



SOCIETY OF ACTUARIES

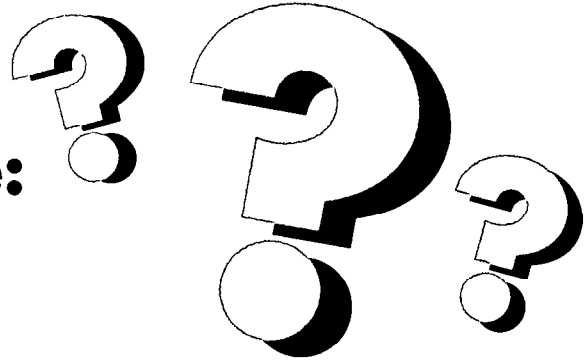
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# The Actuary

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## OPINION

# The actuarial cubbyhole: What is an actuary?



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Some observers have described the actuary as being good at numbers, but not so good at the big picture, business problems, or communications. As a result, certain actuaries may not get the chance to become involved in as wide a range of issues as they may like. The extreme case is an actuary who was passed over for a more "important" or broader corporate position or who wasn't hired by a client to conduct a consulting project because he or she was cubbyholed as a "techie" or as an expert in a narrow field. Why is this? Has it happened to you? What can you do about it?

Many actuaries have overcome this "actuarial cubbyhole." I believe most actuaries are capable of widening their own job niche. However, preconceived notions of what an actuary is capable of can be difficult to overcome. It is up to each actuary to dispel such notions and to add value in each situation. In many cases, an actuary can't simply declare: "I'm here to be a full-service consultant," or say: "I will analyze this

business problem from all perspectives and reflect all business impacts of the issue," and be believed. It may be a slow process of building credibility by evaluating issues or problems from more than a numbers vantage point.

This is, in many ways, what past Actuary of the Future task forces have addressed and what the current proposal on redesigning our education/examination system is all about. Bottom-line, it is up to you, the individual actuary, to be of value; not just in the traditional actuarial way, but with a comprehensive business focus as well. The results of an analysis can be most valuable when presented in a coherent manner, aimed specifically at your audience, reflecting their concerns and helping implement practical solutions without being asked to do so. I sometimes have to remind myself of who my audience is, what their needs and issues are, and then to anticipate them. For example, if you price insurance products, you should anticipate marketing or underwriting issues and, if warranted, suggest possible changes

in the product or price structure to address them, before you are asked to do so. This doesn't mean giving up quantitative approaches, but rather, supplementing them. Only in this way will you become an actuary in the true sense of the word.

Sometimes improving your business and communication skills comes with experience and involves learning new habits. It takes hard work and conscious effort to overcome old habits. It may require reengineering yourself, not so much in the content of your work product, but your message. It may mean not only altering a traditional actuarial stereotype others hold of you, but also changing your expectations about yourself.

Based on my experience, if you are successful in doing this, it could mean a lot more interesting work, possibly a more interesting job. In the long-term, it could result in a stronger and more successful profession for ourselves and for those who follow us.

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## Actuaries to study flat tax proposals

A 10-member American Academy of Actuaries Task Force has responded to requests from Congress to examine the various tax reform proposals, including the flat tax. It will examine the impact of the tax plans on employer-sponsored benefit plans, health insurance, pensions, and private savings mechanisms. It will also examine the effects on long-term care, medical savings accounts, and annuities.

Task force Chairperson Ron Gebhardtsbauer said that everyone should understand the potential for employers to reduce benefit plans if tax incentives are removed.

"It would be unfair to the American public for tax reform legislation to be pushed through the Congress without examining its far-reaching implications on individuals," Wilson Wyatt, Jr., Academy executive director, said.

The task force's report should be completed in May. "In the meantime," Gebhardtsbauer said, "the Academy will continue to provide elected officials and presidential candidates pertinent actuarial information related to these proposals." Other task force members include four health actuaries, four pension actuaries, and two life actuaries.