

RECORD, Volume 24, No. 3*

New York Annual Meeting
October 18–21, 1998

Session 99I

Employment Trends for Actuaries: Jobs for the New Millennium

Track: Actuary of the Future

Key Words: Futurism

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Summary: Actuarial recruiters and actuarial managers come together to discuss current developments in the employment marketplace for actuaries. These recruiters and managers share their best guesses as to what the future holds for the actuarial profession.

Mr. Paul V. Bruce: I'm very pleased to be a part of this panel. Mike Corey is one of the country's leading management consultants in career management and executive search recruitment. In the past five years, he's expanded his operation to Europe, the Pacific Rim, and South America. He's also an experienced lecturer who speaks on the powers of executive leadership at universities and professional organizations. In the past five years, he's been selected by a number of leading insurance companies to perform comprehensive management audits for different organizations. He's a graduate of Northern Illinois University. Deb Murray is a graduate of the University of Iowa, with a bachelor of science in business administration and a master of arts degree both in personnel and labor relations. While working on her masters degree, she was hired by Mid America Search and a year or so later was named vice president of recruitment and also placed on the Board of Directors. She has since specialized in personnel recruiting in the

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insurance industry and related operations such as information technology, managed care, and risk management.

Kelly Grossman is an actuary with Principal Financial Group. She's currently part of the actuarial recruiting committee at Principal, and responsible for pricing and product development for GICs. She became an FSA in 1995. Kelly is a graduate of the University of Northern Iowa.

Kelly, as an actuarial hiring manager today, what do you like to see in your new recruits, and how have those requirements changed in the last year or so?

Ms. Kelly A. Grossman: First, we like to see problem-solving skills and by that we mean being able to understand conceptually the problems in the work environment. Another thing that we look for is people who are self-starters, and people who accept responsibility and are mature. Also, we hire mostly entry-level college students. We're looking for the potential down the road for these people to develop into actuarial managers, with management possibilities for either a small staff or maybe a project manager; someone who can work in a team environment and delegate responsibilities and coordinate projects. We're also looking for communication skills, and that's something that has really grown in importance over the years. Actuaries are now members of project teams and it's essential that they communicate the technical details to both actuarial and nonactuarial audiences.

Also, something that's been relatively useful for us is individuals who are open to change or mobility. I think this is part of a global focus that our company has started to take, which is a fast change in the industry itself. We really need people who adapt to change and are resilient to change and conflict. Finally, an employee has to have a sense of humor to operate in a stressful environment. To be able to have fun at what you do, I think, is a great asset.

Mr. Bruce: My nephew is just entering college and scored very well in the math section of his ACT test. Deb, what should I tell him about the actuarial job market for the 21st century? Will actuaries still be rated as one of the best professions in the country?

Ms. Deborah Murray: My thinking is that the actuarial market in the 21st century will be a strong market. As we all know, the insurance and financial industry is a very important part of the economy, both domestic and worldwide, and the actuarial profession is a strategic part of that industry. It is the profession that determines the management of risk in terms of signing off on the reserves, looking at the value of the products. It is the part of the industry that sets the assumptions for

what the future will hold for these products. And in many respects, the actuarial profession underpins both the insurance and the financial industry.

Combined with that, you have the many governments of the world that are dealing with the management of their companies and those industries. Actuaries are needed to give insight to governments that are dealing with the industries that are in their domain. In addition to that, I see the profession as one that needs to know how to use the tools and technology that are being developed. It's a profession that cannot be replaced by technology. Again, it's a profession that I see having a tremendous amount of dimension in many different avenues either within industry, within government, or within an academic setting. There obviously are real needs for people to train and develop actuaries to make the very important, and as Kelly pointed out, stressful decisions from the standpoint of determining what companies will be doing in the future. So I feel it's a very good market.

In terms of rating it as one of the best jobs, I do see it as one of the best jobs from the standpoint that the entry-level actuarial positions do pay at a higher level than many of the other entry-level positions to the insurance and financial industry. In that regard, actuarial students are positioned to do well financially early in their career and to continue to grow financially for the rest of their career. Thus, actuaries can meet their personal financial objectives at an earlier point than some other professions. So I do see it as one of the best careers, although actuaries must have the aptitude to do well in the actuarial exams. They also need to decide if it's a field that intrigues them, where they will want to continue to learn and grow and develop in all respects. We need to see individuals in the profession who not only are only good at passing the exams, but want to continue to grow and develop in the career areas. So in my view, yes, he should aspire to become an actuary if that is what he truly wants to do.

Mr. Bruce: Well, what about opportunities for recent FSAs and other actuaries at critical career points? Deb, do you want to cover that one again?

Ms. Murray: Yes. We've seen many opportunities for recent FSAs. Over the past year in particular, we've seen a number of opportunities in the marketing and strategic planning areas of companies. I do know companies want to bring in recent FSAs who obviously are done with the exams. They also want them to gain some experience and use their knowledge to help them deal with problems that are being created in current markets. This will help companies develop products, work with representatives of the marketing groups, and help to work as liaisons with the government entities that will impact the success of their company.

Yes, we do see a lot of opportunities at the recent FSA level. We also see opportunities at the three critical points in an actuary's career. One is the recent FSA level; another is at the 250- to 300-credit level. At that point in your career, you typically have at least five to seven years of experience dealing with various areas of responsibility in individual insurance products, group products, or property & casualty products. Therefore, our clients will want to find individuals at that level to join them and bring some new insight to their company and help them make decisions as they begin to develop and look at new markets. That is a critical time in a person's career.

