

Advancing ERM In Canada

Research Proposal Requests

BACKGROUND and PURPOSE

The Society of Actuaries Canadian Research Committee was formed to pursue research of interest and to address areas of importance to the Canadian public and Canadian members of the Society of Actuaries. An area receiving considerable attention for actuarial practitioners is Enterprise Risk Management (ERM). The role of ERM is inherently broad and it has been defined in several ways. Essentially, it imparts a holistic view on risk for an organization. Given ERM's continued importance for organizations and practitioners, the committee is interested in receiving research proposals on topics that will help advance the practice of ERM in Canada. To help further advance this topic, the Committee is partnering with the CAS/CIA/SOA Risk Management Section on this effort.

RESEARCH OBJECTIVE

There has been significant discussion about the natural fit for actuaries in the growing area of Enterprise Risk Management (ERM). Although there is considerable literature on the benefits of ERM, it is typically targeted at large, global corporations in the insurance and banking sectors. Further, the adoption of ERM practices in Canada has lagged many of the other G8 nations. The organizers are therefore seeking research proposals that will help advance the practice of ERM in Canada, and push the boundaries of ERM beyond its traditional applications. This request for proposals has intentionally been written to allow proposers significant flexibility in formulating their responses. Potential proposals might focus on:

- A. Growth areas for ERM in Canada such as
 - I. ERM and Pensions
 - II. ERM and Healthcare
 - III. ERM and General Insurance
 - IV. ERM for smaller companies
 - V. ERM for non-financial institutions
- B. ERM and hazard risk management (i.e. for Canada's energy companies, mining reserve setting, etc.)
- C. ERM and climate change (environmental risk, mining, waste disposal, energy companies, etc.)
- D. ERM framework for non-financial institutions
- E. Demonstration of the value-add of ERM to employers
- F. Future growth potential of ERM in Canada
- G. Operational risk
- H. Risk Tolerance and Risk Appetite

The above suggestions are not meant to be the only ones that would be considered under this RFP. Other topics that meet the objectives of advancing ERM in Canada and identifying new growth areas are encouraged and welcomed. Proposals should explicitly describe how the results of the research will be expected to advance ERM in Canada.

PROPOSAL

To facilitate the evaluation of proposals, the following information should be submitted:

1. Resumes of the researcher(s), including any graduate student(s) expected to participate, indicating how their background, education and experience bear on their qualifications to undertake the research. If more than one researcher is involved, a single individual should be designated as the lead researcher and primary contact. The person submitting the proposal must be authorized to speak on behalf of all the researchers as well as for the firm or institution on whose behalf the proposal is submitted.
2. An outline of the approach to be used (e.g. literature search, model, etc.), emphasizing issues that require special consideration. Details should be given regarding the techniques to be used, collateral material to be consulted, and possible limitations of the analysis.
3. Cost estimates for the research, including computer time, salaries, report preparation, research costs, etc. Such estimates can be in the form of hourly rates, but in such cases, time estimates should also be included. Any guarantees as to total cost should be given and will be considered in the evaluation of the proposal. While cost will be a factor in the evaluation of the proposal, it will not necessarily be the decisive factor.
4. A schedule for completion of the research, identifying key dates or time frames for research completion and report submissions.
5. Ideas regarding the form and distribution of the final report, both for immediate release and for permanent reference (e.g., submission to Journal of Risk & Insurance, North American Actuarial Journal, SOA Monograph Series).
6. Other related factors that give evidence of a proposer's capabilities to perform in a superior fashion should be detailed.

SELECTION PROCESS

The organizers are responsible for the selection of the proposals to be funded. Input from other knowledgeable individuals also may be sought, but the team will make the final decision. Proposers may be asked to present their proposals and address questions on a conference call with the sponsors before final selection. The SOA's Research Actuary will provide staff actuarial support. A Project Oversight Group (POG) will be appointed to oversee each project that is initiated.

Questions

Any questions regarding this RFP should be directed by phone, or email to:

Joseph De Dominicis
SOA Canadian Staff Fellow
ph: 647.390.7621
email: jdedominicis@soa.org

Or

by fax or email to
Steven Siegel
SOA Research Actuary
f: 847.273.8578
email: ssiegel@soa.org

NOTIFICATION OF INTENT TO SUBMIT PROPOSAL

If you intend to submit a proposal, please send written notification by **January 15, 2013** to Barb Scott by email (bscott@soa.org) or fax (847.273.8592).

SUBMISSION OF PROPOSAL

Please email a copy of the proposal to: Barb Scott at bscott@soa.org.

Proposals must be received no later than February 1, 2013. It is anticipated that all researchers who have submitted proposals will be informed of the status of their proposal no later than **March 2013**.

Note: Proposals are considered confidential and proprietary.

CONDITIONS

The organizers reserve the right to not award a contract for these research topics. Reasons for not awarding a contract could include, but are not limited to, a lack of acceptable proposals or a finding that insufficient funds are available to proceed. The organizers also reserve the right to redirect the projects as is deemed advisable. The organizers intend to copyright and publish the results of this research. The research will be considered work-for-hire and all rights thereto belong to the organizers. However, appropriate credit will be given to the researcher(s).

The organizers are interested in completing this project in a timely manner. Suggestions in the proposal for ensuring timely delivery, such as fee adjustments, are encouraged.