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EDITORIAL

Avoiding risk is the biggest risk of all

by Robert D. Shapiro

It's a jungle out there. And, like the cheetah, the actuary is a magnificent animal, but because of its narrow evolutionary path, it is in danger of losing its prominent position in the kingdom. To survive, both actuaries and cheetahs need to recognize that their kingdoms have changed. They must change their ways if they are to survive, much less prosper.

On the surface, things may not look so bad. Most actuaries have jobs, and the average income of an actuary continues to be high. However, evidence mounts that the game of survival of the fittest is changing, and the rules may already have changed for good. For example:

- Traditional actuarial jobs and career paths disappear every time a traditional insurer restructures or downsizes.
- We lose CFO and other jobs to MBAs, CPAs, and other professionals.
- Evolving new economics and marketplace paradigms continue to widen the gap between what corporations and government bodies need and what actuaries are perceived as providing.

What has the Society done?

Over the past decade, the Society of Actuaries has spawned several efforts directed at better understanding and responding to the changing environment. These activities included:

- (1) Developing a vision for actuarial education in the early 1980s
- (2) Assessing the value of the FSA in the mid 1980s
- (3) Establishing the Actuary of the Future initiative in the late 1980s
- (4) Developing a plan for creating nontraditional opportunities for actuaries in 1991
- (5) Reinventing actuarial education to meet the needs of the 21st century, initiated in 1994



These are but a few of the efforts within the SOA, produced by the changing rules of the economic and marketplace game.

What can we do?

How can each of us, as individual actuaries, support efforts to prepare the profession to achieve its destiny and prosper in the future?

First, we must recognize that the environment is changing and what was appropriate in the past — the exams we took, the jobs we had, and the companies we worked for — often will not be appropriate in the future.

Second, we must open our minds to new perspectives, new employers, and new approaches to actuarial education. Unless we permit — even welcome — substantial changes, we will severely limit, or perhaps eliminate, future actuaries, our own job security, and the very existence of the profession.

And third, we need to try to understand and support the pivotal efforts that are initiated by SOA committees and task forces. We cannot allow those whose rigidity or fear of change threaten efforts designed to pull the profession into the 21st century.

Some of the projects will fail and die. That's the nature of evolution. However, by setting clear benchmarks and catching failures early, learning will be quick, and progress in successful projects will be accelerated.

We must recognize the world as it is, not as we would like it to be. We must open our minds to the many new ideas and approaches that are emerging from our SOA Sections, committees, and task forces. Finally, we need to enable our leaders to take the calculated, planned risks essential to the long-term success of the profession, the Society of Actuaries, and each of us practicing as actuaries.