



SOCIETY OF ACTUARIES

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GETTING CON

PART II OF T



CONNECTED

THE **ACTUARIES ON BOARDS** SERIES



THIS ARTICLE DISCUSSES THE ADVANTAGES OF BEING WELL-CONNECTED WHEN SEEKING A BOARD POSITION. BY SARAH J. HAMBLIN AND MEMBERS OF THE SOA'S ACTUARIES ON BOARDS TASK FORCE

AS IS SO OFTEN THE CASE IN LIFE, being invited to become a member of a corporate board of directors is just as much about who you know as it is about the skills you bring to the table and what you can offer the company as a whole. You can bait your hook with all sorts of actuarial know-how that would be useful to any company—the ability to manage risk or advise on executive compensation, wizard-like math skills, a winning personality — but unless you actually throw your line in the water, you are unlikely to get any bites.

Now that the government, media and other stakeholders are calling for stronger, more independent boards in the wake of the financial crisis and new financial regulations, actuaries may be more useful than ever in board positions. To this end, the Society of Actuaries

(SOA) has formed the Actuaries On Boards (AOB) Task Force in order to research the best ways for actuaries to pursue this career path. Recently the task force interviewed more than 15 actuaries currently working as sitting members of various boards in the hopes of gathering advice for those who might someday consider seeking such a position. This is the second in a series of articles in which the information gleaned from those interviews will be presented.

MAKING CONNECTIONS

Even if serving on a corporate board is more of a long-term goal rather than an immediate course of action, networking and building relationships with those who are already members of a board is a good step in the right direction.

“If you want to be on a board you have to know the right people,” said Claude Lamoureux, FSA, FCIA, former president and CEO of the Ontario Teachers’ Pension Plan. “Your Rolodex is very important and you have to influence the head hunter. It’s a never-ending quest.”

Lamoureux, who chairs both the nominating committee of the Public Sector Pension Investment Board and The Learning Partnership, said there are many different ways to get your name out there. “You have to meet the right people. You have to make speeches. You have to write small papers. There are so many good opportunities. When you look at it even on the political side, how people mismanage numbers and how people misrepresent numbers, it’s amazing. Actuaries could certainly write short pieces on that and eventually somebody would say, ‘Hey, this person is raising good issues here.’”

Being an active part of the community is another good way to bring attention to oneself according to Dan Neary, FSA, MAAA, who has acted as chairman of the board and CEO of Mutual of Omaha, as well as a member of the board of directors of Valmont Industries. “When you are serving on not-for-profit boards, heading capital campaigns and being a part of the community at large, people get to be familiar with your approach to things and the way you think,” he said. “I think that was probably largely where my first exposure came.”


For Marla Glabe, FSA, her first position on a board was admittedly thanks to a business con-

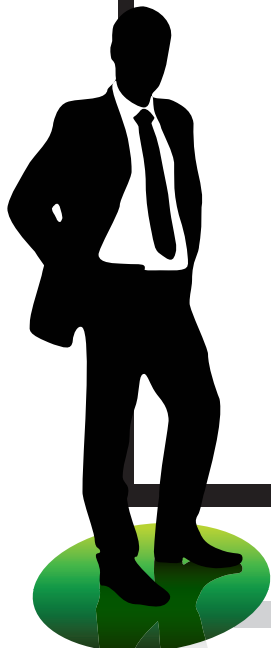
Connect and Network

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nection. Glabe currently serves on the boards of Wintrust Wealth Management, First Insurance Funding Corporation and Northwest Community Healthcare. She is also president of the North Shore United Way board of directors.

“Being an actuary was not the reason I was placed on the Wintrust board,” she said. “It was really more my business acumen; the fact that I had connections, quite honestly, with one of the co-chairmen of a bank that Wintrust Wealth Management does a lot of business with. That made a difference.”

Glabe said the fact that she was familiar with the company prior to joining the board helped her feel more comfortable in the position. “One of the things I wanted to make sure of was that I was becoming a part of a company that I would trust the management,” she said. “I’m familiar, of course, with the parent company Wintrust, so I knew there was a solid company, but I still wanted to make sure the subsidiaries were also on solid footing and had good strategic focus.”

REACHING OUT

When seeking a board position, being shy is not an option. It is important to make intentions known and reach out to people directly. Monica Hainer, FSA, FCIA, MAAA, CEO of London Life Reinsurance Company and a member of several subsidiary boards, said it is common sense more than anything else.

“You can hardly take out an ad in the *Wall Street Journal* and say, ‘Gee, I want to be on boards. Please think of me,’” she said. “I mean, that’s not going to get you anywhere other than probably some bad phone calls back. You should reach out to someone you know that could put you

in touch with someone who was on the board and then go from there.”

