

# Enterprise Risk Management Developments in Europe

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# Risk Management in Actuarial Europe

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- Risk Management in Actuarial Europe
- Penetration into Risk Management from a 'luxurious' perspective
- What can we offer?
- Penetration into Risk Management from a 'necessary' perspective
- Challenges for individual actuaries
- Challenges for local associations

# Risk Management in Actuarial Europe

- The role of the Risk Management Function in SII is in a leading position compared to the Actuarial Function
- 60% or more of CRO's in insurance are fully qualified actuaries
- The professional bodies on RM such as FERMA, GARP are starting to focus on risk management for financial institutions
- The actuarial associations already offer the possibility to become a Certified Enterprise Risk Analyst (CERA)
- The future of the actuarial profession is linked to the development of RM

*AAE Officers' reflection: "It is agreed that AAE has to play a role in positioning the actuaries in the field of risk management. It is agreed that the focus will in the first place go to domains in which actuaries are actually more present. It is the intention that in a second stage the AAE can then also promote the role of the actuary in the other sectors with specific attention to banks."*

# Penetration into Risk Management from a 'luxurious' perspective

- Actuaries are highly wanted and are indispensable
- Is there enough room for actuaries to move into the Risk Management arena?
- Are institutions waiting for us?
- A lot is happening
- What must we do?
- What can we offer?



# Just an example ...

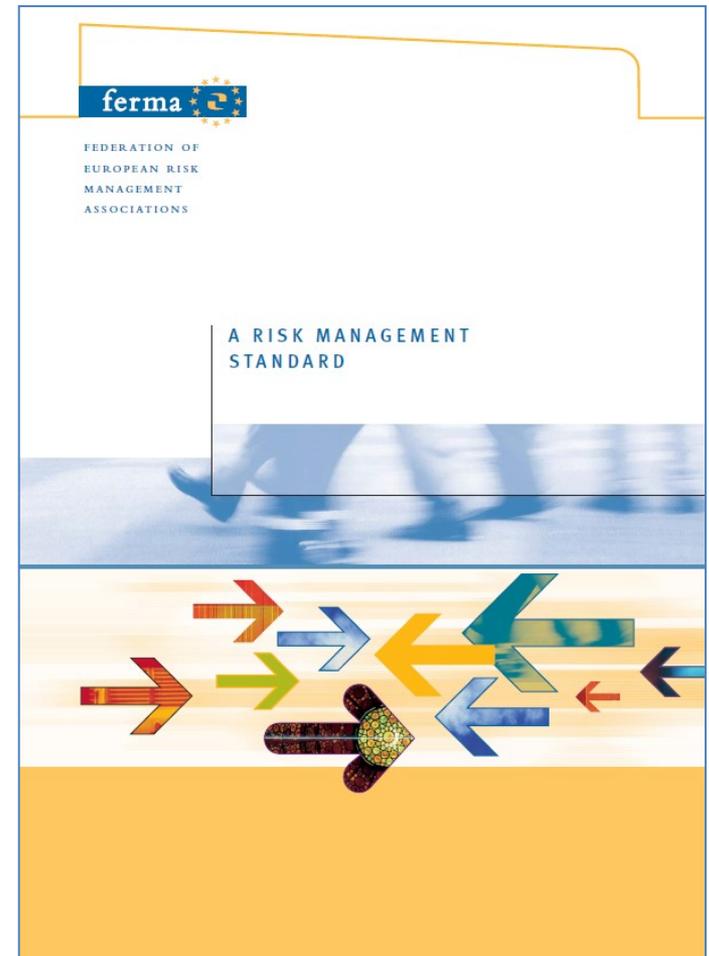
## What do actuaries offer an airline?

- Professionalism – through Code of Conduct and Professional Standards (differentiates actuaries from many other analytics professionals)
- Integrity – “actuary” is a very strong brand
- Actuaries have high entry standards and an education that provides broad financial and mathematical knowledge
- The ability to take a longer-term view
- A structured basis for problem solving
- A business solution

# Risk management in Europe

## FERMA Benchmarking Survey 2012:

- 58% have no specific qualification in risk management
- 45% have more than 10 years of experience
- No leading Risk Management framework standard of reference
- Many European companies still mainly on internal frameworks rather than on standards
- Risk external reporting remains very diverse from company to company
- Risk Management and Internal Audit functions: too limited synergies



Huge difference with other professional institutions

We have

- Code of Conduct
- Complaint process (incl. due defence process and appeal)
- Core syllabus
- Mutual Recognition Agreement
- Actuarial standards (IAA and AAE)

We are much better organised!

# Penetration into Risk Management from a 'necessary' perspective

- Traditional actuarial employment is disappearing!
- Number of actuaries working in the traditional area will decrease rapidly
- Old replaced by young
- Unemployment is looming



## Challenges for the individual actuary

- Take care of your own risk management
- Start thinking about your second career
- Explore possibilities
- Confidence and self belief
- Take ownership of your career and make it happen



# Challenges for the local Actuarial Association

- Your members need your support!
- How to keep pace with the change?
- Dedicated CPD – for different age groups
- Specialized CPD – Risk Management and other new topics
- Offering of re-education and retraining
- Much more pro activity and co-operation is necessary within the European area
- Membership open to other professionals
- AAE should play a distinguished role of synthesis
- There are a lot of unifying factors already present
- But the main effort should come from the local associations



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