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Translating Actuarial Vernacular: Effective Communication for Every Audience

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In the current business environment, professionals across all disciplines are turning to actuaries to clarify a broad set of risk-related issues. Gone are the days of assuming that an actuary's role is simply behind-the-scenes "number crunching." The reasoning behind actuarial calculations and the business decisions resulting from actuarial analysis are of great value to an entire organization. Today's pressure for profitability, coupled with a widespread demand for internal and external transparency, has elevated the importance of data and the need to understand how it relates to all aspects of an insurance operation.

Who better to explain these calculations to insurance professionals than actuaries themselves? This means tailoring "actuarial talk" to a language that is universally understood. No matter who you are speaking to, get to know your audience: What is important to them about the subject matter? How does it affect them and their work? Remember that even though the data and explanations make sense to

you, those outside of the actuarial community may not understand what you are talking about. This means you must go beyond reporting the numbers—interpret and connect them to specific organizational functions.

Your sales team's bottom line: *How can they sell the product and earn commission?*

The key to explaining product pricing to the sales people within your organization is to make sure you thoroughly outline the reasoning behind the price point. Often, sales people will see prices only as being lower or higher than competitors' prices. In a way, you will need to act as a sales person in these conversations. Point out the attractive features or unique riders and describe how a customer could potentially benefit from the product. Clarify why it is sellable and discuss the techniques they can use to pitch the product. Be thorough in answering their questions and don't be afraid of seeming redundant.

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Your IT team's bottom line: *How will a system make their lives easier?*

For your IT department, it is all about programs, codes, data management and storage. These colleagues will bring highly technical perspectives to the discussion, so you need to be focused and detailed in your analyses. While they may thoroughly understand the working of a system's platform or piece of code, they may not understand the intricacies of how a particular product behaves in that model. When explaining your perspective on an issue, use specific examples to clarify your line of reasoning.

Your claims department's bottom line: *How can they better the claims data?*

Your claims executives may not understand (or care) about how you came to your reserves. However, they will be interested in increasing efficiencies in filing, paying and recording the large number of claims they handle every day. Explain loss data, benchmarking studies and apparent variances in terms appropriate to their level of understanding. By focusing on strategies that will improve financial metrics and overall claims outcomes, you will also enable these professionals to be more efficient in moving piles of claims off of their desks and out the door. Remember that talking to you takes time out of their days and time away from the claims they could be filing. Be brief and to the point, and emphasize the long-term benefits your data provides to their department.

Your underwriters' bottom line: *How can they be more efficient and accurate in pricing?*

Underwriters are concerned about using the data you provide to appropriately identify risks and price coverage for customers. They don't necessarily want or need to understand the technological or mathematical particulars of your tables, but it is important to explain how your calculations can impact their work. Be seen as a true partner in the underwriting process by providing details on how they can best use your data to efficiently and effectively price products for their customers.

Senior management's bottom line: *How can they make better business decisions?*

Think big picture! Your senior management team is interested in what your data means for the entire organization. Speak to them in terms of consequences and outcomes, rather than explaining how you reached your conclusions. They are interested in how your information can help fix past problems and avoid future hurdles, particularly as they relate to year-end reporting and next year's projection data. Interpret and explain the true consequences of your findings and offer possible solutions to become a trusted partner to your executive management team. By identifying potentially serious issues and suggesting appropriate risk management and mitigation techniques according to your organization's risk profile, you will also be contributing to your organization's bottom line.

Lastly, remember to come into all conversations with an open mind. The best communicators are those who listen and learn from those on the other side of the table! ●