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NEWS RELEASE

Immediate Release

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Actuaries: Risk Management Principles Are Key to Averting Risks That Are Crippling Economy

WASHINGTON – 22 Oct. 2008 – The American Academy of Actuaries submitted testimony yesterday to lawmakers recommending that effective enterprise risk management become a foundation for the future of oversight and regulation for financial services.

Enterprise risk management is the process of identifying, quantifying, mitigating, and managing both short- and long-term risks. It also includes identifying emerging risks that previously have not been considered. The actuaries said that organizations with effective enterprise risk management processes are better positioned to avoid or mitigate the impact of severe financial crises and can provide confidence to stakeholders and the public.

“Enterprise risk management teams that include actuaries are even better equipped to identify and avert the kind of risks now crippling our economy,” the Academy’s President **William Bluhm** said. “Managing risk to achieve financial security is and has always been the keystone of the actuarial profession.”

Bluhm also said public policymakers, who are trying to restore confidence in the financial markets affected by the sub-prime mortgage crisis and resulting credit crunch, could benefit from actuaries’ knowledge, skills, and support. He added that actuaries’ experience in designing regulatory structures for insurance and other financial systems is invaluable for developing protections and safeguards for the capital markets.

The complete testimony provided to the U.S. House Financial Services Committee regarding the future of financial services industry oversight and regulation is available at: www.actuary.org. For more information, please contact Andrew Simonelli, assistant director of communications for the American Academy of Actuaries, at 202.785.7872 or Simonelli@actuary.org.

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The American Academy of Actuaries is a 16,000-member professional association whose mission is to serve the public on behalf of the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.