



Discussions reveal recruiters' outlook, unusual career paths

by Linda Heacox, SOA Manager of Marketing Communications

Actuarial recruiters share their views

For a clearer picture of the state of the nontraditional job market for actuaries, Anna Rappaport, editor of this issue of *The Actuary*, recently led a discussion among four top actuarial recruiters. They all stress the importance of maintaining good business and communication skills in order to be successful in both the traditional and nontraditional job markets. There are good opportunities in both these

markets. Their perspectives support the observation that the nontraditional job market is a growing territory in which actuaries can ply their skills to great personal and professional advantage.

The panel:

► **Michael Corey**, Global Sector Development Leader of TMP Executive Search, Lake Geneva, Wis., works with firms seeking high-level and senior actuaries often for non-actuarial positions.

TMP is a diverse search firm that houses its insurance area in the financial services search division, one of six divisions for the company.

► **Michael M. Braunstein**, President and Chief Executive Officer of ACTEX Publications, Winsted, Conn., sold his recruiting firm, An Actuarial Recruiter, to ACTEX, a company that provides study materials to actuarial exam takers. Because the ACTEX customer base is

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“Nontraditional” actuaries talk jobs

A little courage and risk assessment are the chief ingredients to a successful “nontraditional” actuarial career. That’s the advice from the panelists commenting on what it’s actually like to work in a nontraditional role.

The actuaries contributing to the discussion all have had varied careers, beginning as traditional actuaries involved in pricing and reserving for insurers or pension plans and eventually finding niches in other, less predictable, workplaces or for unusual employers. Their careers were all built by adding to what they learned and using it in new environments. Business knowledge, communications, skills and relationship building were important to these actuaries as they built their careers.

The panel, moderated by Anna Rappaport, editor of this issue of *The Actuary*, is:

R. Thomas Herget, Executive Vice President, PolySystems, Inc., Chicago, joined the software development company after a more traditional actuarial career. He was recruited after being a PolySystems customer to come to work for the firm, which develops valuation applications for life companies. He manages about 30 people. He uses his actuarial background to help him manage the business, to develop strategy for the firm as it works on actuarial support for customers, and to help him deal with customers.

David W. Kempken, retired from Daimler Chrysler, Detroit, having headed the auto maker’s benefits division. His work included a stint as human resources vice

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Finding your path through the career maze

by Anna M. Rappaport

This issue of *The Actuary* is devoted to the changing landscape in employment for actuaries. It includes several career-related stories: career choices of a group of new Fellows; the outlook for actuarial careers based on input from several executive search firms; careers of several actuaries who have chosen different routes; SOA services to support career management; and employment of actuaries based on the SOA's database.

The employment landscape has changed in the last few years. Changes since I started my first job in a life insurance company in 1958 are dramatic. I anticipate more changes in the years ahead.

Changing opportunities for the actuarial profession

Looking back, the largest employers were mutual insurance companies, many of them in the northeastern United States. Today, the largest employers are the major actuarial consulting firms, most of which are global. The largest practice area in those firms is pensions and employee benefits. Future trends will undoubtedly include these:

- ▶ The war for talent will continue.
- ▶ The largest employers (in both consulting and insurance) will be global companies, and within those organizations, the profession will be global. This will be true in both consulting and financial services. Actuaries will be recognized and work together regardless of where they earned their designations and where they work today.
- ▶ A growing number of actuaries will work in new areas, including executive compensation, corporate employee benefits, software companies, actuarial counseling, and investment positions.
- ▶ A high percentage of the profession will be doing work that did not exist 10 years

ago. Many insurance company actuaries of the 1990s will have to find new opportunities as their companies complete the work resulting from the consolidation activity of that decade.

- ▶ While demand will remain strong, many actuaries will compete with other professionals for the same positions.
- ▶ Consolidation will have no significant impact on the employment of those who serve clients, but it will reduce employment in the insurance and financial services industry.
- ▶ Health risk will be spread between parties and managed differently. Actuaries traditionally work with some of the parties assuming risk but not with others. This area contains both threats and opportunities.

Recognition of career management responsibility

In the past, there was virtually no focus on career management. Today, individuals are expected to manage their careers. The thought process surrounding their job choices moves beyond the current job to how they will be positioned for the next. I expect that in the next decade:

- ▶ Awareness that lifelong learning is vital to success will be widespread. Competitive employers will offer many opportunities for such learning.
- ▶ The combination of strong quantitative skills and risk orientation with communication, project management, and organizational abilities will be highly valued.
- ▶ Few people will expect to be employed by the same employer for a lifetime, and many will expect to move several times during their career. At the same time, employers will work to create new career ladders that support career growth within their organizations.

