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Actuaries and the Growth Mindset

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MINDSETS

An elite ballet company selects dancers the following way: Eager ballerinas perform their solos, then the ballet master offers a critique and asks them to perform again. Only dancers who show the most improvement are selected to join the *corps de ballet*, and these may not necessarily be the best dancers. The ballet master is looking for the dancers who best respond to feedback—those who have a growth mindset.

The right mindset is essential to success in any number of arenas. Dr. Carol Dweck's *Mindset: The New Psychology of Success* goes in-depth on the topic. A leading global CEO recently recommended the book to me, and I promptly devoured it.

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In the book, Dr. Dweck discusses how NASA recruits “the right stuff.” All of the applicants, she explains, have gleaming resumes; even Batman would struggle to make the cut. To unearth the astronauts who will really excel, NASA provokes the aspiring spacewalkers to share their biggest failures and how they bounced back. If ever there was a profession that needed a growth mindset, it's definitely that of an astronaut.

My two personal favorite growth mindset heroes are Michael Jordan and Steve Jobs. Jordan's genius was not that he changed the game of basketball, but that he changed *with* the game. Steve Jobs never rested on his laurels but instead was always trying to improve on his own success. Maybe talent can get you to the top, but it's the combination of an evolving growth mindset and character that keeps you at the top of your game season after season or one new-product launch after another.



Dr. Dweck distinguishes the growth mindset from what she calls a fixed mindset as follows: “In a fixed mindset, students believe their basic abilities, their intelligence, their talents, are just fixed traits. They have a certain amount and that's that, and then their goal becomes to look smart all the time and never look dumb. In a growth mindset students understand that their talents and abilities can be developed through effort, good teaching and persistence. They don't necessarily think everyone's the same or anyone can be Einstein, but they believe everyone can get smarter if they work at it.” In this article I aim to apply Dr. Dweck's observations to actuaries.

ACTUARIES

I would argue that the actuarial profession is populated by growth mindset professionals. It might be that the demanding exam process is a natural filter. I would guess that the percent of FSAs (fellow of the Society of Actuaries—U.S. qualification) or FIAs (fellow of the Institute of Actuaries—U.K. qualification) who have never failed an actuarial exam is in the single digits. I am definitely not in that select group. When I failed my first actuarial exam, I was utterly devastated, having never failed anything in my life. But like others who had failed and passed before me, I learned to pick myself up, study harder or use a different study strategy and start all over again.

When I qualified in the U.K., FIA exams were offered only once a year, so there was a whole depressing year to ponder your poor effort. And of course the actuarial profession is known to change the reading/syllabus/exam structure on a regular basis. Indeed, comparing the evolving actuarial education syllabuses over the last several 10-year intervals, the study topics from cadre to cadre

are so different, you might think they were prepared by a different profession altogether. So failed actuarial students could not assume that all they needed was a “refresher” to pass the next year’s exam. The test material could be completely different, requiring the study of a lot of new material. Under the circumstances, fixed mindset people might have groaned, knowing they would have to study new topics before retaking the test. Growth mindset people, on the other hand, would see the new material as a welcome challenge. Given the resilience required, it is highly likely that the majority of those who emerge from the exam process as successful FSAs and FIAs are growth mindset individuals.

Those who complete the arduous examination process and are lucky enough to hang up the actuarial shingle quickly discover that they cannot rest on their laurels. The only constant in the actuarial profession is change. It is impossible to compare some of the present actuarial challenges (e.g., low interest rate environment, longevity, Solvency II, Big Data, incorporation of the Affordable Care Act, keeping pace with medical technological advances) to those of 40 or even 10 years ago. So once again, actuaries with fixed mindsets, who are unwilling to continuously develop professionally, become obsolete.

Even for those with a growth mindset, failures can be painful—but it doesn’t define them as inept learners or actuaries. Yes, the

actuarial profession could have been quicker on the ball regarding unfavorable issues in the past. However, in the end we have been able to weather the storm of these events. As Nietzsche quipped, “What does not kill you makes you stronger”; but I would perhaps amend Nietzsche’s famous quote by adding “provided that you have a growth mindset.”

CHANGING YOUR MINDSET

The really great news, according to Dr. Dweck, is that one can change from having a fixed mindset to a growth mindset. The first step is to recognize the difference between the two mindsets. How you interpret challenges, setbacks and criticism is your choice. I have read many self-help books that purport to open the door to happiness, but learning to switch to a growth mindset might truly unshackle us from leading unhappy lives. Unhappiness can be a consequence of thinking that your sorry lot is going to be with you for a lengthy and undeterminable period of time. Growth mindset individuals, however, believe that tomorrow could be the best day of their lives. ■



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Here are the volunteer roles we are looking to fill. Perhaps there is one on this list that is calling out to you? We’d love to have you on the team!

Coordinators—all of these are new roles

- Website content and updates
- Volunteer database content and updates
- Social media strategy development and implementation
- SOA Regulatory Resource content and updates
- Charity fundraising, such as support for the Actuarial Foundation

Reinsurance News

- Co-editor of the newsletter
- Write an article for the newsletter and win a trophy if it’s the best article in 2017

Presenters

- Conference sessions
- Webinars
- Seminars
- LEARN

Podcast producer

Research committee member or research project oversight group (POG) member

In 2017, our focus will be on developing tools to better communicate with our members about emerging trends and hot topics, reinsurance regulatory resources, interesting articles and sessions, plus volunteer and networking opportunities. We hope you find these tools useful and they serve you in a way that supports your professional curiosity and development.

Feel free to contact me or any of the council members, if you have any questions, feedback or suggestions, or if you would like to volunteer. Yes, I’m asking you. I personally look forward to connecting with you this year and can’t wait to see how you decide to engage and participate as a volunteer! ■



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