The other level we are seeing an incredible demand for is the 200-credit level with typically three years of experience. The organizations that we work with need individuals to come in and help them work on the new products that they're wanting to develop, or to work in financial reporting to help provide good insight on the traditional GAAP, statutory, and tax reporting that companies are having to do on a monthly, quarterly, and annual basis.

Our clients don't want to see individuals who are making job changes every two or three years. When a person does make a career change, he or she needs to be sure that it's an organization they want to join and will do well in. The interesting thing about it from a recruiter's standpoint is that if you're doing well with your company and you're continuing to be challenged and growing, those are levels where you in many cases won't leave. But if you aren't seeing the kind of challenges and growth opportunities that you want, those are ideal points in time to consider a change.

Mr. Bruce: Mike, from your perspective, does an advanced business degree, an MBA or something like that, in addition to the FSA or ASA designation, provide different and potentially better opportunities?

Mr. Michael J. Corey: Yes, they will. I was listening to Deb and Kelly, and I guess I see the future of the actuary in terms of an actuary's growth a little bit differently because I see actuarial training as a development of a skill set, not necessarily the development of technical skills for a profession. Let me give you an example.

There's a great future for actuaries who take advantage of their training, knowledge, and acumen and their very instincts as an actuary to grow dramatically and to go forward into positions of real relevance and real strength. I think the individuals for whom the future isn't quite as great are the actuaries who go through their exams and stay traditional when, ultimately, technology could have a major impact on some of the traditional actuarial work. I work in the insurance industry in very senior level leadership roles. Whether they are senior executives in marketing, operations, or technology, I look first to the talented actuarial pool that's in the

profession because I believe that they bring a much different talent set and skill set than the very best marketer, technologist, or operations person if they've developed their skills, and used them to grow into leadership roles. Because of that, I think that getting an advanced degree is critical if people can do it. It's a major investment of time, but the fact is that what business is looking for today, given the challenges of each and every one of your companies and what's going on in the industry, are people who have business skills, i.e., those individuals who are more qualified to make strong, important, and accurate strategy decisions. In fact, the actuarial executive is far more suited to be able to develop those skills than probably any other area because of the very nature of their training.

So, I think if you took the actuarial training and combined it with further development of business skills to develop yourself as the complete business person and to prepare yourself to be the best strategic thinker and leader that can much further advance you whether in the insurance industry or outside the insurance industry.

Mr. Bruce: For more experienced actuaries, what specific practice areas or expertise are the most marketable in the industry in the foreseeable future?

Mr. Corey: If you look at the number of people who have been added to the investment banking companies, just the investment banking firms alone have seen a tremendous increase in actuaries. I doubt that we ever see an opening any longer for a product line manager today or a product person who we wouldn't consider actuaries for. Even if you go beyond the insurance business, the actuarial training really gives you a strong basis for being as or more competitive with, say, MBAs in the marketing arena, and that's certainly transferable to other businesses. Clearly technology is an area where there's a tremendous opportunity certainly for the younger actuaries today coming into the business who are much more competitive with the current technology than some of the older actuaries and almost anywhere in financial services, whether it be banking or in the financial planning area. Nevertheless, I think the investment area is a huge opportunity for the actuarial profession beyond the insurance world.

Mr. Bruce: Deb, what would you say are some of the reasons that actuaries choose to look for new employment opportunities?

Ms. Murray: The number one reason why someone contacts me because they have chosen to make a change is that they feel they're not being challenged in their current positions; that they're doing the same job for some time and they're not learning new things. That's a very good reason to consider a change. If a candidate has been doing the same job forever, then that's not going to add value to our

clients; that's not the kind of background we're looking for. Second to that, but also a part of that, is money. I would say another area that has certainly caused a great deal of searching for new opportunities over the past few years has been the reorganization and restructuring of companies, along with the change in philosophy of companies. Many times if a new management group comes in or a company has been merged, an actuary or a person within the old company may feel they're not in sync with the new organization and, therefore, no longer in sync with the philosophy of the new company; therefore, they choose to look elsewhere so they can find a company where philosophically they fit in. The other aspect of that is they may find a new organization that shares the same philosophy with their old company but not the old environment so it will give them some new perspectives and challenges.

Also, a spouse may be relocated. Location is, of course, very important to people if they look to build families or to be closer to elderly parents. Those are the primary reasons I hear as people consider changes.

Mr. Bruce: Given that, what trends have you seen, Deb, in terms of compensation, signing bonuses, salaries, etc.?

Ms. Murray: In general, I find that entry-level salaries, and this is based on surveys that I've also received from the actuarial departments of various universities, begin in the 40s range. For the student positions we're looking to fill with individuals with 1–3 years of experience, I tend to see salaries there closer to the 50s range. For students who are approaching the 250- to 300-credit level, we tend to see salaries, in some cases combining bonuses with these salaries, in the upper 60s, and, of course, for recent FSAs, we tend to see companies wanting to start out paying in the mid 70s. Yet as Mike pointed out, if we're looking for a person who is also going to bring great business knowledge to the position—for example, one who is 25% an excellent actuary and 75% an excellent business person—then we're looking at salaries that will be more in the 90s range and above.

