



SOCIETY OF ACTUARIES

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Navigating New Horizons ...

An Interview with Jeffrey D. Miller

by Sarah Lawrence



Jeffrey D. Miller

Now that the recession seems to finally be at a turning point, many actuaries recently affected by layoffs, consolidation or mergers within the industry will find themselves facing an inevitable turning point of their own. While most will find themselves back in the office earning a steady paycheck from an established company, a few entrepreneurial-minded folks may find this the perfect time to pursue a dream of striking out on their own.

Becoming a sole-practitioner consulting actuary carries with it all of the potential risks and rewards of starting any business and is most certainly a huge undertaking, but if all of the factors for success are there it can lead down a highly rewarding and interesting path. Such has been the case for Jeffrey D. Miller, who has acted as the sole proprietor for his own life and health insurance actuarial consulting business for almost 15 years. For Miller, the business is the culmination of more than three decades of experience in the industry and, while not necessarily the path he originally sought when first starting out as an actuary, has turned out to be the most natural and fitting path that his career could take.

An Early Start

While growing up in the Kansas City area, becoming an actuary was on Miller's radar from an unusually early age. This is thanks to his father, a successful actuary in his own right who exposed his son to the industry in ways that would attract any young boy with a natural ability for math, rea-

soning and statistics—such as through professional baseball.

“My dad was in the reinsurance business and would write special kinds of risks,” Miller said. “There was one time back in the late ‘60s when the baseball team that is now the Oakland Athletics was the Kansas City Athletics and they had a special game where one player who was being honored played all positions on the field—one per inning. My dad wrote a special insurance policy on him that would pay a million dollars if he died from an accident during that baseball game.”

Miller said he and his father not only attended the game, but they also got to sit with the owner of the baseball team. While the actuarial profession rarely gets this exciting, it certainly left an indelible impression on a young Miller. As a freshman in high school he was assigned to create a careers notebook and titled his, “So I Want to be an Actuary.”

“It’s just something I’ve always wanted to do,” he said.

Beginning His Career

In 1977 Miller graduated from Drake University in Des Moines, Iowa having earned a Bachelor of Science degree in business administration with an emphasis in actuarial science and accounting. His first move was to spend two years as an actuarial student with accounting firm Coopers & Lybrand before taking his first position as a consulting actuary for William M. Buchanan & Associates of Kansas City. It was there that he was able to finish the last of his actuarial exams and began working with a group of clients, including assisting with at least one major client called Jackson National Life.

After four years with the company, Miller decided it was time to move on. “Through my experience working in accounting firm, where becoming a partner was such a big deal, that became my primary goal,” he said. “With Bill’s firm it became clear that the firm wasn’t going to get big enough for both of us, so when I left there I joined a large firm where I could become a partner.”

In 1983 Miller joined Tillinghast in re-starting their life and health insurance consulting practice in Kansas City and achieved his goal of becoming a partner in less than two years. Having basically

started from scratch under the Tillinghast umbrella, Miller got his first taste of what marketing and owning his own firm might be like.

“Very early in my career with Tillinghast I had to go out and find new clients for the office by calling on insurance companies and trying to sell them consulting services, which is not something many actuaries would do very often,” Miller said. “But then later on in my career with them, they asked me to head up a practice area that would coordinate the firm’s consulting services relating to the marketing of insurance products.”

When Miller left the Tillinghast firm in 1990, he had grown the Kansas City office from nothing to a staff of 30 employees that earned the company an annual revenue of \$3 million. He was also a vice president, principal and leader of practice area in marketing, distribution and product development worldwide. With that experience under his belt, Miller decided it was time to pursue his dream of starting a large firm of his own.

“I did have some contacts with companies that were interested in using me, so I had a couple of clients right from the beginning and that was a big help,” Miller said. “And I was also approached by a number of actuaries here in Kansas City who were interested in joining my firm and we added quite a few actuaries very quickly.”

Within three years his firm, The Miller Group, employed 20 people including eight actuaries. Miller focused primarily on building new client relationships through marketing and sales, but ultimately the business ended up steadily shrinking after one major client crashed without paying for a large amount of work. In 1996, Miller released his final employee with a new goal of successfully operating as a sole proprietor.