Organizational structure and rewards

In the past, rewards have consisted of base salaries coupled with systems that offered lifetime security to career employees.

Today, rewards are tied more to organizational success with growing opportunities for employees to own stock. My expectations for the next decade are:

- ▶ There will be a continuation of less hierarchical organizations and larger spans of controls. Teams and task forces will be used to work on projects, and people will move from one team assignment to the next. People will move more freely between functional areas, and greater value will be placed on people with experience in multiple areas.
- ▶ Pay will be more results-focused.
- ▶ There will be few traditional final average pay pension plans. More companies will offer defined contribution and cash balance plans, both of which are more portable and have different patterns of benefit accrual.
- ▶ Diverse programs will offer a variety of opportunities for employees to own stock. The success of a company and its stock will be a key determinant in the financial success of its employees.

The work force will look different

After many years of men leaving the labor force at earlier ages, retirement patterns have changed. More often, workers are phasing out in steps and leaving their jobs at later ages. Women have been accepted in professional jobs and have gained high levels of responsibility, including contact with clients. They are well represented in many organizations, but continue to reach the glass ceiling, albeit at a much higher level than when I began my career in 1958.

The profession has become ethnically diverse. Looking ahead, I see more of the same, with some hard adjustments as the baby boom ages. In addition, work/life balance will be recognized as a legitimate issue, and many employers will offer opportunities for professionals to work on alternative schedules.

Recognition of the actuarial profession

The actuarial profession has consistently received a very high ranking in the *Jobs Rated Almanac* over the past ten years. Many more people now recognize the word “actuary,” and many have at least a vague idea of what it is. Actuaries are mentioned in the press more frequently. Recognition will increase, because as our population ages, issues related to security in old age become much more important as national issues. Actuaries in turn will become more important.

Changes within the actuarial profession

Within the past 25 years, the actuarial profession has developed an extensive program of standards and discipline. At the same time, professionals in many areas are being held more accountable for their work, and litigation against professionals is increasing.

Technology has changed the way we do our work, and many of those who have been unable to adapt to it have become obsolete. Looking ahead, I expect continued evolution in standards, actuarial education, and qualification to adapt to an ever-changing environment. Global cooperation among professional organizations will increase.

This discussion has focused on the environment of the future, but some things have not changed since I was a new hire in 1958:

- ▶ Becoming an actuary requires years of study and hard work. Exams continue to be difficult and time consuming.
- ▶ There are many opportunities for actuaries today, and demand exceeds supply.
- ▶ We worry that the demand for actuaries will shrink, and tomorrow we may find that there are not enough jobs.
- ▶ There is increasing competition from other professionals with growing effectiveness in actuarial work.
- ▶ Lifelong learning has always been important (although it was not always recognized as such).

▶ In addition to knowledge, skills, and experience, contacts are also important.

Career management today is a challenging individual responsibility. Along with many employers, the SOA provides tools and resources to help, but in the end, it is up to each of us to manage our lives. The volunteers who have helped build and maintain the SOA programs that support career development deserve appreciation. Everyone should consider an expanded commitment to volunteer work.

I am frequently asked for career management advice. Here are some of my thoughts:

- ▶ Keep your knowledge and skills up to date. Always look back over the past year to pinpoint what significant learning you’ve gained in an area of importance in your life. If you can do this, it was a good year. If not, you are heading for trouble.
 - ▶ Network and maintain contacts, both inside and outside of your company. You do not know where the future will lead and what it will bring. Contacts will always be important.
 - ▶ Be willing to help others. It is good for them and will enrich your life too. Besides, some day you may need the help of others.
 - ▶ Do quality work. If you can’t do work of which you will be proud, find another job where you can be proud.
 - ▶ Save money. Have enough assets so that if you are temporarily unemployed, you won’t need to panic. Having resources from which to draw extends your options.
 - ▶ Keep balance in your life. Your family is important. Children grow up and are ever changing. You cannot make up or redo missed time.
 - ▶ Ask yourself carefully what is really important, and don’t get wound up about things that aren’t.
 - ▶ Have fun, and enjoy life. When you finally retire, no one will remember that you spent extra Saturdays in the office.
- We hope this issue of *The Actuary* will give you new ideas, point you to new resources, and help you as you seek to manage your career and your life.

Actuarial employment in 2001

by Anna M. Rappaport

Information supplied by SOA members about their employment and areas of practice was modified in the year 2000. Under the new coding system, members provided three sets of information: primary area of practice; description of employer; additional areas of practice and professional interests.

This article focuses on trends in actuarial employment and provides statistics from the new SOA database.

