



SOCIETY OF ACTUARIES

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## OPINION

# The actuary of the future: A contrarian's view

by Arnold Dicke

**A**t the 1994 annual meeting of the Society of Actuaries in Chicago, a panel of three trustees from the SOA Foundation participated in a discussion of how actuaries should plan for the future. The panel consisted of Jim Hickman, FSA and Ph.D., University of Wisconsin at Madison; Ian Rolland, FSA and CEO of Lincoln National; and Bill Wiggenhorn, president of Motorola University. Wiggenhorn said Motorola had found it necessary to plan not only for a changed world but also for a changed Motorola. In other words, a business may have to modify its very identity to continue to prosper. It has to define itself in dynamic, not static, terms.

The implication for the actuarial profession seemed clear. But, should the same imperative apply to a profession such as ours? A business can and must change itself into whatever will make money for its shareholders, but what is a profession without a fundamental, unchanging core identity?

The actuarial profession has been questioning the continued applicability of its historical paradigm and principles over the past decade. In the 1980s, many actuaries were impressed with the tremendous success of MBAs. From this, they concluded that actuaries should, in many respects, become more like MBAs. Thus, we were counseled to become better communicators, broader-gauged businesspersons. Going even beyond this, some suggested the profession should be looking for a different type of individual to join its ranks in the future.

From my perspective, this is approaching the matter from the

wrong direction. When I look at actuaries, I see a group of people who share defining characteristics that set them apart from most members of the business community, including MBAs. In the broadest sense, actuaries are mathematicians. By this, I mean actuaries are people who think in a mathematical way, with a reasonable degree of mathematical sophistication, not merely people who manipulate numbers.

In fact, were I to define "the actuary," after many years of trying, I would probably come up with something like "a mathematician who practices in the world of human affairs." It is my belief that if we are going to be true to ourselves, we have to recognize and celebrate our "mathematicality," and we have to assume that our profession will continue to attract mathematicians.

Please note that this definition is anything but static. Mathematics is itself dynamic, as recent developments in nonlinear dynamics and "chaos theory," not to mention the proof of Fermat's Theorem, demonstrate. So, too, is the world of human affairs. A definition of this kind can remain formally unchanged, while the profession's tools and its focus change radically.

Nor do I deny the need to improve certain skills, such as communication skills. But by "communication skills" I don't mean just facility with words and empathy for the listener. For actuaries, I believe communication is often an act of translation: from the language of mathematics to the language of everyday life. Many problems are caused by the inadequacy of everyday language to fully express mathematical

ideas and the consequent need to employ what amount to imagery and metaphor.

I believe our future will flow from a deeper understanding of the mathematical environment and the changes that have occurred in mathematics over the years and from a sensitivity to the needs of people living in an uncertain world, not from changes in our personalities and our haircuts. I don't regret that we failed to be the point men in the takeover/merger mania of the 1980s. I do regret that we failed to provide the professional home for the "rocket scientists" that appeared in the same decade.

From my perspective, there is a role for a profession that enables mathematical people to make practical use of their specialized talents while at the same time making a decent living. We will do better to expand this role than to seek another.

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## Correction

The April issue's *Factuaries* contained some errors in Morris (Mo) Chambers profile. The correct spelling of his father's name is Wilfrid, and his son Brent attends the University of Western Ontario.