In terms of signing bonuses, I see most offers now do include a signing bonus, and that can vary a great deal. Obviously, with an entry-level or closer-to-entry-level candidate, it would be a signing bonus perhaps of a few thousand. As we go into higher level positions, the sign on bonuses are usually coupled with relocation. For example, if a client has a very extensive relocation package where they actually have a third party relocation firm or, at some places, a company will send a book of relocation information to the prospective candidate, then the signing bonus may not be as great. For example, for an FSA, it may be in the range of \$5,000–10,000 if the relocation package covers everything. If the relocation package does not keep the

person financially whole in the move, then the signing bonus will often be used to supplement relocation.

Candidates are also receptive to telecommuting opportunities. Most often, their current company is the best prospect for them to become a telecommuter because, obviously, it knows that person and that person knows the culture of the company.

Mr. Bruce: Changing gears a little bit Kelly, in a profession with a pretty wide array of opportunities, how do you define traditional versus nontraditional positions?

Ms. Grossman: Let me start off with the definition that I have for traditional and nontraditional. In fact, I think the lines get more blurred every day. There's a couple of ways you can look at it. One is more from a functional perspective, and that is if you're performing actuarial duties; that's more the traditional actuary. By actuarial duties, I mean something where the analytical nature of your job is the main focus, whereas a nontraditional actuary may be someone for whom analytical skills are not the primary focus, for example, marketing, underwriting, and other business side jobs. A follow-up definition is in what the reporting relationship is—Do you report directly to an actuarial area or not? But I think we tend to look more from the functional perspective.

Mr. Bruce: How would you answer that question, Deb?

Ms. Murray: I agree entirely. The lines are very blurred but when I think of traditional positions, I think back to when I started in recruiting in 1979. The positions were usually pretty traditional. Financial reporting positions were looking for an actuarial student with two or three years' experience and GAAP, stat, and tax reporting, and they were also looking for students with product development and pricing experience. We still see positions like that, of course, but we also are seeing an increase in positions that I would call proactive positions or positions where a person will start as a liaison with a different part of the company. For example, we just received a position for an actuary to work as a liaison between the actuarial department and the compliance department to make certain that the products are in compliance with government requirements. For those positions, our client is very flexible on whether they would look at a student or even a career ASA if they had excellent communication skills and wanted to serve in that capacity. Another area would be a liaison to represent a marketing group, either if the group is marketing group products, stop-loss products, or individual life and annuity products. Again, the communication skills are very important in that type of role, and I would consider that rather nontraditional because you need to have analytical and technical skills, and you also need to have very strong communication and problem-solving skills and to deal with issues that are very complex where they're

tying two different functional or operational units of that company or organization together. Nontraditional also is defined as individuals who go into positions with a governmental entity working as a liaison dealing with the media and helping consumers understand how the industry works and how the products work. Then, of course, there are individuals who guide individuals through their careers. I would say this is not traditional, nor is it going into an academic setting.

Mr. Bruce: What kind of work opportunities do you see for actuaries in nontraditional roles at your company, Kelly? Do you have any examples?

Ms. Grossman: Sure. At our company, we have a strong history of actuaries seeking out nontraditional roles, and I think the reason for that is that the company views it as a win-win situation for both the individual and the company.

At the student level, for example, we have several students who rotate through nontraditional actuarial areas. They still are performing technical functions, but they're working in areas that are nontraditional for a student. For example, we currently have a student in our residential mortgage subsidiary. We have a student in our tax area and in the investments area. At the FSA level, we have a lot of FSAs who have moved over to the business side and are working more in a marketing function or as a product director over an underwriting department, for example, or an investments area. So we have actuaries dispersed throughout the company in those types of functions.

Finally, we also have in senior management several individuals with actuarial backgrounds who are heading up nonactuarial units of the company. They might be in charge of an entire business unit, for example. Our CEO is an actuary. Our chief financial officer (CFO) and the head of our global development business unit is an actuary. So we really see lots of opportunities for nontraditional actuaries and I think that's going to continue to increase as we go forward.

Mr. Bruce: Mike, from your perspective, what areas do you see as having the highest potential for nontraditional opportunities for actuaries?

Mr. Corey: I think the issue is, how do we define a traditional actuary? Is a president of an insurance company who's an actuary in a traditional actuarial job? You can say he or she is. Is a person who's a chief marketing officer a senior marketing person who's an actuary? That could be traditional. I think the real definition is what kind of opportunities are there outside of the insurance industry that makes it more nontraditional because I think an actuary should be capable of doing anything within the insurance industry. More and more in major consulting operations of the professional services areas, whether they be accounting firms or

McKinsey, Booz, BCG or others, actuaries are beginning to become more involved in areas that are not insurance oriented. They might be dealing with government or aerospace. I know an FSA who was a president of a life insurance company at a very young age and left that organization to become the president of a life insurance subsidiary of a big-three auto maker. He got into that organization, ended up doing some terrific work, and ultimately started reporting to probably the third highest ranking person in the company. That individual saw what a fabulous set of executive skills this individual had in terms of his actuarial training. Today, that person is working in the automotive end of the organization as one of their most senior sales executives. If you look around the health industry, you'll see that a lot of the leaders today in healthcare companies are actuarially trained.

I think the future of the actuarial profession is beyond the insurance industry. I think the insurance industry will continue to utilize strong, creative, decisive actuarial leadership. The real opportunities lie outside of the insurance business in areas such as investment, investment banking, manufacturing, and technology. It's a catch-22 problem because how do you create an awareness beyond what has traditionally been seen as the actuarial haven in the insurance business? There's a public relations issue here. There's an issue of starting at the university level and going beyond that because there's no question the skill set is a sensational skill set, and somehow we have to be able to get it beyond the current marketplace, which has traditionally been insurance.

