Article from

The Stepping Stone

July 2019
Issue 72

CHAIRPERSON'S CORNER
The Times They are a-Changin'

By Mitchell Stephenson

While Bob Dylan was singing his famous 1964 song about the changing times, technology was also rapidly changing. In 1961, President John F. Kennedy boldly promised to put a man on the moon by the end of the decade. Although it seemed impossible or highly improbable, on July 20, 1969, Neil Armstrong became the first man to walk on the moon.

Fifty years later, it seems like technology is evolving faster than we can keep up with it. It can feel difficult to accept this change, whether as individuals, as professionals or as businesses, but we must embrace it. If we do not, we will pay a price. Only 60 companies that appeared on the Fortune 500 list at the time of the moon walk in 1969 are still on that list today.[1] And the actuarial profession—once consistently ranked among the top three occupations in the United States[2]—is losing ground to other, more data-driven professions such as data scientists and statisticians.[3]

Yet with rapid change comes opportunity, and we must be bold and brave enough to cultivate it. The French poet Andre Gide wrote, "One doesn't discover new lands without consenting to lose sight, for a very long time, of the shore."

At the moment, the actuarial profession is still flourishing. Since 2010, membership in the Society of Actuaries (SOA) has grown by more than 33 percent,[4] and the actuarial unemployment rate remains very low, at 1.4 percent.[5] The question is, how do we ensure we stay relevant in the coming years and decades?

In this article I present some actions we as a profession are taking to embrace change and help us better prepare for the future.

FOCUS ON THE FUNDAMENTALS

Whether it's our code of professional conduct, the education and examination system or our professional development requirements, actuaries should continue to focus on building our professional fundamentals. For example, the code of professional conduct, which applies to members of the five U.S.-based actuarial organizations, states that its purpose is to "require actuaries to adhere to the high standards of conduct, practice, and qualifications of the actuarial profession, thereby supporting the actuarial profession in fulfilling its responsibility to the public."[6] This expectation will keep us grounded as we embrace difficult tasks associated with technological advancements.

One SOA strategic focus this year is to redesign its professional development program, which aims to provide innovative, timely

and pertinent programs for its members, such as the new SOA exam on predictive analytics. Focusing on the educational requirements for actuarial students as well as the continuing education requirements for credentialed actuaries will help ensure that we have the right training on the right topics to embrace the challenges of the future.

STICK TO THE FACTS

One of my favorite things on the internet is a meme with a quote attributed to Abraham Lincoln: "The problem with quotes found on the internet is that they are often not true." Obviously, that is an intentionally misleading—and funny—quote, but it presents a very real issue: How do we cut through the noise as a profession and focus on the facts? With information coming at us from many sources today, it is critical for us to remain focused on the data, what it's telling us and how we can objectively communicate it to our stakeholders.

DIVERSIFY

Embracing diversity helps us better prepare for the future as a profession. In the past decade, the rise in jobs associated with science, technology, engineering and math (STEM) grew six times as fast as non-STEM jobs.[7] If this trend continues, the U.S. could see a shortage of more than a million STEM workers by 2040.[8] According to a 2017 report by the National Center for Science and Engineering Statistics, one critical reason for this shortfall is that women and minorities are underrepresented.[9] To address this, the SOA started a diversity taskforce in 2016, with the objective of tackling similar challenges in the actuarial profession.

In addition, the SOA is examining a long-term growth strategy that includes entrance into new fields for actuaries. For example, in 2016 the SOA helped place interns at organizations that had not previously employed actuaries, one of which was at NASA.[10] When it comes to being more competitive in fields like data science and artificial intelligence, it will be critical to make sure actuaries are in the mix for that work.

BRINGING IT ALL TOGETHER

Bob Dylan cautioned in that famous song, "You better start swimming, or you'll sink like a stone." As actuaries, we must swim—with a strong focus on the fundamentals, sticking to the facts and diversifying—so we can be prepared to embrace the challenges of the future. ■

Mitchell Stephenson, FSA, MAAA, is chairperson of the Leadership & Development Section Council and can be reached at *mitchell.stephenson@prudential.com*.

ENDNOTES

1 Perry, Mark J. Fortune 500 Firms 1955 v. 2016: Only 12% remain, thanks to the creative destruction that fuels economic prosperity. *AEIdeas*, Dec. 13, 2016, *http://www.aei.org/publication/fortune-500-firms-1955-v-2016-only-12-remain-thanks-to-the-creative-destruction-that-fuels-economic-prosperity/* (accessed April 26, 2019).

2 Ranking the Actuarial Career. *BeAnActuary.org*. *https://www.beanactuary.org/what/top/?fa=articles* (accessed April 26, 2019).

3 US Jobs Rankings 2016: Actuaries drop to 10th place, *The Actuary*, April 14, 2016, *http://www.theactuary.com/news/2016/04/us-jobs-rankings-2016-actuaries-drop-to-10th-place/* (accessed April 26, 2019).

4 Society of Actuaries. 2018. *2017 Year in Review Annual Report, https://www.soa.org/about/2017-year-review.pdf* (accessed April 26, 2019).

5 Actuary Overview. *US News and World Reports*, *https://money.usnews.com/careers/best-jobs/actuary* (accessed April 26, 2019).

6 Code of Professional Conduct. *Society of Actuaries*. Jan. 1, 2001. *https://www.soa.org/about/governance/about-code-of-professional-conduct/* (accessed April 26, 2019).

7 Economics & Statistics Administration. 2017. *STEM Jobs: 2017 Update.* U.S. Department of Commerce, March 30.

8 Norup, Kimball. 2016. The Shortage of STEM Workers in the US. *Talentwave*. April 28. *http://www.talentwave.com/the-shortage-of-stem-workers-in-the-us/* (accessed April 26, 2019).

9 National Science Foundation, National Center for Science and Engineering Statistics. 2017. Introduction. *Women, Minorities and Persons With Disabilities in Science and Engineering*. January. *https://www.nsf.gov/statistics/2017/nsf17310/static/downloads/nsf17310-digest.pdf* (accessed April 26, 2019).

10 Reynolds, Craig. 2016. Reflections. *The Actuary,* Oct./Nov., *https://theactuarymagazine.org/reflections/* (accessed April 26, 2019).