

Scientific Paper Track Keeps ERM Symposium on the Cutting Edge By Steven C. Siegel, SOA Research Actuary

One glance at the ever-expanding list of attendees to this year's fourth annual ERM Symposium will tell you that this event is no doubt the leading forum for professionals to gather, network and learn about the latest on this topic. Although this has become a well-established event, how do you keep it on the cutting edge to push the boundaries of ERM? Last year, this very question occurred to Max Rudolph, one of the members of the event's organizing committee. His solution: establish an annual call for ERM-related research papers that would present the very latest in ERM thinking and move forward principles-based approaches.

To move the effort forward, Rudolph enlisted the help of SOA staff, including Jeanne Nallon and myself. With the additional support of CAS, PRMIA, and ERMII, a call for papers was drafted and readied for distribution. Of particular importance for the success of the call for papers, The Actuarial Foundation agreed to sponsor an annual monetary prize for the top paper submitted. This prize, dubbed the ERM Research Excellence Award, not only serves as further proof of The Actuarial Foundation's commitment to quality in education and research, but also gave the event added prestige to attract authors.

The official call for papers was issued in October 2005 and widely publicized to potential authors. As the abstract deadline approached, we were astonished by the response we received. In all, close to 30 abstracts were submitted for review. This level of response far and away exceeded our expectation and proves just how hot this topic is.

With the abstracts in hand, a committee was recruited to review them and decide which of the eventual papers would be presented at the ERM Symposium. The committee, chaired by Rudolph, included Mark Abbott, Sam Cox, Emily Gilde, Krzysztof Jajuga, Don Mango, Michel Rochette, Nawal Roy, Fred Tavan, Al Weller and myself. With only nine slots available for presentation of papers at the Symposium, it was no small task to choose from the abstracts submitted. Given the quality and number of abstracts received, the committee regretted that there were not additional slots available.

After meeting regularly between December 2005 and April 2006, the committee settled on nine papers for the three dedicated sessions at the symposium. A list of those papers is shown below. The final responsibility of the committee was to choose the first annual Actuarial Foundation ERM Research Excellence Award. After several rounds of scoring and deliberation once the final papers were received, including those not selected for presentation, the committee judged as best paper William Panning's "*Managing the Invisible: Measuring Risk, Managing Capital, Maximizing Value.*" The award was presented to him by Tricia Guinn, a trustee on the Board of The Actuarial Foundation, during the General Session luncheon on Monday, April 24th.

The objective of Panning's paper is to demonstrate the linkage between ERM and maximizing a firm's value on the other. In the paper, Panning presents a valuation model for a property-casualty company and shows how the model can assist managers in making value-maximizing strategic decisions. The paper concludes with observations on the importance of value-focused ERM, as it makes a firm's value more visible and manageable.



Tricia Guinn presents Bill Panning with the first annual Actuarial Foundation ERM Research Excellence Award

List of Papers Selected for Presentation (in alpha order)

Adapting Banking Models to Insurer ERM by Gary Venter

Applying Actuarial Techniques in Operational Risk Modeling by Don Mango

Bye Bye Beta, Bye Bye by Jeremy Gold

Economic Impact of Capital Level in an Insurance Company by Yingjie Zhang

Enterprise Risk Management Quantification – An Opportunity by Christopher Bohn and Brian Kemp

Extending ERM to Multi-Employer Pension Plans by Doug Andrews

Managing the Invisible: Measuring Risk, Managing Capital, Maximizing Value by William Panning

A Multi-Stakeholder Approach to Capital Adequacy by Robert Painter and Dan Isaac

As of this writing, an online monograph is being created to house the papers. A link to the monograph, when completed, will be found on the ERM Symposium web site at www.ermssymposium.org. Papers that we were not able to allocate time for at the symposium will be included in the monograph.

We encourage you to review the monograph and read papers of particular interest to you. You may not agree with everything you read in the monograph; it was our intent to procure papers that would not only inform, but also provoke discussion and spark debate. After all, this is what keeps us on the cutting edge of ERM.

We wish to thank all the organizations and committee members for their support and for making this a success. Planning for the 2007 ERM Symposium call for papers will begin shortly. I invite you to contact me if you have ideas or feedback for next year. Until then, watch the ERM Symposium site for the latest developments!