Mr. Bruce: You talked about skill set. What skills would you say companies are looking for in a seasoned actuary?

Mr. Corey: I think that companies are looking for logical and strategic thinking, and I can't think of any group who has a better opportunity to do that on the whole than the actuarial profession. The business world today is looking for good business decisions, and it's changing so dramatically and rapidly because of technology and communications that clearly the actuarial profession has an opportunity to grow quickly with it, and it may be one of the very few professions that can keep up with the changes in thought in terms of how to make strategic decisions.

Mr. Bruce: Good, excellent point. Deb, how has the redesign of organizations opened or restricted opportunities for actuaries?

Ms. Murray: Going back to what Mike said, what I find companies doing is redesigning so that they can survive and flourish in an internationally competitive environment. I don't know if there is a profession that is as prepared to think in terms of efficiency and bottom-line responsibility as the actuarial profession, and, in that sense, I feel that it opens up a lot of opportunities for actuaries in all areas.

Companies that have demutualized and are now in the publicly traded environment need very bright individuals who have very good business sense as well as technical skills to deal with the challenges of a publicly traded company. Insurance companies are in the news right now because so many of them are going through structural changes. With that, I see many, many opportunities.

With redesigning organizations there's been a lot of press about the fact that so many employees are becoming contract employees, and I see companies are developing products for contract employees without benefits. They're going to want benefits for their families that companies in the past have often provided for them. So it changes markets and creates opportunities for new markets, and all of these are areas where actuaries bring very good technical skills and the ability to think through the business challenges. Quite frankly, I see it opening opportunities, not restricting opportunities in any sense. In fact, as I've mentioned, there have been so many new opportunities for actuaries to join companies that have recently been redesigned that it appears to me that companies are being restructured to bring even more actuaries into their operations.

Mr. Bruce: As a result of globalization, are certain candidate characteristics or qualifications becoming more important? For example, what about foreign language skills?

Mr. Corey: I'm not sure if foreign language skills are that critical. English is spoken pretty readily, so I'm not sure that's the case. Certainly it would be very helpful in the Pacific Rim, but it's interesting how the rest of the world views the U.S. insurance world and the actuarial profession because we're pretty much considered to be the cutting edge of insurance products and financial services. We recently did a search in Australia for an actuary, and the Australian company wanted an American actuary with GAAP experience. Now why? I'm not that familiar with the Australian accounting world, but they wanted the GAAP training. There was no concern about language, but rather a specific background.

So by the mere fact that we probably are looked upon as being advanced in terms of our business, we may not be necessarily advanced in our products. I think that what they are looking for is the quality of training and knowledge within the organizations that they're in and the fact that we tend to be much further ahead in terms of management, leadership, and business skills that transfer more easily over there than vice versa. I don't want to offend anybody by saying this, but to a large degree in many countries today they still have the good old boy attitude that it's not so much how good you are, but who you know, where you came from, what schools you went to, and so on. That's certainly not the case here anymore, so that plays well.

Mr. Bruce: Are you seeing many actuaries take positions overseas?

Mr. Corey: Not many. Certainly there are opportunities, but many might be ten people rather than hundreds.

Ms. Murray: If, as Mike pointed out, a company is looking to develop markets in the Pacific Rim, then they'll seek out an actuary who knows the language and will be able to help them develop those markets. Prior to the Oliver Hughes issue that came out of Asia, we were contacted by a company in Hong Kong that needed an individual to specifically head up their information technology (IT). Their thinking was that individuals from the U.S. would have a cutting-edge experience with information technology. If anything, we've seen a lot of individuals come back to the U.S. for family reasons or the fact that the markets have changed and they would rather live in the U.S.

Mr. Corey: I think just as a side dish, there's also the issue of compensation. I was reflecting the other day back to the 1960s. In those days, an associate probably came out of school making somewhere in the low to mid 20s. The Hancock used to have this survey every year in which they published the salaries by region and who was paid what, and it was really pretty interesting. It was both good and bad because it really restricted a lot of the compensation companies paid. If you think about it today, what does an associate make today coming out of school?

Ms. Murray: I think 60s or 50s.

Mr. Corey: Let's say that 30 years ago, the associate made \$25,000 and a chief actuary in the largest companies made \$50,000–60,000, which that was a lot of money in the 1960s. Let's say the base salary of associates has gone up from \$20,000–25,000 to maybe \$50,000–55,000; in 30 years, the base has risen \$30,000. Today, senior actuary executives in companies can make over \$1 million. So you have a real compensation issue here. The international companies aren't accustomed to paying the kind of salaries that the U.S. pays.

Mr. Bruce: Good point. What skills are the most important in today's business environment, technical or communications?

Ms. Grossman: Why don't I take the easy road and say you need a balance of both. You absolutely need to have both technical and communication skills. If you're a technical actuary, you still need to communicate your results, get buy-in, and talk to both technical and nontechnical audiences. If you're in a role that focuses more on the communication skills, you still need to understand the underlying technical concepts in order to make the sound business decisions that Mike has talked about.

When we go through a recruiting process, anyone who we look at will probably first have to meet a prescreening to have the technical abilities. The ones who go on to actually get the job are the ones who can demonstrate that they do have the communication abilities in addition to the technical abilities.

