



SOCIETY OF ACTUARIES

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## Letter From The President

# RELEVANCE IS NOT A FOUR LETTER WORD ...

BY BRADLEY M. SMITH

**THROUGHOUT MY TERM** as president of the Society of Actuaries, I have talked with and listened to members, candidates, employers, faculty and government officials about the actuarial profession, the opportunities we have and the challenges we face. These conversations covered a variety of topics: the actuarial profession should focus on the importance of developing effective communication skills, the best ways to address societal problems with actuarial implications, and the SOA's vision to become the leading global provider of actuarial education.

The challenge for any profession is to remain relevant to all of its stakeholders because the world is changing so rapidly. The actuarial profession does this by our commitment to life-long learning—replenishing the technical skills that are an amortizing asset, but represent the life blood of our expertise. Remaining relevant means working at developing skills outside our areas of expertise: working on our deficits as well as our strengths, improving those skills which allow us to grow into more well-rounded business professionals.

At the top of my list is the importance of developing good communication skills. Whether we are presenting to a new client or explaining the intricacies of U.S. health

care reform to the media, it is imperative that we are able to clearly and succinctly articulate both the problem we are being challenged to solve and the solution itself. We must be able to communicate the issues in a non-technical fashion to non-actuaries. Put bluntly, our communication skills (or lack thereof) can either make or break how we are perceived by our employers, clients and the public.

During my tenure as president, I have stressed the responsibility the profession has to both the clients we serve and to the public. There are enormous societal problems that have substantial actuarial components—the funding and potential reform of Social Security; Medicare, Medicaid and health care reform; the underfunding of public pension plans. These societal issues represent a significant and growing opportunity for the actuarial profession and we must become more active participants in developing solutions to these problems. While in theory it is easy to endorse the actuarial profession's responsibility to act in a manner that upholds the reputation of the profession and fulfills our responsibility to the public, in practice it may be harder and a little less clear what this means. But the messages are simple—do more than the bare minimum and what is required by the ASOPs. When asked a question, provide

insight into the problem in a manner easily understood by non-experts.

In my presidential address at the 2011 Annual Meeting I called for a grass roots effort to begin addressing societal issues and many SOA members have responded by taking a more active role. Those members are speaking to their community groups, writing to their Congressional representatives and educating the media and their readers. Our challenge will be to continue to build the momentum and to increase actuarial influence in the policymaking process.

The above two points bring me to the goal of expanding the SOA's global reach and influence. Much as actuaries must stay relevant to their employers and clients, the SOA must also remain relevant. We must address the needs of our current customers, adapt to changes and meet future marketplace demands. We cannot do so by standing still. We must seek opportunities to meet marketplace demand. If there is no opportunity for partnership or collaboration to get us there, in this competitive landscape, we must advance our own way forward.

My commercial responsibilities as chairman of Milliman and in my volunteer role as the president of the SOA have offered the opportunity to travel the world. Many of my



**Bradley M. Smith**

destinations have been developing nations where a major population shift is occurring from rural poor to urban middle class. As this newly developing middle class acquires more personal property, their needs for property and casualty insurance increases. In areas such as Saudi Arabia, the insurance industry, dominated by casualty and health carriers, has grown substantially in recent years. One of the country's ministers relayed there is currently only one qualified actuary in the country, with one student and that he foresees significant growth opportunities for the actuarial profession and for our clients in that part of the world. This scenario is being repeated in other developing nations as well. Clearly, there is a need that is not being met. This presents significant opportunities for the actuarial profession and more importantly for the SOA.

But, why does this present an opportunity for the SOA? Why not allow another organization take on this role?

Many of us have long thought of the SOA as a North American centric organization, yet you may not know that the SOA has realized strong, organic growth in its international membership year after year. Registered exam takers are growing fastest in international markets like Taipei, Hong Kong and Seoul. During meetings with employers and members in these areas and visits to universities, we are being asked to meet market demand including expansion into general insurance because the credentials you hold are so well-respected and in demand.

These candidates and employers can choose between earning and hiring those with actuarial credentials from the United Kingdom, Australia or the SOA. Time and again, these groups are choosing the SOA.

The SOA is not unlike the organizations that employ us and our clients. Our employers and clients must create a strategic vision,

develop plans, align and assign teams to implement, measure and refine those plans. They monitor changes in the business environment, address and mitigate risk and create strategies to ensure their business remains relevant, viable and vibrant. And that is exactly what we are doing at the SOA by adding general insurance education, launching advanced analytics training as professional development education, increasing content offerings geared toward Canadian members and raising visibility of SOA members as subject matter experts in the media.

As the business world has become more global, it has also shrunk. The SOA must be more deliberate. We are consciously developing objectives, strategies and tactics to help achieve our strategic vision to remain the global leader in actuarial education. Of course, this does not mean the SOA will forgo its core commitment to its members in North America, we see value in expanding our community. As a member, expanding this community means you will broaden your network and learn from different perspectives which could help spark a new idea for a product, service, a model or an area of research.

If the SOA is to continue to be the premier professional organization in the world it must provide education, research and credentialing in all actuarial disciplines, including general insurance. The SOA has committed to developing a general insurance curriculum and will offer its first exam in the fall of 2013. This is an exciting and challenging time for us, and I am confident that we can meet the challenge and offer our candidates and members the complete actuarial education they will need to remain competitive now and in the future.

Remaining competitive means that we must protect the core strengths of the

SOA, recognize and overcome our challenges, and stimulate progress in new areas of opportunity. As an organization and as a community of members, we cannot remain unchanged for decades and decades. We must respond to marketplace needs. Taking a calculated risk, charting into waters that may be a bit unfamiliar, addressing issues that may be uncomfortable to us may be tough, but after all, isn't that what staying relevant means?

The SOA community is the largest and most well-recognized actuarial organization in the world. Its credentials—your credentials—are highly sought after and valued whether you are in Lincoln, Nebraska, Shanghai, China, Montreal, Canada or Sao Paulo, Brazil. The SOA's leaders, more than 3000 volunteers and 100+ staff are committed to maintaining and increasing that value. With your help, we will honor that commitment.

My year as president of the Society of Actuaries is coming to an end. Many projects critical to the future and stability of the profession have been undertaken and I have no doubt more are to follow. The SOA's initiatives are led by extremely capable member volunteers and staff, and I want to thank each and every one of you for the support you have given me this past year. I look forward to continuing our relationships and working together to further enhance our members' and candidates' experiences. **▲**

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**Bradley M. Smith, FSA, MAAA**, is president of the Society of Actuaries. He can be contacted at [bsmith@soa.org](mailto:bsmith@soa.org).