

PRESS RELEASE

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Sustainable earnings, enhanced transparency, shareholder value protection are key benefits of enterprise risk management, says international panel of chief risk officers

(BOSTON - November 11, 2004) – Progressive businesses are increasingly looking to Enterprise Risk Management (“ERM”) to help protect and build shareholder value, said a panel of experts today at an international investment symposium sponsored by the Canadian Institute of Actuaries and the Society of Actuaries.

Panelists Doug Brooks, Vice President and Chief Risk Officer, Sun Life Financial, Tony Coleman, Chief Risk Officer Insurance Australia Group and Charles Gilbert, Principal, Nexus Generations outlined requirements to implement ERM and to build a healthy risk culture.

According to the panel, key elements of ERM include the development of a cohesive, integrated risk management framework and continual development of technical tools and processes. Realizing that ERM is a dynamic process that affects every aspect of an organization's resources and operations is key, as well as taking the approach that "everyone is a risk manager."

Establishing ongoing risk management reporting has helped formalize the ERM process in organizations. ERM reporting can include market risk tolerance limit reports, earnings-at-risk reports, and establishing a Top-10 risk process — a structured, bottom-up process that provides focused, actionable results and addresses both financial and nonfinancial risks.

Panelists also discussed the importance of establishing a healthy "risk culture" within an organization and fostering an environment that encourages the prompt reporting of risks, incidents and breaches. The long-term benefits of a good risk culture include transparency and a "fix-it" mentality — making risk management behaviors a natural part of the way an organization does things. In discussing their experiences, the speakers also emphasized the importance of communication, including defining clear objectives, repeating key messages and finding simple ways to illustrate technical concepts.

The panelists said that ERM adds value to businesses by helping companies avoid risks that can negatively affect shareholder value, contributing to sustainable earnings, identifying manageable risks and can generate the best return on investment, and providing transparency through enhanced internal and external reporting.

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About the Society of Actuaries

The Society of Actuaries is a nonprofit educational, research and professional organization serving both the public and its 17,000 members. The mission of the SOA is to advance actuarial knowledge by enhancing the ability of actuaries to provide expert advice and relevant solutions to financial, business and societal problems involving uncertain future events. The Society of Actuaries is committed to serving the public by providing advice to shareholders, regulators, analysts and others, education by offering basic actuarial education, advanced and continuing education, research and promoting high standards of professional conduct for the profession.

About the Canadian Institute of Actuaries

The Canadian Institute of Actuaries is the national organization of the actuarial profession in Canada. The Institute is dedicated to serving the public by providing actuarial services and advice of the highest quality. To this end, the Institute promotes the advancement of actuarial science and sponsors programs for the education and qualification of members and prospective members. It maintains programs to ensure that actuarial services provided by its members meet accepted professional standards. The Institute also provides services to actuaries in Canada to assist them in the discharge of their professional responsibilities. www.actuaries.ca

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