Mr. Bruce: Let's cut it a different way with you again, Kelly. How important is a diverse background for career success as opposed to a narrower, deeper expertise in a given area?

Ms. Grossman: First, you probably need to define career success. The way I look at career success is someone who can impact the decisions of the company. Not to take the easy way out again, but I really think you can do that through either background. I work in a multiline company so we have several examples of people with both backgrounds, narrow and diverse, and I can think of several examples of people with either background who have been extremely successful. What these individuals have in common, no matter which route they take, is an openness to new opportunities and challenges along the way. Even if you focus on the narrow product area, there are still opportunities for you to expand your horizons by changing your focus to pricing or doing financial reporting on that same product to really expand your knowledge base in that particular area. If you have more of a diverse background, you may make more extreme jumps from life insurance to health insurance, but people who are going to be able to succeed are the ones who are able to seize the opportunities, understand the technical backgrounds, and communicate to help the company make sound business decisions.

Ms. Murray: I feel there will be opportunities for actuaries in many different organizations, not just insurance companies and financial organizations. Because of that, I see a very strong job market for actuaries in many industries. This strong job market will continue to need individuals who are well rounded and continue to learn and grow. In that sense, companies are looking for a much more complete type of individual. As one company president told me a few years ago when we were discussing a top administrative position for the company, we thought that if we had the right technology that we would do well. We now know that's not the answer, that we need individuals who know how to serve their markets, serve their customers, and use technology as a tool in that process. As I look at positions and look for someone who brings a pretty well-rounded set of skills to the job market, I don't think that will change. If anything, I think it will continue and grow and build.

Mr. Bruce: OK, good. Staying with you for a moment, Deb, what is the best advice you would like to give in terms of making career decisions in light of current employment trends?

Ms. Murray: Well, not to be redundant, but I think that the best thing that we can all do is continue to grow and learn from our experiences and mistakes and to learn from everyone whom we work with and who works with us or works for us. A professor told me many years ago that you learn from everyone you meet. With that in mind, my best advice is to learn continually and to apply what you learn to your decisions. Once you've assessed your decision, follow your best instincts. For example, when you interview for a position, I feel you need to instinctually feel like it's a company that you have to be a part of and people you want to work with. That's so important because we spend so much time at our job.

Going back to what Kelly said earlier, you also need to maintain your sense of humor because we're all human and we all will have experiences when we have to bring humor to the subject. As the person who trained me in recruiting when I joined this company in 1979 would always point out, remember that your attitude determines your future. How you approach your work and the situations that life brings you is very important in the outcome, and that's helped me a great deal throughout my career.

Mr. Bruce: Mike, how about you? What advice would you offer the people who decided to use part of their time to be with us here today?

Mr. Corey: I think the one thing that we can say is that one constant in life is change. Those people who will succeed in the future are those people who will adapt to change, and that means being able to deal proactively with your career path, which takes effort and thought. Too many of us spend too much of our time focusing on our day-to-day activities thinking that that's the true answer of getting through life. The truth is you need to spend as much time thinking about your future. The advice I give people many times is this: It's easier to create the perfect job than it is to find the perfect job. And the way to create the perfect job is to create a great set of skills and to look into the future and figure out what skills will be needed to succeed going forward because change is here. The paradigm is moving in a different direction each day and if you're not prepared to deal with change, you'll fall by the wayside and you won't succeed where others will.

Mr. Bruce: How about you, Kelly? What advice would you offer?

Ms. Grossman: In addition to what Mike and Deb have said, I think it's important to set long-term goals, continually reevaluate those goals, and assess whether the position you're in is helping you achieve where you ultimately want to be. I think a lot of times people make criticisms based on the here and now, the short-term perspective. Instead, you really need to work out where you want to be ultimately and what may be a stepping stone in helping you get there.

Mr. Bruce: That concludes our formal questions. At that, I will open it up to the floor.

Mr. John M. Weum: In recent years, there's been a lot more focus on the changing labor force. Corporations have done a lot, especially in terms of establishing diversity. How have your recruiting efforts changed in that light?

Mr. Bruce: Any particular person or all three?

Mr. Weum: All three.

Mr. Corey: I'll start. I would say it has changed a lot and very positively. I think without any question, we literally required all of our consultants to make certain that we consider diversity issues in every assignment at all levels. We've done some very significant diversity searches ourselves because companies are very aware of the need to create diversity in their environments. I think it's an important issue and a major issue, and one that can certainly be addressed in the recruiting efforts. Frankly, we do that throughout the process today.

Ms. Murray: I agree. We always approach a search from the standpoint of looking for specific qualifications, and we look at as diverse a pool of candidates as possible. It's vitally important if you're seeking out the very best and most qualified person for the position; you don't want to exclude anyone. You want to be as inclusive in the search as possible, so that is always our goal.

Ms. Grossman: At my company too we recruit very heavily in the Midwest universities. In the past few years, however, we've tried to expand our borders and go to different universities throughout the country in order to improve our diversity levels.

Mr. Corey: I think the actuary ought to be very proud of the fact that it's probably one of the most, if not the most, diverse communities in terms of professionals you'll see in any industry. The pay levels are the same, the opportunities are the same, and it's been quite exceptional. I think you can be proud of your profession for that.

Mr. Bruce: And I think the structure of the profession lends itself to that. If you come into a company, pass the exams, and do the work, you're going to see the success. There's really nothing that can be done to hold you back.

