- management but often struggle to implement risk interactions and discuss how risk analysis can be used to make better decisions. Their responses indicate that this is sometimes driven by poorly written but well meaning governmental regulations.
- 2. Best practice enterprise risk management is a process, evolving iteratively, rather than a one time project. Health companies are at various stages on this continuum. Practices range from doing nothing beyond solid silo risk management to fully implemented plans that collect data used to make decisions. Few have a fully functioning risk culture that allows challenges of ideas coming from the top of the organizational structure. Better practices are often driven by company size. Larger firms have more resources and other processes are more likely to be relatively sophisticated (e.g., a company with extensive systems capabilities is more likely to practice strong ERM).
- 3. Most health insurers that have implemented best practice ERM have done so internally with minimal external help.
- 4. Consultants, in general, are not encouraging health insurers to develop and implement an ERM process. This seems to be based on a typical health practitioner's basic skill set which is strongly focused on pricing and financial reporting. While a few consultant respondents shared how ERM has added value for their clients, most did not understand the concept and how it could improve the results of their clients.

A recommendation for future work includes a series of articles in Health Watch discussing ERM as it applies to practitioners in the health insurance field. One such article has already been written. In terms of future efforts, research that explores correlations between risks, quantification of regulatory risk, and asset-liability management projects to better facilitate assets backing health liabilities and surplus would be valuable.

Background

This research report was sponsored by the Health Section of the Society of Actuaries. Its goal is to identify current and best ERM practices for health organizations, along with a literature search, and suggest future areas for articles or additional research. A survey was developed and made available to targeted and self selected health insurance experts. A total of 22 responses were received. The survey was not meant to be a random sample, but rather to elicit comments that served as the basis for follow-up discussions. The survey was categorized as follows: