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## EDITORIAL

# Facing the challenges of expanding boundaries

by Sue A. Collins

The actuarial profession is significantly different from when I started 23 years ago, and I will lay odds that it will change even more dramatically over the next 10 years. With the convergence and consolidation of the financial services industry, the advent of new technologies and the Internet, and increased focus on the customer, actuaries are facing a brand new set of challenges. These market trends have major implications for how we do our work. Whether we are designing and pricing products or providing input on the future strategic direction of our companies, actuaries need to adapt to a changing environment while remaining committed to our professional standards.

The articles in this issue point out some key challenges and opportunities facing today's actuaries. Doug French's article discusses how actuaries can take a leading role in performing customer profitability analysis (see "Profitability metrics," page 3). This is an excellent example of the need for actuaries to broaden their perspective by taking tools used in other industries and applying them to the insurance industry. As lines between previously separate businesses (e.g., insurance, banking, and asset management) continue to blur, it will become increasingly important for actuaries to take the wider view.

Our cover story interviews executives on the impact of the Internet on the way insurance business is done (see "The fastest track," page 1). The article highlights key challenges and opportunities for actuaries resulting from the use of the Internet for selling insurance products. Actuaries will need to consider

such issues as how illustration regulations apply to selling insurance over the Web and how to develop products simple enough to sell over the Web but still differentiable on some basis other than price. At the same time, the Internet provides actuaries greater amounts of information, available much faster and possibly more accurate. The challenge for us as actuaries will be to adapt the way we work to recognize and reap the benefits from these new technologies.

Finally, Anna Rappaport, the immediate past president of the SOA, writes about professionalism issues and urges caution in the emerging financial services environment. In the converging financial services industry, issues of professional integrity, conflicts of interest, and confidentiality become more complex. Although we must adapt as actuaries to meet the changing needs of the companies we serve, we can never abandon our professional standards.

The challenges for actuaries in the emerging financial services industry are somewhat daunting. However, the opportunities are quite exciting. The boundaries of the actuarial profession are constantly expanding to meet the needs of the marketplace. We must keep pace and, at times, lead the charge. It is our obligation as well as our privilege to provide sound counsel to our companies based on a deep understanding of the industry, a firm grasp of the financial and technical aspects of the business, and unfailing professional ethics. I hope these articles help to heighten the awareness of SOA members. I also hope that each of you will take up this challenge and continue the evolution of the actuarial profession.