Mr. Grant Entel: For several years now, I've noticed what I think is a paradox that I used to think was just funny. Now I'm starting to think it's serious and could be a

problem for our profession. Here's the paradox. On one hand, we say that we have very flexible and adaptable skills. We could even be useful outside the insurance industry, for instance, working for a manufacturer. On the other hand, when actuaries are trying to hire actuaries, they are extremely specific in the need. They must have worked on a certain product or performed a certain function. Sometimes we even say that they must have used certain software. I find that really paradoxical. My concern is this—they say if you're a salesman, you have to believe in what you're selling. Now we are trying to sell other industries on the fact that we have these flexible and adaptable skills, I don't think actuaries really believe that themselves.

Mr. Corey: I agree, Grant. In fact, I've been an advocate for some years now that there should be some kind of retooling process, and I think it should be clearly sponsored by the profession to train actuaries to do new things. I'll give you a good example. Today, people ask me what areas they should go into and I'm not talking just about actuaries. My answer is always the same: Health care and technology, that's where the future is. I would tell that to my own children. So when everybody suddenly wanted healthcare actuaries—and there are lots of positions and very few people qualified to do that—we probably had for the first time in the last five or ten years a lot of actuaries out of work. Those were the people who were working in companies where they may have been traditional individual life product actuaries, life financial, or whatever, and I was very strongly trying to work with the Society to set up some kind of retooling program because if you think about it, the skill set is the same. It's just the product knowledge that is different. We should be able to take that product knowledge and convert it, but the problem is that it takes some period of time. There should be some kind of interim program that allows that to happen because I think there will be a much bigger demand in the next decade for people in the health business, for actuaries and all others, and the supply will be relatively limited. This is a real paradox, and I think that sooner or later somebody has to address it. Right now, I think the people who need to be addressing it are the people in this room. I think the skill set will not differ; it's just your product knowledge that differs, and you need to take it upon yourselves to expand your knowledge and your awareness to other areas, and that sometimes requires taking some risk.

Ms. Murray: I agree. What I find is that companies are often looking for the same types of backgrounds and skills, but things change so quickly that when looking for a certain background, many times there's no one with that experience. A candidate may not have that specific software experience. I spend a lot of my time in working with specific candidates in selling my client on the fact that this person is very capable. They have to go into the interview and sell the company that they're capable of doing that particular job, especially if it's a job that deals with strategic

and marketing issues, so it is a paradox. I always feel it's wonderful when we work with a client who will consider candidates even though they don't have every single item that's being requested. It's a challenge matching the candidates with the positions that we're working on. As Mike pointed out, that's an issue that I think we all have to deal with, and I think that goes across the board. I think it applies to every industry right now from what we see and hear from individuals who contact us.

Ms. Grossman: In my company, we typically promote from within and don't go outside a lot for particular product knowledge. We do a lot of rotating at the fellowship level, and, like Mike mentioned, that does involve some degree of risk. You're probably not going to get someone up to speed immediately, but in the long run it's going to be a good developmental tool and we feel we do develop the necessary skill sets so that any actuary should really be able to move to any area of the company and perform the job at hand. Now if there's a case where things happen so fast, or there's a niche market we're looking to get into where we can't grow talent fast enough or don't have the expertise, we may go outside to look for a particular skill set, but that's only because we don't feel that we can do it quickly enough ourselves.

From the Floor: As a member of our recruiting team, I'm interested in hearing more from Deborah and Michael about their experience with what students at the entry level are looking for in a job and in a company.

Ms. Murray: That's a very good question because I find that most of the companies, as Kelly mentioned, do recruit on campus. When I've been with students who haven't found their first position through their university, it's usually because they've been working full-time and commuting and haven't passed the exams or had the success to compete for entry-level positions. At that point, they're usually looking for a job. They're looking to find a salary where they can begin to pay their bills and become part of a company that will provide an actuarial study program so they can begin to prove themselves. I find at that point in a student's career money is very important, and thinking of individuals I work with who have read about the very high entry-level salaries that people are receiving. Unfortunately, money has been ranked very high by a lot of students coming out of school. I think that's changing. With the things we're seeing now with volatility in the market, I'm hearing more people look for stability and a position where they feel they'll have a future, where they can receive benefits and be able to begin to think about their future and their family's future. That is changing.

Again, going back to some things I talked about earlier, will they be able to telecommute, will they receive the kind of training to stay with leading edge

technology and continue to learn and develop so that they'll have the kinds of opportunities that will be important to them down the road? I see a wide array of interests from individuals I work with.

Mr. Bruce: Let me turn the question around a little bit for Kelly. On recruiting for your company, you doubtlessly make some offers and some people say yes and some people say no. Why do people say no?

Ms. Grossman: Location is a big thing. As I mentioned before, we have tried to broaden our recruiting efforts to other universities, but that also presents challenges in trying to get people from New York City to move to Des Moines, Iowa. Also, along with what Deb mentioned, we've been starting to see a lot of sizable signing bonuses, and I think that comes into play in people's decisions quite a bit just in the last couple of years. A third thing that we've seen is that a lot of students are interested in going to companies that have huge student populations and hire maybe 20 or 30 students a year. That's something that we're constantly working with and trying to explain to students to help them understand both sides of the story.

Diane C. Davis: Mike, I believe this question is for you. If I were to consider looking for a job, say in healthcare and technology, should an MBA be my first step? If not, what else should I consider doing?

