



# To Our Subscribers

We want to thank our new subscribers and welcome everyone to the fifth issue of the ARM quarterly newsletter! We hope you find this publication valuable. With a few short articles meant to provide unique insights, we present ideas about how to address specific problems and introduce potential risks that may not yet be on your radar.

The primary authors are Dave Ingram and Max Rudolph. We have been active participants in the risk management, actuarial, investment and insurance spaces for many years.

Subscribers are encouraged to suggest topics for articles and ask questions of the authors during our follow-up webinars. Ever cognizant of regulatory requirements, leveraging them to add value to your company in practical ways, will be our focus.

Published by Actuarial Risk Management (ARM), the Strategic and Risk Solutions for Executives (SRSE) subscription is free to all.

A free webcast is also available and our podcasts covering these topics is called [Crossing Thin Ice](#). If you would like to further engage the authors as consultants or for continuing education purposes, please reach out. More info can be found throughout this newsletter. We hope to help you find a solution that meets your needs!

For more details  
Visit [actrisk.com](http://actrisk.com)

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We hope you will join us on our journey!

Sign-up to receive future newsletters automatically at  
<https://www.surveymonkey.com/r/AMRSRSE>



# 2023 Dangerous Risks Survey

Over 200 respondents in the Dangerous Risks to Insurers Survey reordered the top risks, with Inflation swapping with Cybersecurity and cybercrime, and Global/National recession moving into the top 5 at #3.

Other risks in the top ten overall reflected concerns about risks tied to strategy, financial markets, personnel and claims. The three new risks in the top 10 included Global/National recession (#12 in previous survey), Interest rate changes (#13 to #4) and Strategic direction and opportunities missed (#11 to #9).

While each of the top 10 were in the top 13 of the previous survey, other risks moved much farther. The largest advances in ranking included:

- Stock market drop (#47 to #14)
- Asset Credit Default or Downgrade (#43 to #15)

	2023	2022	2020	2019	2018
1	Inflation	Cybersecurity and cybercrime	Cybersecurity and cybercrime	Strategic direction and opportunities missed	Cybersecurity and cybercrime
2	Cybersecurity and cybercrime	Inflation	Disruptive technology	Cybersecurity and cybercrime	IT / Systems and technology gap
3	Global / National recession	Employee Retention	Pricing and product line profit	Pricing and product line profit	Strategic direction and opportunities missed
4	Interest rate changes	IT / Systems and technology gap	Legislative and regulatory	IT / Systems and technology gap	Pricing and product line profit
5	Employee Retention	Ability to hire new employees	IT / Systems and technology gap	Competition	Runaway frequency or severity of claims

**Check out the full 2023 Dangerous Risks report at:**

<https://riskviews.wordpress.com/2023/02/28/most-dangerous-risks-of-2023/>



# 2023 Dangerous Risks Survey (cont'd)

*Some risks that we are watching in 2023 include Property/Mortgage Exposure (#51) and Company Culture (#17)*

- Inadequate Capital (#42 to #21)
- Credit Spread fluctuations (#60 to #23)
- Liquidity (#68 to #31)

Giving higher priority to these risks makes sense given the concerns about an economic slowdown. A few risks that might have a higher priority over a longer time horizons saw large drops in their ranking. They included:

- Pandemic (#10 to #66)
- Climate Change (#24 to #48 and down from #9 in 2020)
- Organizational Change (#27 to #49)
- Aging Demographics - Distributors & Agents (#25 to #44)

Some risks that we will be watching in 2023 include Property/Mortgage Exposure (#51) and Company Culture (#17), driven by a decreased need for office space and the rapidly changing business environment as work-from-home evolves.



Surveys are very helpful at both extremes. They report on what respondents are currently concerned with but also can act as contrarian indicators. Pandemics are potentially one of these risks. It did poorly in the current survey, likely reflecting some level of burnout on the topic. China's release from lockdown and regional flareups could generate new variants, H5N1 "bird flu" could become transmissible in humans, a new spillover disease could appear and, most importantly, the recent pandemic's indirect claims due to lockdowns and future claims due to long COVID could impact insurer solvency. Dangerous risks abound - continual search must include obvious and not so obvious places for a competitive advantage.

Sign up for the associated March 15 webinar at [https://us02web.zoom.us/meeting/register/tZcqcu-rqjIsGtwt0S\\_npRysx0nXIbTZINip](https://us02web.zoom.us/meeting/register/tZcqcu-rqjIsGtwt0S_npRysx0nXIbTZINip)



# Strategic Risk Focus for Insurance Company Board Members and Executives

Two-part training program on May 24 and June 7 at 2 pm ET leveraging CGAD requirements to demonstrate the importance of risk management processes and the most common current concerns. Register for free: [Part 1](#) and [Part 2](#)

*Additionally for a fee, we offer a private session customizing Part 1 and/or Part 2 to incorporate specific information that reflects your company’s unique ERM program, key risks and Board role for just your Board members and Executives.*

## Part 1 (May 24)

### ERM & Board Role

- General introduction designed for new board members and executives and as a refresher for current board members and executives who have been less involved in ERM in the past
- Primary components of Insurer ERM Program
- Fundamental Board roles in ERM

[Free registration for Part 1 here](#)

## Part 2 (June 7)

### Current Focus of Insurer ERM Programs

- Provides broad perspective on risks most concerning to over 200 insurance executives for 2023 (identified in ARM’s Dangerous Risks Survey) and the level of ERM practice by over 60 insurers (from ARM’s ERM Practices Study)
- Essential background for board members to provide meaningful oversight to management in the area of ERM

[Free registration for Part 2 here](#)



While Enterprise Risk Management is a continuous process, Own Risk Solvency Assessment (ORSA) and NAIC Corporate Governance Annual Disclosure (CGAD) require insurance company leaders to annually report on their risk management program including direct Board involvement.

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# Strategies & Risk Solutions for Executives

Now providing three ways for you to get insights, strategies and solutions from ARM consultants to help resolve your risk issues.

## Newsletter

- 3 to 6 articles quarterly
- Written by Dave Ingram, Max Rudolph and other ARM consultants focusing on risks faced by insurers and risk management strategies
- Available on the ARM website

## Webcast

- One-hour live webcast once each quarter following the newsletter publication
- Webcast includes brief presentations, interviews with authors and live Q&A with your questions answered regarding the newsletter topics

## Podcasts

- Two per month
- Delivered by Dave Ingram & Max Rudolph
- Presenting material from the newsletters and webcasts in a totally audio format.
- Available wherever you usually download podcasts

\* No charge to subscriptions to all three services

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While insurers have been challenging by low interest rates and the pandemic, the next few years will see a radically changing environment for insurers. We will be using this provocative platform to identify emerging risks and delve into what we see as the drivers of future success.

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Sign-up to receive notices for all three automatically at <https://www.surveymonkey.com/r/AMRSRSE>

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