A One-Man Show

Miller said it’s only natural to feel slightly uneasy when making a decision to go it alone. “You never know where your money is coming from, so I was very nervous,” he said. “I think anybody is, but I think we all find ourselves in circumstances from time to time that lead us in a direction we might not have anticipated. There may be actuaries today who are striking out on their own who didn’t really plan on doing that

and they are certainly nervous about it. I can understand that.”

Luckily, Miller was able to settle into his new career fairly quickly after finding an anchor client to provide a significant portion of his yearly earnings. Miller said finding a client such as this is one of the key factors to succeeding as a sole-practitioner consulting actuary.

“You begin marketing your services to other clients, while at the same time you’re working with that anchor client,” he said. “I think that’s a critical step. If you’re going out on your own without an anchor client, it becomes very difficult. And finding one is not easy. You have to find a company that wants to spend that much money with you.”

Miller said he has found that he can only serve about three primary clients at one time, plus occasionally take on some one-shot projects. Any more than that and it can become too overwhelming, but finding clients in the first place is still the tricky part.

“You just never know where the clients are going to come from,” he said “I think one of the most important things you can do is just expose yourself. Go to meetings, visit people, write articles. These days I think there are some opportunities in social networking online. Not necessarily Facebook, but a site like LinkedIn is for business people and may end up providing some good opportunities.”

Help Wanted

One doesn’t have to be a jack-of-all-trades in order to do work as a sole proprietor, Miller said. In fact many companies are looking for actuaries who can dole out expert advice in specialized areas. “Right now I think there’s always a market for the sole practitioner who becomes a world expert on a particular topic. I know of one guy, for example, who is a world expert on long-term care. He’s marketed himself among actuaries so that actuaries know if they have a question or want to do a project related to long-term care and nursing home insurance, they can call that person.”

Miller said the area he has worked in most involves filling part-time temporary and part-time permanent positions with different companies. For example,

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Miller said there are plenty of opportunities for actuaries who want to work as sole proprietors, but it is definitely not the path for everybody.

Miller has served as chief actuary on a part-time basis at one company for 20 years. At the same time, he has also filled roles on a temporary basis at many start-up companies as they search for the right person to permanently fill a position. He has also worked on several court cases and served as an expert witness in two trials.

While he usually works for an hourly fee, Miller said he will sometimes do work for a fixed monthly retainer. Many sole practitioners also choose to work on a contingency basis, but Miller said he avoids that as much as possible since he prefers to have compensation for his work agreed upon from the beginning. "One of the important lessons is that you have to collect your fees," he said. "A lot of folks would like to have you do work and not pay your fees, and if you don't collect your fees then you can't stay in business. Sometimes you have to be fairly mean about it."

What It Takes

Miller said there are plenty of opportunities for actuaries who want to work as sole proprietors, but it is definitely not the path for everybody. It is a very different experience from working for

an insurance company or large consulting firm and Miller said it is important for people to determine if it is the right career choice before jumping in.

"I think one question is how much do you enjoy working by yourself as opposed to working in teams? Because if you're a sole proprietor you are going to spend quite a bit of time working by yourself," he said, "If you like that sort of thing, then that's terrific. If you don't, then you might not enjoy what you're doing."

A passion for sales and marketing is another characteristic that comes in handy, Miller said, as well as a healthy sense of confidence. "You also need to be able to talk on your feet and sometimes that's not easy. If you are an actuary that doesn't ever want to communicate a conclusion until you've had a long time to work on it—and had several other people look at it—then being an entrepreneur actuarial consultant probably is not for you."

Future Plans

But if all of the pieces do come together, Miller said being a sole-practitioner consulting actuary is an extremely rewarding career. With little to no overhead costs, plenty of travel, no need to spend time managing other people and the ability to work from anywhere through the marvels of modern technology, it has certainly been a good fit for him.

"I hope I continue doing what I'm doing for another 20 years," he said. "I certainly enjoy it and I make a pretty good living. It's kind of nice because now that my kids are out of college and my expenses are a lot lower, I might even save some money some day." ■

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