



AMERICAN ACADEMY  
of ACTUARIES

# NEWS RELEASE

**Immediate Release**

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## **Actuaries Support Federal Systemic Risk Regulator, Anticipate Significant Role for State Insurance Regulators**

WASHINGTON – 5 May 2010 – A task force of the **American Academy of Actuaries** announced that it supports creating a federal systemic risk regulator for the entire financial services sector, including the insurance industry. The actuaries anticipate a significant role for state insurance regulators in supporting the federal risk regulator, according to a new whitepaper by the American Academy of Actuaries Financial Regulatory Task Force.

“Considering the diversity and complexity of modern corporations, a federal systemic risk regulator would be best-positioned to coordinate at a national level and across international lines to monitor and manage systemic risk,” said **Jesse Schwartz**, the chairperson of the American Academy of Actuaries Financial Regulatory Task Force. “But the American Academy of Actuaries envisions a federal regulator that would work in conjunction with the current state-based insurance regulatory system and not detract from the state insurance regulators’ public responsibilities.”

The actuaries stressed that effective systemic risk regulation begins with effective risk management practices within companies. The systemic risk regulator will need to work with corporate management of systemically significant companies to validate that appropriate risk-management practices are in place.

“Poor internal risk management, and not surpassing a generic size requirement, will contribute to systemic risk development that will affect a broader aspect of the marketplace or the economy,” Schwartz said. “If a systemically significant company’s internal processes fail, a regulator will need to step in.”

The actuaries also identified sources of data that regulators can use to monitor risk development. The complete whitepaper is available [here](#). For more information or to schedule an interview with Jesse Schwartz, please contact Andrew Simonelli at 202.785.7872. For more information on the American Academy of Actuaries, please visit: [www.actuary.org](http://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.