



SOCIETY OF ACTUARIES

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OPINION

Big fish in a small pond or small fish in a big lake

by Armand de Palo

Darwin was right about evolution: all creatures need to adapt to their ever-changing environment. However, not all creatures can evolve into new ones. The actuarial profession in North America, in particular, has to decide how it wishes to adapt to changes in its environment, or it may alternatively choose to live and evolve in new environments.

I believe this process of evolution can only be a positive and successful one if the Society of Actuaries listens and becomes responsive to the needs of its membership. The current Board

Members, leaders surveyed (continued from page 8)

as highly desirable and progressive.” This indicates that in the SOA, as in most organizations, any “visible and substantive element of change will produce a sense of uncertainty and angst that must be managed by an organization’s leadership through effective change management and communication processes.”

As more discussion emerges on the Big Tent strategy, members’ and leaders’ opinions are bound to change, the report noted. This will “create both new opportunities and challenges for the Society.”

The complete survey report is posted on the SOA Web site (www.soa.org/pub/survey.html). Questions about the survey can be directed to Linda Delgadillo, phone: 847/706-3560; fax: 847/706-3599; e-mail: ldelgadillo@soa.org.

of Governors should not assume that its membership will automatically follow its choices and beliefs.

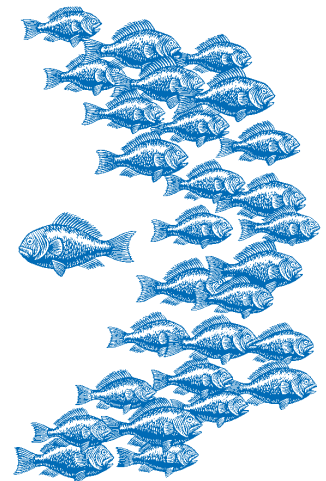
Defining the question with a fable

Does the membership want to remain a “Big Fish in a Small Pond” and adapt to the new environment, or do they want to risk evolving and trying to become a “Small Fish in a Big Lake?” Both paths have risks, and the membership must address the new realities in either environment or the greater world around them. The following fable may help shed some light on the question.

The big fish have done very well and continue to do well within the Small Pond that they know well. The water, while murky, is warm, and there is plenty of food and few other creatures in the Small Pond present any threat to them.

The Small Pond is changing, however. Now, there are fewer but larger ponds. Some large frogs have come across the land and want to share the remaining ponds with the fish that are already there. Some of these frogs are aggressive bully-frogs, and they want to occupy the warmer water near the top of the pond. This has driven some fish into colder, deeper waters in the pond to feed.

Some of the frogs tell the fish how wonderful it is in the Big Lake on the other side of the hill. The water in the Big Lake is clear, and there is plenty of room for everyone. Some of the more visionary fish listen and want to leave the Small Pond and find this Big Lake. However, these fish have forgotten to ask the frogs why they came across the



land to the Small Pond if the Big Lake is so great.

The fish look up out of the pond and see an owl sitting on a tree branch. The owl tells the fish that they are too independent of each other, and that is why the frogs are taking over many of the better, prime locations in the pond. The owl tells them that the solution is to swim together and become a large school of fish to appear bigger than they really are. A few fish ask the owl if he ever swam. The owl answers no, but that in theory becoming a large school of fish should work.

The fish also notice that the frogs have tadpoles that swim in the pond. These tadpoles act like fish and do many things like fish. Some of the real fish begin to call these tadpoles “fish,” too. The tadpole-fish change and start to breathe air and develop legs. They walk on the land, and some choose to return to the Big Lake where the frogs came from. The visionary fish tell the

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Big fish (continued from page 9)

other fish that, to survive, they must accept tadpoles as actual fish and learn to expand their existence beyond the Small Pond. Some of the real fish choose to follow the tadpoles onto the land. They find the air cold, and it is difficult to breathe, yet they drag their bodies by their fins across the land. Many of the fish trying to find the Big Lake of the frogs cannot evolve to breathe air or walk upon the land. They are unable to return to the pond and die upon the land. However, a few of these real fish do evolve and develop lungs. They can breathe air and walk upon the land. These new lungfish reach the Big Lake. The water is clear and deep, and there is room for many new creatures.

These new lungfish enter the Big Lake and find the water cold and slightly salty, but they know that they

can adapt and ultimately evolve to exist in their new environment. At first, they swim in the Big Lake believing they still are the dominant species. However, the Big Lake has many other creatures that are bigger than they are. The lungfish learn to eat new foods, but also learn that now they are also food. They must sometimes swim fast or find places to hide. These lungfish evolve and live in the Big Lake, but by evolving they can not return to the Small Pond. They are now lungfish and no longer real fish.

Time to face the future

While I hope you enjoyed my little story, the real issue is that the membership of our profession needs to be involved in choosing our own professional future. This cannot be left to just a few individuals, even if they have good intentions.

Life in the Small Pond has changed. Many actuaries have chosen to be

technical specialists that live at lower levels of the pond. These are good jobs but will not easily lead to senior management positions. We need to find a way to provide the necessary broad-based education for those who want to be trained as a corporate/chief actuary. This remains an important position within an insurance company and is a viable route to senior management if the actuary develops business skills and if the insurance company is not owned by a larger organization, as many now are. If an actuary wants to expand beyond the Small Pond, he or she may need to choose to learn new skills. He or she will benefit from actuarial training but will no longer function as an actuary.

I believe that the profession does not want many new individuals being called "actuaries" and have the FSA designation used only by those who need to certify regulatory tasks such as the valuation actuary. If our profession cannot generate individuals who consistently move into senior management positions and if we expand into new roles in other organizations, we will be limited to filling technical niches at lower levels of the Big Lake. This may result in a larger group of actuaries, but at lower levels of the Big Lake. If we cannot train individuals who can fill the management jobs in the Small Pond, why would we believe we can get high-level positions in the Big Lake?

Most active SOA members are working very hard, and it is difficult to find the time to discuss the long-term future of our profession. However, in a democratic society, freedom has a high price: time. You must be actively involved. It is our responsibility and obligation as a member of this distinguished profession to make our voices heard.

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What's new on the Web

by *Peggy Grillot*

SOA Web Manager

Yearbook now always up-to-date

The 2000 *Yearbook* is available online from the SOA home page (www.soa.org). The new electronic version replaces the print one that was out-of-date as soon as it was printed. The online version is continually updated as leadership of committees, Sections, and actuarial clubs changes. The table of contents is hotlinked for easy navigation. When the new Alta Vista search engine is unveiled on the SOA Web site in April, the 2000 *Yearbook* will also be searchable, providing a wealth of information in an easy-to-access format. Pages can be saved or printed on your PC for future reference.

Find applicants for your job on Job Link

Having a hard time finding good applicants from the actuarial profession for your open positions? Think Job Link, now database-driven. Your listing will get wide exposure — the SOA Web site averages 100,000+ visitors monthly from all over the world. For just \$300 (less than the cost of running one ad in a newspaper), you will receive a 60-day job posting that includes hotlinks to a company Web site and an e-mail address. Job postings are searchable by title, location, salary range, designation, keyword and date, making it easier for applicants to find open positions. It's also easy for you to post your job directly on the database through a secure server. Check out "Job Link Guidelines" online for more information.