



NEWS RELEASE

Immediate Release

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U.S. Actuaries Support Global Framework to Prevent Future Financial Crises

WASHINGTON – 11 Feb. 2009 – The **American Academy of Actuaries** (the Academy), on behalf of the U.S. actuarial profession, announced today its general support for the **International Actuarial Association's** (IAA) global risk management framework to improve financial governance and help prevent future financial crises. The IAA represents the actuarial profession globally.

“The IAA’s framework capitalizes on risk modeling and the principles of enterprise risk management, a process that actuaries have used successfully to manage uncertainty and mitigate risk in the insurance industry,” the Academy’s President **John Parks** said.

Parks also said that the current global financial crisis has policymakers and regulators worldwide looking for new approaches to the future management and oversight of the financial services industry.

“The Academy looks forward to helping U.S. state and federal regulators interpret this global framework and implement it within the United States’ unique regulatory system,” he said.

The IAA’s international risk management framework is outlined in a new whitepaper, *[Dealing with Predictable Irrationality – Actuarial Ideas to Strengthen Global Financial Risk Management](#)*. This framework urges a combination of “systemic level” initiatives, such as introducing counter-cyclical regulatory arrangements, and “entity level” initiatives, such as the application of risk management concepts and improved risk governance.

“Enterprise risk management teams that include actuaries, who have the training and the necessary skills, are well equipped to identify and avert the kind of risks now crippling our economy,” said **Steve Lehmann**, the Academy’s international secretary. “Managing risk to achieve financial security is and has always been the keystone of the actuarial profession.”

The IAA’s global framework follows the Academy’s own testimony submitted to lawmakers in October recommending that effective enterprise risk management become a foundation for the future of oversight and regulation for financial services. The Academy’s then-President **William**

(more)

Bluhm wrote 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.

For more information, please contact Andrew Simonelli, assistant director of communications for the American Academy of Actuaries, at 202.785.7872. For more information on the American Academy of Actuaries, please visit: www.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.