Dale Wolf, FSA, president and CEO of Jessamine Healthcare, said there is no set formula to obtaining board membership. He has been a member of several boards, including serving on the board of Catalyst Health Solutions Inc. He was also a member of the Cov-

WHEN SEEKING A BOARD POSITION, BEING SHY IS NOT AN OPTION.

entry board of directors when he was CEO of that company. “It’s a lot more arts than science in terms of making that happen,” he said. “Depending on who you talk to, they would tell you that the real answer is to go to the major search firms and work the board consultant, the board search organizations and those firms. Other people would tell you that investment bankers can be helpful. Other people would tell you it’s just sort of the old boy’s word-of-mouth club network.”

GETTING STARTED

Hainer said your own department may be the best place to begin. “You start with your chief actuary and say, ‘I want to develop this. I’m interested. Can you point me in the right direction?’ And then maybe he or she would introduce you to one of the board members and then you have a conversation with them and they might be your access to get an interview with some real board that needs someone from the outside.”

Presenting at a board meeting may also be an opportunity to make connections. “Assuming whoever asked you to be there gave you their blessing, then you could approach these

people and say, ‘I’m very interested in serving on a board. I see your name on boards and I’d be interested in chatting with you about it,’” Hainer said. “I think a personal approach just works pretty well in most things. It seems the most direct and easiest to me.”

Glabe suggested putting together a list of targeted companies and going from there.

“See who’s on those boards and then see if someone in your network knows one of those board members and get connected that way,” she said. “Because you don’t really get on a board through the company, per se, you get on the board through the board committee members. You can work also with recruiters, but the recruiters tend to first go to board members and say, ‘Who do you recommend?’”

Current sitting board members may even be willing to act as mentors. Lamoureux said he has acted in this capacity before. “There are some great people at Teachers, so I’ve not been afraid to try to get them involved in different things—giving speeches, you know, exposing them,” he said. “You learn a lot by talking with people who have experience and who have faced tough situations.”

WORD OF MOUTH

Once a person’s name is out there, the grapevine takes over and things have a way of working themselves out according to Neary. “Gener-



ally speaking, if people are networking and they're keeping their eyes open, word will get out," he said. "I mean, I get called a fair amount from people saying, 'I understand you worked with this individual,' or 'You've served on a board with this individual in the past, can you tell me about him?'"

Neary said this word of mouth method of searching for new board members helps ensure that the chosen candidate will fit in nicely with the group as a whole. "It is a heck of a lot more comfortable if somebody on the board has had a prior relationship with the individual, to talk to the way their mind works and the style with which they carry themselves, than it is to blindly choose somebody from a resume," he said. "Most boards want to take their responsibilities seriously, but they want it to be a pretty collegial environment and want to be treated with dignity and trust by other board members. If you have somebody whose style is very self-serving in its manner, it can be a very disruptive environment."

GETTING EDUCATED

Another way to network while also learning more about corporate governance is to attend classes on the subject. The Institute of Corporate Directors, a Canadian organization, currently offers such classes in Toronto, Montreal, Calgary and Vancouver. Jean-Pierre Provencher, FSA, FCIA, former chairman of the board and CEO of AON Consulting Inc., current director at Blue Cross Life Insurance Company of Canada, attended the course and said he found it quite useful.

"The course covers different aspects of what a potential board member should be aware of and so it'll deal with legislation and fiduciary duties," he said. "It will deal

with audit committees and responsibilities, mergers and acquisition, pension and compensation. All of these general topics that you hear about or you're likely to hear about when you're sitting on a board or different committees."

Provencher said he recommends the course because "it gives you a broader outlook and is very focused on board work. You're typically part of a group of 25 to 30 people, so there is a group of people that provoke a lot of exchanges and provide great opportunities for networking in the future."

There are also similar opportunities in the United States. Wolf is a member of the National Association of Corporate Directors and said there is a myriad of educational programs and information available through that organization. "More than one human could ever participate in," he said. "And, of course, a whole variety of law firms will do all kinds of board education, best practices kinds of things."

Wolf said in many cases sitting board members themselves will attend sessions to brush up on their knowledge. "I would say my reaction to those programs was that they made board members feel better," he said. "In most cases it wasn't a whole lot of new information being imparted, but rather a confirmation of what best practices were and making sure the things they understood from their past experiences were still applicable. It's just a question of staying current on changing best practices and law and regulations."

EXPERIENCE MATTERS

Ultimately, all of the connections and education in the world will not matter without

the experience, personality and history of excellence that make a person an attractive candidate for board membership. Luckily this is all second nature to many talented, seasoned actuaries. "The grounding of actuarial training combined with the broadened business leadership experience that's outside of the pure actuarial field is the perfect combination if somebody's got it," Wolf said. "People who've done just that and who can speak very eloquently to issues of strategy or executive compensation or risk management, that is what boards and particularly public companies are all about." **A**

Next article: Personality traits which lend themselves to board membership and how actuaries may better fit the mold.

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