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Chairperson's Column

By Bruce Rosner

By the time you read this, my term as chair of the Modeling Section Council will be coming to an end. Not quite the end of my involvement in the section, but an end nonetheless, and I want to convey what a privilege it has been to work with the council and represent the members of the section. I can rest assured that the future of the section is in the competent hands of Scott Houghton, Brenna Gardino and the rest of the council.

In the long tradition of departures, I would like to share one last thought with all of you. Most modeling actuaries that I have met tend to identify as technically oriented actuaries. We recently set out a schedule of webcasts for the year, and one of the topics was “Communicating Model Results.” I took the opportunity to be one of the presenters—specifically, because I thought it was a novelty; how remarkable that a group of technically oriented actuaries went out of their way to ask for this session. It speaks to a degree of self-awareness and, more generally, an awareness that a focus solely on technical skills produces inferior results. All actuaries are far more effective, in any role, if they can communicate effectively.

“Communication skills” is an ambiguous phrase; it can refer to clarity, brevity, persuasion, even listening, depending on the context and the audience. I identified it as clarity: how do you communicate your model results to your audience in a way that maximizes clarity while constrained by attention span and the format of the communicate? Another view would be in Actuarial Standard of Practice 41: Actuarial Communications, which (in my interpretation) focuses primarily on appropriate disclosures to minimize risk, and has less guidance on how to present clearly.

To some degree, these two definitions are conflicting. The most effective communication feels like a story, and the audience does not struggle through extraneous material to get to the point or the key analyses that support the conclusions. However, from a risk perspective, it makes sense to fully disclose your data, data sources, key assumptions, alternatives and a lot more

information so that your audience can understand your full process.

If your CFO asks you what the cash-flow testing results look like, do you whip out the actuarial memorandum and start reading?

This illustrates why all effective communication is a balance between priorities—a balance struck appropriately in any given context. So I can't give you a rule book to follow, but certainly, there are principles to keep in mind and lots of tips and tricks for different situations. Here are a few of those:

1. **Know your audience.** This is the single most important piece of advice that I've heard in my career. It means many things, including:
 - a. How much of your audience's attention span do you have access to?
 - b. What does your audience plan to do with this information? Put another way, what business decisions will be made based on the results you delivered?
 - c. Does your audience have the technical knowledge to understand you?
 - d. Do you expect your audience to challenge your results?
2. **Make good use of modern report structures.** Use the executive summary, the body, and appendixes in such a way that a single report can effectively address multiple audiences. Even within this report structure, the information should be presented like a story unfolding.
3. **A picture is worth a thousand words.** This is another good adage to apply to actuarial communications. A seasoned actuary can look at appropriate graphs and immediately pick out anomalies, whereas tables of numbers don't engage our brains in the same way.

I would like to hear more about the topic of effective communication from all of you. I encourage you to share stories of successes and failures in communication, perhaps in future issues of this newsletter, so we can all learn from each other. ■



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