Mr. Corey: Well, first of all, I think getting an MBA would be great for anybody. I would strongly encourage getting an MBA. I also know that when you finish your final exam, the last thing you want to think about is taking more exams. I would say of all the advanced degrees, an MBA is really a great combination along with your fellowship. But if you're going to health care, there are other kinds of master's degrees in different kinds of health areas. You might want to consider that because I think that the opportunities in the healthcare business are far beyond the insurance companies, the HMOs, the PPOs, and all the others. I think there are all kinds of healthcare opportunities that an actuary can take advantage of. I'd encourage anybody who has the opportunity to get an advanced degree, but make it a meaningful advanced degree; make it something that really is relevant to what you're trying to do going forward because there's a major investment in time involved.

From the Floor: If anybody is considering working in Asia, you don't have to worry about speaking both languages—everybody speaks English. Second, Asia is a library of people. Why people from the U.S. don't like to go overseas is an issue of compensation. I have a question for the panel. When I think of nontraditional, I'm thinking of outside the insurance industry and investment world, such as

telecommunications. I wonder if you could give us an example of traditional and nontraditional.

Mr. Corey: I think for any area that's financially oriented, an actuary will play very well to nontraditional companies like the telecommunications organizations. But in any atypical role, (probably financial oriented or anything to do with risk management) I think an actuary is extremely attractive. The problem is, how do you market that attractiveness to those organizations? It's both a personal marketing as well as an industry marketing. I think you need help as a profession, but, at the same time, I think once industry and people within different industries know what your skills are, I think clearly you have some advantages.

Ms. Murray: I read in an actuarial publication about a man who had a career as an actuary and is now working in a university setting as a professor. He is actually studying physics, bringing his actuarial knowledge to better understand some of the principles of flows of physical matter. I thought that was interesting because from the standpoint of medical research or research in physics, the kinds of things you learn as an actuary about the business world about the flow of business communications or the business cycles may actually relate very much to the flows of matter and principles of chemistry. The more we understand how everything relates together, the better off all of us are. From that standpoint, I think integrating actuarial science with other scientific endeavors is very important to us.

Mr. Robert L. Brown: I'm an academic at a Canadian university. I wanted to ask Kelly, if you go back over the last ten years and look at your hiring, has it been fairly consistent in your period?

Ms. Grossman: Yes. We consistently have hired four to six actuaries per year steadily over the last ten years.

Mr. Brown: Maybe I could then ask our other two friends. The Canadian scene in the last ten years has been very unfortunate. I may overemphasize a little bit, but not too much. We went from a very hot candidate market in 1988 for a variety of reasons to a stone-cold market in 1993 to a very hot market in 1998 for actuarial candidates. With the cold market of 1992–93, a lot of entry-level students went to other disciplines because they saw fewer opportunities in actuarial science. We're now in a position in 1998 of having very small graduating classes relative to five years ago when the market was cold. Did anyone experience those kinds of cycles in the U.S. or was that limited to Canada?

Ms. Murray: I saw that cycle in the U.S. In 1991, we had an employment recession, and some of the individuals I worked with who were math majors went

into underwriting and other areas. As soon as the actuarial market opened up, they began to apply for actuarial jobs and pursue their exams once again. Thank goodness, because it's a very active market now and we need as much talent to be there as possible for these positions. But, yes, we certainly saw the business cycle that you are describing. I don't know how we get around that as long as we have business cycles. If a person has a good math aptitude, he or she should pursue math. Pursue actuarial science. It's a wonderful educational background for many different endeavors, even if the actuarial market is not active at the time you graduate. That skill set will translate into so many other areas that it's a wonderful foundation for making a living. With that in mind, I feel that perhaps we need to focus more on advising students to pursue what they have intellect for, what they have aptitude for, and what would prepare them for whatever opportunities are out there at the time they graduate.

The way I became a recruiter is that when I graduated in 1979, there were no opportunities for a labor relations professional in Des Moines, IA, which is where my husband had taken a job. I was trained in mediating labor disputes, strikes, and things of that nature. Well, when my husband took a job at the Iowa Association of School Boards in Des Moines, I started looking for a job. There were no jobs like that. There was nothing I could find with that particular knowledge, so I found in this company that I joined that I actually enjoyed recruiting. It's a much more positive experience, but you're dealing with markets that change all the time. It's the biggest challenge we have as well.

When I first started recruiting, one of the Canadian companies I worked with would hire FSAs directly out of college at \$25,000 a year. This was in the 1970s that they had this experience. They were in an isolated part of the country, they were interns while they were studying at the university, and they were completing their scholarships while they were still in college. They were a wonderful resource for this company. Well, they came to the U.S. to hire FSAs probably thinking they could pay at that point \$35,000, (I apologize, I think I did understate that) but found that the U.S. labor market was entirely different. It was really a great learning experience. The titles and the salaries were different because our companies of course in the U.S. don't usually develop students to the FSA level while they're still in college, so it was entirely different.

Mr. Weum: I can just state in regards to the last question, we are experiencing a backlash of that business cycle in our recruiting efforts. We're currently seeing fewer students available for the market. I have a question to direct to Kelly in regards to the nontraditional jobs and in light of the speech by our new president today. He talked about attracting other financial practitioners to the profession, and I guess I see a little bit of the opposite occurring. As some within our profession

step out into nontraditional roles, they're losing some of their ties with the profession, and I see that somewhat in our organization. I'm not sure if you see that within your organization, Kelly.

