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The Zen Actuary Installment 4: "Embrace the Chaos"

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***Author's Note:** This is the continuation of a series¹ adapted from the book *Awake at Work* by Michael Carroll, covering the application of Buddhist teachings to situations encountered in a modern corporate workplace setting. This series addresses challenges frequently encountered by practicing actuaries.*

The title of this installment should resonate with every actuary's professional instincts. After all, the profession's livelihood depends on the uncertainties and vicissitudes of life's highways and byways. If life could be completely tamed by human intervention, all would be predictable, and the need for vehicles to protect against the unpredictable would disappear. There would be nothing for actuaries to price, reserve and manage!

Uncertainty spells opportunity. And for the practicing actuary, this extends to one's work environment, relationships, devices, models and output. On the surface, this seems a bit of a stretch. How does uncertainty manifest in a day in the life of an actuary? The work environment is temperature controlled and comfortable, colleagues are typically cordial if not outright friendly, and the tools used to perform actuarial work are designed and programmed to specifications. But some modest reflection brings to mind several examples of best-laid plans gone awry:

- The network goes down.
- We're suddenly reporting to a new boss.
- That rate filing we painstakingly spent weeks to perfect generates a dozen challenging questions from that state regulator with whom we thought we had a meeting of the minds.
- Our new highly touted valuation system that we promised senior management would solve all those anomalies of the prior system is producing reserves 10 percent higher than expected, and we are on the clock to get those reserves booked to ledger.
- That experience study we spent six months developing is indicating counter-intuitive results.

- The stock market corrects, and adjusting the hedging positions per our dynamic strategy is proving almost impossible due to market conditions.
- Our main competitor comes out of left field with a brand new rider that is sure to be a big hit with the brokers that we rely on for distribution.
- That acquisition target we have been coveting and for which we spent numerous late nights over the past year meticulously building and tweaking the purchase model, has reached agreement with a private equity firm. So much for the expense saves and revenue synergies we have been calculating to the nearest penny.

The truth is that there are very few workdays that pass without at least a modest surprise. Some of them are even upside events, such as that online rate reduction from a key reinsurer, or that new social media site generating twice as many quote inquiries as projected. How do we deal with the unexpected when it turns up in our work?

- Do we stay the course, or change direction?
- How do we factor uncertainty into our project planning?
- Given the curve ball that will inevitably come our way, is planning a complete waste of time?

Being awake at work means remaining present and accepting whatever comes our way. We still construct our plans and build our models. We design our process flows and craft our frameworks. These tools are the foundation for our work and provide great value in getting our jobs done successfully. But they should be seen as continual works in progress subject to the ongoing winds of change, for it is the unexpected that opens up the possibilities for something greater than even our best-intentioned plans can offer us, our clients and our employers.

The natural tendency when the unforeseen shows up is to resist what is going on, especially if it appears undesirable. We want to reject what is happening, to close our minds off and make it something other than what it is. If we can stay present and simply be with the situation, we can look at it objectively and perhaps find the opportunity to transform it into something better:

- Our competitor's new strategy becomes an impetus to review our distribution approach, eventually paving the road to a more cost-effective means of getting our products to the marketplace.
- That regulator's question about our asset adequacy analysis points us to an implicit assumption in the modeling driving unintended conservatism.
- That reorganization just announced better aligns risk management with strategic planning, improving the links between the economic capital model and the business plan.
- That unexpected result from the experience study generates several new ideas in product design.
- And that large client we failed to sign frees up capital to pay down debt, improve leverage ratios, get the company's ratings upgraded, improve the company's standing in the brokerage community, and ultimately increase sales and the share price.

There are many tools available to help develop the ability to stay present when chaos arises. Sitting meditation is one such tool. In sitting meditation, we assume a comfortable posture and select an object on which to focus our minds. The breath is a common focal point. We simply sit and observe our breathing, not judging or analyzing it. When we first begin doing this, we notice how challenging it is just to remain present for a couple of breaths. Before we know it, our mind has wandered to our to-do list, or back to that difficult meeting we had yesterday, or looking forward to that next vacation. We observe that the mind would pretty

much rather do anything else than observe the breath. The key is to not lose patience and get frustrated.

When we realize the mind has wandered (and this happens frequently even to experienced meditators), we gently guide our attention back to the breath. Maybe we sit and observe it for four breaths this time before heading off to fantasy world. The key is to stay with it and notice the mind's tendency to wander. A few minutes each day can help us get acquainted with our minds, and begin to develop the mindfulness muscle needed to come back to the present when our minds spin out of control after getting hit with that unpleasant surprise. We can supplement this practice by purposely stopping in the middle of our day and pausing for two or three conscious breaths. Even doing this one or two times each day can go a long way to staying present.

Embracing the chaos in our actuarial careers ultimately means letting go of the need to control and orchestrate every activity in our workday. It means facing the fear of not knowing what will arise next, and accepting that despite our best efforts, we are not masters of our domain. As we grow in our awareness of this reality, we find that this is not only the way it is, but that it is preferable to what we think we want—a fine-tuned clockwork environment where every action and statement goes according to our script. For coming to terms with work's unruliness allows us to see how the unexpected offers us the chances to grow professionally that we are continually seeking, as well as to construct a landscape for creating additional value in our various actuarial tasks. We can finally relax and let go of that need for perfection and work with what we have, exactly as it is.

Embrace work's chaotic moments and unlock the door to a more challenging and rewarding actuarial experience. ●

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ENDNOTE

- ¹ The first three installments in the "Zen Actuary" series, "Balancing the Two Efforts," "Be Authentic" and "Don't Just Check the Box" were published in the November 2013, February 2014 and August 2014 issues of *The Stepping Stone*, available online at www.soa.org/mpd.