evening – Colin Ledlie and Roger Dix's presentations –

http://www.actuaries.org.uk/_data/assets/powerpoint_doc/0020/132860/networking20080512Ledlie.ppt

http://www.actuaries.org.uk/_data/assets/powerpoint_doc/0004/132871/networking20080512Dix.ppt

and the useful Q & A session that followed can now be found at:

http://www.actuaries.org.uk/events/cro_erm

The re-run of this event in Glasgow with Tom Burns, Head of Risk Management, National Australia Group (Europe) speaking with Colin Ledlie and Gordon Wood in the Chair on 26 June has had to be re-scheduled to after the summer. Details and on line booking details will be notified shortly.

FIERM Conference

Initial feedback from the 165 who joined us in Manchester this June has been good. In our next e-mail, we hope to let you have the URL for the Conference materials which should be on the Profession's website within the next four weeks.

Online booking details will be published early in the New Year for the Grand Hotel, Brighton, 21 – 23 June 2009, which will seek to further expand its ERM content with a blend of expert speakers and research working party presentations.

Please get in touch if you want to get involved in this work (see Your Involvement (below) – para 3).

Global ERM Webinar

We were delighted with the really positive feedback on the first such event on 16 January which attracted 483 registrations from 46 countries, reaching an estimated audience in excess of 1,000 due to multiple participants at each site, predominantly, actuaries:

- Currently practicing in the ERM area within Insurers or consultancies, or
- Wishing to get exposed to ERM practices to participate in ERM programmes at insurers in the future.

We hope have more information shortly on the next Webinar, provisionally fixed for 10 December, when we may well need volunteers to present and to help with delivery of the programme.

Please get in touch if you want to get involved in this work (see Your Involvement (below) – para 4).

Your involvement

In our May e-mail we promised to make known our needs for volunteers to participate in future work as things get underway. Please just reply to this email, letting us have a short bio, if you would like to get involved with any of the following:

1. Membership/support of one of the ERM Sub-Committees: Education; CPD and Career Support; Domestic Brand and External Relationships; Research and Thought Leadership; Conference Organising
2. Involvement in the RAMP-related work detailed above
3. To be a member of a research working party towards a paper to be presented, or you yourself to speak, at the annual FIERM conference
4. To present or help with the delivery of the Webinar programme
5. To act as a mentor on matters of employment to other members of the Profession moving into ERM or looking to move up within it – a careful filtering process would be in place, to safeguard you from inappropriate approaches.

Colin Ledlie

Chairman
ERM Practice Area Committee

Jules Constantinou

Chairman
RMIG Committee

INARM – International Network of Actuarial Risk Managers

INARM offers a number of free communication and discussion resources which many actuaries may find useful as a way to access international expertise and material on risk management. Details of how to join can be found at the following link <http://www.soa.org/professional-interests/joint-risk-management/jrm-inarm.aspx>.

As an example of the material circulated by INARM here is a sample offering which we found very useful:

“What’s on your ERM bookshelf? I have read several books on ERM over the years that I have found to be very helpful to broadening my understanding of risk and of risk management possibilities.

Most of these are well known, but you might know of one or several great books that I haven't read, so I send this more out of selfish motives...in no particular order:

- *A demon of our Own Design, by Richard Bookstaber*
- *A History of the Theory of Investments, by Mark Rubenstein*
- *Against the Gods, by Peter Bernstein*
- *Black Swan, by Nassim Taleb*
- *Bull! A History of the boom 1982-1999, by Maggie Mahar*
- *Business Fairy Tales, by Cecil W. Jackson*
- *Capital Ideas Evolving, by Peter Bernstein*
- *Enron, by Loren Fox*
- *Enterprise Risk Management, by James Lam*
- *Fischer Black and the Revolutionary Idea of Finance, by Perry Mehrling*
- *Fooled by Randomness, by Nassim Taleb*
- *Fortune’s Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street, by William Poundstone*
- *Freakonomics, by Steven Levitt and Stephen Dubner*
- *Infectious Greed: How Deceit and Greed Corrupted the Financial Market, by Frank Partnoy*

- *Irrational Exuberance*, by Robert Schiller
- *Liar's Poker*, by Michael Lewis
- *Making Enterprise Risk Management Pay Off*, by Thomas L. Barton, William G. Shenkir and Paul L. Walker
- *Managing Credit Risk: The Next Great Financial Challenge*, by Ed Altman
- *My Life as a Quant: Reflections on Physics and Finance*, by Emanuel Derman
- *Origins of the Crash*, by Roger Lowenstein
- *Plight of the Fortune Tellers*, by Riccardo Rebonato
- *Predictable Surprises*, by Max Bazerman and Michael Watkins
- *Risk*, by David Ropeik and George Gray
- *Risk Intelligence*, by David Apgar
- *Risk Management*, by Michel Crouhy, Robert Mark and Dan Galai
- *Seeing Tomorrow*, by Ron Dembo and Andrew Freeman
- *Simple tools and techniques for enterprise risk management*, by Robert J. Chapman
- *The (mis)Behaviour of markets - A fractal view of Risk, Ruin and Reward*, by Benoit Mandelbrot and Richard Hudson
- *The Art of the Long View*, by Peter Schwartz
- *The Great Crash*, by J.K. Galbraith
- *The Great Risk Shift*, by Jacob S. Hacker
- *The HIH Royal Commission: Hon Justice Owen*
- *The New Financial Order*, by Robert Schiller
- *The Risk Management Process: Business Strategy and Tactics*, by Christopher Culp
- *Trading Risk: Enhanced Profitability through Risk Control*, by Ken Grant
- *When Genius Failed*, by Roger Lowenstein
- *Wisdom of Crowds*, by James Surowiecki

It is our intention to highlight some of the best material to come from INARM in these monthly e-mails.