Ms. Grossman: That's definitely a challenge. Even as we grow as a company, our actuaries inhabit business units and nontraditional areas, we've tried to put different things in place that keep some of the ties together. There are seminars, meetings, or activities just to keep the actuarial group as a whole somewhat tied together, but it is definitely a challenge.

Mr. Corey: I think I'll ask Rob a question because I think he can give us a perspective that probably nobody else here can. Rob is, I'm sure most of you know, a very prominent professor in Canada. From your perspective, Rob, what's happening in terms of new people coming into the profession based on your experience in the past and today? Do you see a brighter future for the profession in terms of the new students entering the market or entering the school system?

Mr. Brown: I guess the answer to that is it's less clear than it's ever been, and I say that partly because of the situation that I related to you. We went through an extremely painful decade in terms of producing entry-level students. With the perverse supply and demand, our program is a co-op education program that actually consumes five calendar years. You can imagine that with someone entering in 1988 with a hot market and graduating in 1993, or half the class entering in 1993 and graduating in 1998. In 1993, we had 102 honors outside grads; this year we had 45. The jobs were 45 and 102, and I don't know what to do. I am going to first-year math classes and teaching them about hog farmers—I have to be a contrarian. At the same time, I don't want to do that in 1998 because I'm telling them that the market's really hot right now, so maybe they better go into engineering or computer science.

However, I will tell you quite frankly that our job opportunities are much stronger than they used to be. Kelly knows. She hires at our campus. We now send six to seven people every year to the U.S. That number used to be zero. Under the Free Trade Agreement, that's almost a slam dunk. You guys are just the eleventh province. I'm sure you think of yourselves that way. That has created a diversion from the Canadian marketplace. The second diversion is that we now have some of our really bright students going into a master's of financial engineering in our accounting school, but they're coming out after 12 months with starting salaries of \$65,000–70,000 (not \$35,000–40,000) and what they see as really exciting jobs. So we're losing some of our best candidates to some alternatives. Howard Bolnick is starting to present to the broader actuarial community the fact that there really is more competition now for the same kind of people who we used to seemingly be

able to monopolize without too much difficulty. I would say in closing that it's probably less clear for me than it ever has been. Stuart, do you want to put a perspective on that from the Midwest?

Mr. Stuart Klugman: We found the good news is our students can get jobs whether they want to become actuaries or not. A good portion of our graduating class last year had an excellent skill set whether they wanted to go to an accounting firm or general management, a consulting firm, or other aspects of business. As I look through our employee role or alumni role, a good third of our actuarial graduates are doing other things, but they aren't nontraditional actuaries. Some of them are not actuaries at all. But from an educational perspective, we're still giving them something very valuable. My warning to them is much the same as Rob's—we don't know what's going to happen in four years. As long as you go to school and get a good education, learn a few things, and have some skills, there will be somebody out there who will want to hire you. I'm very interested in what anybody has to say about our lunchtime speech because you presented a very rosy picture of an employment outlook that I didn't hear from our president.

Mr. Corey: I'm not so certain I would differ from Howard, but I would say the future is very bright for people who excel. I think that's an oversimplification, but the fact is that if you create strong skills and continue to develop with your skills as an actuary into areas beyond being "traditional," I think you will have a great future. If you don't, I think your future is at risk because I think the traditional, old idea of the green eye shade actuary is being replaced by technology.

Ms. Grossman: I think the market was focused on retirement services so much that actuaries are not the only key professional in that equation. For that reason, we're competing with other professions for the qualified candidates, and we may see some competition from areas we haven't seen before. I think there's definitely still a need for actuaries, and that they'll be a valuable profession in that equation, but there are other professionals in the finance or investment area who will be key players too. It will be a challenge to try to balance that out.

Ms. Murray: I agree. I think in all professions the goal is to broaden your horizons and to learn as much about every aspect of your work, company, and organization so that you can contribute in many, many respects. You need to excel and to work very hard and learn about all types of areas interrelated to your job.

Mr. Corey: I think we have to take a lead from the industry itself. Let's face it, most actuaries are in the insurance business, but I think most of us know that for the last 10 to 20 years, the application count area has gone down. The industry has changed from a protection business to a financial business. And we changed

because the insurance industry is being forced to change. What I'm suggesting is that we change quickly because if we want to continue to be a successful profession, we need to be doing a lot of different things in the next decade than what we're doing today.

Mr. Bruce: Let's take one last question.

From the Floor: We're located in New York City. We found that the exam process to some degree is costing us retention of the best and the brightest. Some of our best students get around 200 credits. They do brilliantly and say, "I don't want to take the exams anymore." They then go right into the investment field, make twice as much money, and don't have to take the exams anymore, Is this happening in other companies?

Mr. Bruce: I think that's a piece of what Howard's talking about. I've talked to Howard about this off and on. This topic does come up, but I would be interested in your response as well, clearly.

Ms. Grossman: We have some of that in our company too. People start down the exam path and decide it's really not what they want, that there are other opportunities that can provide challenges to them. They end up moving that way. Even at the university level, you see an influx of students going into actuarial science initially. Once they get a feel for the actuarial exam process, they're not too excited about it, so they move into finance, IT or, something like that. That's definitely a challenge.

Ms. Murray: I've seen that as well, in particular with financial engineering, programming, or information technology. The salaries that they can command are so great without having to sit for exams. I've seen people move from taking exams in an actuarial position to an IT position.