

# What Was Old is New Again

By: Tom Bakos



Tom Bakos is a consulting actuary with Tom Bakos Consulting, Inc. in Ridgway, Colo. (and a former SOA Board member). He can be reached at [tbakos@BakosEnterprises.com](mailto:tbakos@BakosEnterprises.com).

When I was younger (I've been an FSA for 38 years and in the profession as an actuarial exam writing student dating back 43 years) there were about 1,500 FSAs and maybe 3,500 SOA members total. The number of FSAs about equaled the number of ASAs. We were a small profession. I wrote my first exam, the old Part 1 covering algebra and calculus, in 1966 when I was a junior in college. I was a math major and good at math, so it seemed like the natural thing to do and, after two years as a math major, I had decided that theoretical math was not my thing.

Even before I graduated, I had started my actuarial career at Continental Assurance Company (CAC)—now known as CNA—in Chicago as an Actuarial Summer Student. We referred to ourselves as ASS's and had more fun than, I think, any actuarial student since has ever allowed him or herself to have. We did real work, I am sure, because we did get paid. But, it is the seemingly unrestricted, carefree attitude my fellow ASS's and I seemed to have, and the free-flowing innovative talent we expressed in extracurricular ways, that I remember most and that has shaped my career.

Those were my good old days for actuaries. If we needed an actuarial student at CAC we went out onto Michigan Avenue and yelled "actuary". Whoever turned around we hired. We let the exams sort out the chaff. It worked. From my 1966–67 Actuarial Summer Student classes at CAC the profession has drawn, at least, two SOA Presidents so far. In addition, a few SOA Board members and many more with illustrious careers in the profession have been drawn from those carefree days beginning in 1967 at CAC. None of us at the time imagined or, I am pretty sure, even thought to imagine what our future actuary selves would be like.

The SOA now has close to 13,000 FSAs and a total membership just over 21,000. Although not particularly huge with respect to other professions, we have matured. The actuaries of yore, like me, knew our futures were really

built on these things: curiosity, self-determination, self-confidence, self-study and fun. Those are the things that either came naturally to us or that were nurtured in the actuarial summer student program and, later, actuarial full-time student pits that we were assembled in at CAC. Those basic skills were the things that made us at least good, and sometimes great, actuaries.

It would be a shame to see that lost in the new actuarial candidates who, as I matured in the profession and became more serious (just a bit more serious, though), also seemed to do the same. As a young actuary myself, I remember walking by the corner office of the chief actuary (a man I rarely had an opportunity or desire to talk to) and thinking how far away and unattainable that position seemed to be. Clearly, checking in with Marv R. in his cubicle to get his critique on our ties, the cookie eating contests, discussing the merits of seven-button shirts, organizing the race track outings, and voting for the winner of the coveted ASS award were not done within view of the VP's open corner office door. But still, I imagine all that (and more) did not escape his notice. And, tacitly, he seemed to approve of it as long as we kept passing exams.

Before I knew it I was in the corner office controlling, at least indirectly, the destinies of the many actuarial students who over about a 20-year period walked past my open corner office doors. They were, apparently, all much more serious than I ever remembered being. I hoped I didn't do that to them.

I wrote my exams during a period of relative stability in the exam system. There were 10 examinations numbered 1 through 10 with only an individual or pension track choice required at the 9 and 10 level. All one needed to become an FSA was 44 successful hours in exam rooms over a period of five to seven years—less if one was exceptionally gifted or had absolutely no life. We pretty much educated ourselves through self-study. That required self-determination and self-confidence. The exam system I went through selected not just for what you knew but whether or not



... IT IS NOT THE EDUCATION THAT'S TOUGH—IT'S THE CONTINUING EDUCATION YOU ARE COMMITTING TO THAT WILL SHAPE YOU AND DEFINE YOU AND LEAD TO YOUR SUCCESS IN THE FUTURE.

you could learn it yourself. If you became an actuary, you became one because you were determined to do so and you either acquired or were naturally gifted with an ability to focus your curiosity on the material in the syllabus.

Our examination materials have morphed into new fields believed important to actuaries, and much of what I learned as a young actuary has been recharacterized as prerequisite material and not specifically tested. Actuarial students today have many more choices and the whole process of becoming an actuary seems to have gotten a whole lot more complicated. I'm guessing that is the reason the young actuarial students who walked past my doors seemed so much more serious and with very little time to have fun.

Now, 10 years down the road I don't have an office door or actuarial students to walk by it. I sit alone in my office in southwestern Colorado, lean back in my chair and look out over a valley toward the San Juan Mountains to the south. All I see or hear is the occasional cow—of course, there is also the occasional telephone call, e-mail message, or Blackberry ding. I love it. I wouldn't want to be anywhere else right now. All this has been made possible not by the education I received as an actuarial student (although that was a good start), but by the continuing education I acquired through continued self-study over the past 38 years—something I became good at because I had to be good at it in order to pass exams. Curiosity has driven me to explore new areas of risk and apply my actuarial skills to them.

You will not learn or be taught through the education system set up by the SOA even half of what you will need to know to be a successful actuary. I don't mean to minimize the guidance and structure the SOA education system provides in directing an actuarial education, but it is just a base, a start. What you learn about insurance or financial risk can be applied to all risk if you give it some thought. Business and management skills are great things to have but, I think, you learn those skills through practice and experience. If you don't learn them that way, they probably can't be taught. My grandchildren, all under the age of five, are learning them now—along with irregular verbs.

Who is the future actuary? It's not just the new talent entering the arena, it's all of us. If you are a student of the profession you are making yourself into an actuary right now. But we must continue to remake ourselves or be left behind. I'm not the same person or the same actuary I was in 1972 when I earned my FSA. Despite what you might think as an actuarial student today, it is not the education that's tough—it's the continuing education you are committing to that will shape you and define you and lead to your success in the future. Don't let that frighten you, though. It gets easier if you enjoy what you do. Be curious, have fun, make lifelong friendships along the way, be original, be authentic, take positions, defend them, be honest.

And, by the way, you are not just defining and shaping yourself, you are defining and shaping the actuarial profession. ☆