Background

Regulatory risk is a term that generally describes the potential challenges as well as opportunities faced by a company under a regulatory regime arising from new or changes to existing regulations. Regulatory risk can also result from a lack of effective regulation leading to instability or a lack of confidence in a commercial market.

Regulatory risk can have both immediate and long term consequences on an insurance company in North America. Actuaries play a critical role in the insurance sector: company solvency oversight, rate setting/pricing of products, financial reporting and compliance; communicating with company boards of directors, etc. With this in mind, the North American Actuarial Council's (NAAC) Collaborative Research Group (“Group”) is interested in an exploration of the risk related to regulation across insurance organizations in North America.

Research Objective

The NAAC Collaborative Research Group is seeking researchers to examine the regulatory risk faced by insurance companies in North America and their actuaries. Specifically, this request for proposals is looking to address the following issues:

- What is regulatory risk?
- How does regulatory risk differ among the U.S., Canada and Mexico? What are the commonalities?
- What strategies can be implemented by insurance organizations to address regulatory risk?
- How should insurance organizations best communicate the impact of regulatory risk to their stakeholders?
- How does/may the regulatory environment outside of North America affect North American insurance organizations?
- How may developments in other international organizations affect regulation in North America?

Proposals should state how the questions will be addressed by the research team. Given the broad scope of this effort, the organizers of this request for proposals are interested in thoughts about additional questions that should be addressed as well as proposed follow-up work. Respondents are encouraged to outline such thoughts in their submissions.

Proposal

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

a. Resumes of the authors, 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 author is involved for each report, 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 authors as well as for the firm or institution on whose behalf the proposal is submitted.

b. An outline of the approach to be used and issues to be reviewed. Details should be given regarding the manner in which appropriate published material will be identified and evaluated, search techniques to be used, collateral material to be consulted, and possible limitations of the review and analysis. Suggestions for survey revisions or expansions should be included.

c. 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.

d. A schedule for completion of the research, identifying key dates or time frames for research completion and report submission.

e. Other related factors that give evidence of a proposer's capabilities to perform in a superior fashion should be detailed.

Selection Process

The NAAC Collaborative Research Group is responsible for the selection of the proposal to be funded. Input from other knowledgeable individuals may also be sought, but the NAAC Collaborative Research Group will make the final decision. The SOA's Research Actuary will provide staff actuarial support. A Project Oversight Group (POG) will be appointed to oversee the project upon selection of the proposal.

Questions

Any questions regarding this RFP should be directed by fax, or e-mail to: Steven Siegel, SOA Research Actuary (ph: 847.706.3578, f: 847.273.8578).

Notification of Intention to Submit Proposal

If you intend to submit a proposal, please e-mail written notification by September 15, 2012 to: Barbara Scott, Society of Actuaries, 475 N. Martingale Road, Suite 600, Schaumburg, IL 60173-2226 or (ph: 847.706.3592, f: 847.273.8592).

Submission of Proposal

Please e-mail a copy of the proposal to: Barbara Scott.

Proposals must be received no later than September 30, 2012. It is anticipated that all proposers will be informed of the status of their proposal by October 31, 2012.

Note: Proposals are considered confidential and proprietary.
Conditions

The NAAC Collaborative Research Group reserves the right to not award a contract for this research. 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. The NAAC Collaborative Research Group also reserves the right to redirect the project as is deemed advisable.

The NAAC Collaborative Research Group intends to copyright and publish the results of this research. The research will be considered work-for-hire and all rights thereto belong to the NAAC Collaborative Research Group. However, appropriate credit will be given to the researcher(s).