



## **MEDIA RELEASE**

# **Actuaries call for risk management professionals on company boards**

**24 November 2010, SYDNEY** – The Institute of Actuaries of Australia has today called for cross disciplinary risk management teams in financial services companies, and emphasised the importance of risk management professionals on boards.

Melinda Howes, CEO of The Institute, speaking at the Risk Management Institution of Australasia conference in Sydney this week, said that risk management teams can be strengthened by a diversity of skill sets from different professional backgrounds.

“We see actuaries as having different and complementary skills to other risk professionals: a different way of thinking about risk, advanced risk analysis skills and experience in dealing with boards.”

The Institute of Actuaries considers that, as a matter of best practice, there should be at least one relevantly qualified, skilled and experienced risk management professional on the board of every insurance company (including life, general and health insurers), bank and defined benefit superannuation fund. Such a board member would have risk management skills that are recognised by a professional body. There are a number of key professional groups, including the actuarial profession, from which an enterprise risk management professional may be drawn. Actuaries’ core professional skills are in the area of financial risk management – with financial risk being by far the largest risk for the abovementioned entities. Importantly, the actuarial profession also has a global qualification in respect of Enterprise Risk Management – CERA (Certified Enterprise Risk Actuary).

“It is vitally important that risk managers have business experience, and high quality training and certification,” Ms Howes said.

“As a professional group, actuaries are supported by strong standards to ensure the quality of their analysis and advice. These skills have been recognised by the regulatory requirement for life insurers, general insurers and health insurers to appoint an actuary to advise on their financial condition and to sign off on their risk management frameworks,” Ms Howes said.

Ms Howes said Australian actuaries have worked for more than 100 years to manage the financial risks of insurers and super funds and were now extending their influence.

“The specialised modelling techniques actuaries use for financial risks are now being applied to non-financial risks such as operational risk,” she said.

“There are already a number of Chief Risk Officers of financial services organisations who are actuaries. We predict that in future many more actuaries will specialise in risk management and work as risk managers in financial services organisations and beyond.”

“An enormous amount of time and money is being spent on improving the quality of risk management in financial services businesses. The case should continue to be argued that risk management is an extremely effective and business critical value-add to management and boards, not a compliance cost,” Ms Howes concluded.

### **About the Institute of Actuaries of Australia**

As the sole professional body for actuaries in Australia, the Institute of Actuaries of Australia (Institute) represents the interests of its members to Government, the business community and the general public. Their unrivalled expertise enables the profession to comment on a range of business issues including enterprise risk management and prudential regulation, retirement income policy, finance and investment, general insurance, life insurance, health financing, and climate change.

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