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Cultivating Alternative Career Paths for Actuaries (and Preparing Actuaries for Alternative Careers)

By Ian Duncan

The Society of Actuaries (SOA) has named a task force (the Cultivate Opportunities Team, or COT) to develop a strategy to promote alternative career paths for actuaries, and prepare actuaries for alternative careers. Over the last decade, the SOA has come back to this pursuit repeatedly in part due to the challenges it presents. One challenge is the limited supply of actuaries (it's a demanding course and the number of actuaries qualifying each year remains relatively low) and the continued demand for actuarial skills in traditional careers. Yes, certain traditional avenues of employment (defined-benefit pension calculations) may have narrowed, but simultaneously actuaries have successfully re-invented themselves by moving into related fields, such as investments.

But the traditional "full employment" market for actuaries is evolving, as has happened to so many other professions in recent years, thanks to regulatory changes, market changes, and a coming wave of new actuaries. Students are increasingly attracted to the profession for its employment security, compensation and intellectually stimulating problem-solving. Within my own university our actuarial program has grown from 40 students in 2010 to 200 in the incoming 2014 class.

The COT is led by Valerie Paganelli, SOA vice president, and comprises a number of SOA board members as well as a representative of the actuarial recruiter community (Sally Ezra) and a former chair of the Forecasting and Futurism Section (Dave Snell). I was happy to join the committee because I have been a nontraditional actuary for a number of years, beginning with management consulting (PwC), then starting companies that performed data analytics, and more recently as an academic at the University of California, Santa Barbara (UCSB). Along the way I also spent a few years as head of clinical research at the Walgreen Company, where I learned that actuaries have a lot to offer a nontraditional employer, which would probably

not have considered an actuary for any role. But the challenge was finding a way to let the employer know what actuaries can do (and getting the first actuary on board). That remains a challenge that the COT hopes to address with a full-scale campaign.

The COT will address two major issues:

1. How to retain students that pass several exams but then abandon the profession, even while often staying within insurance or a related sector.
2. Identifying opportunities for actuaries in "neighboring professions" that serve our traditional markets or that utilize skill sets similar to those of the actuary.

The COT recognized early that we need to assess the demand for and supply of actuaries. I don't believe that the growth we have experienced at UCSB is unique, and the actuarial profession as a whole does not track the pipeline of future actuaries until they enter the exam system. The idea for a survey of universities and employers of actuaries to assess both supply and demand originated with the COT, but was readily supported by other North American actuarial organizations (the Canadian Institute of Actuaries and Casualty Actuarial Society have joined the SOA in supporting the survey financially).

Early results confirm the impression of a changing market: A survey of recent candidates found the most common answer to the question "why have you left the profession?" to be "couldn't find employment in the actuarial field."¹ When I entered the profession more than 40 years ago, it was possible to find an actuarial student job with no actuarial courses at all and no actuarial internship or experience, but with demonstrated numeracy. Now, with a ready supply of students graduating with actuarial undergraduate and advanced degrees plus a number of exams passed, it is becoming increasingly difficult to



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find an entry-level actuarial position unless you have committed to the profession from day one in university. (I think that this is unfortunate and that we should find a way to help candidates who are “late entrants” to the profession from different backgrounds. Diversity has more dimensions than just ethnic or gender diversity.)

The importance of the alternative career paths initiative to the future of the profession is further evidenced by the creation of a permanent SOA staff business development position to support the initiative. Interviews for this role are being conducted at the time of writing; the individual will be responsible for developing relationships with potential employers, creating opportunities for actuaries to speak at or attend conferences of neighboring professions, and assisting with any marketing campaign that might be aligned with the COT findings.

This is a significant initiative and the COT recognizes that demonstrating progress requires a multiyear effort with specific goals. The COT has chosen two specific goals for 2014-2015:

1. Identifying ways to retain within the profession former actuarial students who have chosen to move into enterprise risk management; and
2. Promoting actuaries within the growing field of predictive modeling.

Sally Ezra, an executive recruiter and member of the COT, has identified a significant demand for actuaries with predictive modeling experience. However, predictive modeling is not recognized as a discipline within the SOA (and its practitioners are spread among a number of different sections). Identifying those actuaries who practice in this area is an important first step. To move ahead in predictive modeling, we are also taking advantage of an opportunity to partner with the Health Section in the area of health care analytics.

The Health Section has independently recognized that health actuarial work is changing rapidly and that analytics and predictive modeling are becoming important components of the health actuary’s tool kit. Early collaborative activities will include developing an inventory of predictive modeling and analytics pioneers and identifying

the nature of their work. Other activities that are likely envisioned include identifying appropriate training and technical course requirements for predictive modelers, and performing a gap analysis with the current SOA syllabus. The Health Section is sponsoring a full-day predictive modeling track at the next Health Boot Camp on Nov. 11. The COT is partnering with the Health Section in staffing that track with expert presenters.

This is obviously a very large topic, and the COT can only take small bites at a time. One challenge that we would welcome input on is:

How exactly do we define a nontraditional actuarial career path?

Previous attempts to define this have proven challenging; at some level, most actuaries probably think that their jobs involve innovation and are in some way nontraditional. We have decided to focus on two nontraditional skill sets (out of the many that we could have chosen) in order to be able to demonstrate success. The two skill sets selected by the COT for initial focus (predictive modeling and enterprise risk management) lead to a second question:

Are enterprise risk management and predictive modeling the most promising alternative areas for actuaries?

Another challenge is the current high demand for experienced actuaries; it may be that most actuaries are content with their current careers and do not feel the attraction of an alternative career path. For those that do so, the rewards can be significant.

We welcome your input on both of the questions above—write to me at jduncan@sbactuaries.com. ●

ENDNOTE

¹ The candidates surveyed were those who passed at least two actuarial exams, passed at least half of the exams they sat for, and passed the most recent actuarial exam they took within the last five years.