Primary types of employers

Of those SOA members who are currently affiliated with a business connection, 40% work for consulting firms and 48% for insurance companies.

Concentration of employment in large organizations

Consulting firm employment is more concentrated, and the largest firms employ very large numbers of actuaries. A check of the actuarial membership directory (which includes all North American organizations) on December 19, 2000, showed the following number of actuaries in some sample large organizations:

Consulting firms

Name of firm	Number of actuaries*
William M. Mercer	847
Tillinghast-Towers Perrin	795
Watson Wyatt	498
Milliman and Robertson	456
PricewaterhouseCoopers	355
Aon (including ASA)	312
Hewitt Associates	297
Ernst & Young	187
Deloitte & Touche	155

*does not include actuaries in a division of the same firm with a different name

Insurance companies

Name of company	Number of actuaries**
Metropolitan	213
Allstate	155
Cigna	150
Nationwide	148
Prudential	146
Aetna	129

**does not include actuaries in a related entity of the same firm with a different name unless it starts with the same name

Consulting firms are the largest employers today, and the largest consulting firms employ many more actuaries than the largest insurance companies.

The SOA information technology staff and I did some preliminary investigation to see whether employment

within single organizations is growing or dropping. We hypothesize that it has decreased in many insurance companies. However, the impact of mergers and acquiring and selling off blocks of business is such that data from the same companies five years ago is often not really comparable.

What actuaries do in insurance companies and consulting firms

The split by area of practice of SOA members employed by

consulting firms who provided an area of practice appears in Table A.

Retirement is the largest area of practice today listed by 34% of the membership for whom we have practice area data. Retirement actuaries dominate employment in consulting firms, but are only 5% of the actuaries employed by life insurance companies.

The second largest practice area at 32%, which is almost as large, is life insurance—the most common area of employment in life insurance companies.

Table A — Practice areas

Area of practice	% of all employed SOA members	% of SOA members employed by consulting firms	% of SOA members employed by insurance companies
Retirement	34%	65%	5%
Health***	19%	16%	24%
Life	32%	13%	55%
Finance plus nontraditional	13%	5%	14%
Other	2%	1%	2%
Total	100%	100%	100%

***includes benefits and insurance company work

Table B — Employment type

Type of employer or employment	Number of members
Investment banker or advisor	302
Software develop/vendor	200
Miscellaneous—mostly in-house corporate actuaries in employee benefit departments; also includes corporate actuaries in other roles, plus law firms and think tanks	309
Insurance company employment, nontraditional area of practice	256
Consulting firm employment, nontraditional area of practice	183
Total	1,250

Health is 19% of total and includes actuaries working with insurance companies and HMOs, with employers, and with providers. Note that insurance companies and consulting account for 88% of the total employed actuaries. Finance and nontraditional is a greater percentage among some of the other categories.

Nontraditional employment

For a number of years, the SOA leadership has focused on the actuary of the future and the need to move into nontraditional employment. A review of the statistics (Table B) provides some information about

how many SOA members say they are employed in nontraditional roles.

Of the total SOA membership (16,401), 14,248 provided information about an employment affiliation. Members in nontraditional employment represent 9% of this total. The historical data in Table C

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Table C

Trends in Employment by Business Connection

	<u>Nov. 1/93 data</u>	<u>Nov. 1/96 data</u>	<u>Nov. 1/99 data</u>	<u>% change in 6 years</u>
Traditional employers				
Insurance organizations-US and Canada	7,708	8,300	8,181	6%
Insurance organizations-Foreign	577	787	790	37%
Consulting	6,640	7,254	7,256	9%
Government employment	452	509	487	8%
Universities and colleges	180	190	197	9%
Total traditional employers	15,557	17,040	16,911	9%
Nontraditional employers				
Banks and investment advisors	122	206	303	148%
Software develops/vendors	95	156	186	96%
Miscellaneous*	305	335	374	23%
Total nontraditional employers	522	697	863	65%
Other employment	266	349	410	54%
Retired	1,633	1,603	1,838	13%
Unaffiliated	569	903	956	68%
Total	18,547	20,592	20,978	13%

*Includes in-house corporate actuaries, law firms, and think tanks.

Trends in Employment by Country

	<u>Nov. 1/93 data</u>	<u>Nov. 1/96 data</u>	<u>Nov. 1/99 data</u>	<u>% change in 6 years</u>
Society of Actuaries Members				
United States	10,902	11,961	11,904	9%
Canada	3,043	3,161	2,900	-5%
All other	1,139	1,436	1,403	23%
Total	15,084	16,558	16,207	7%
Actuaries in North American Directory**				
United States	14,153	15,695	16,254	15%
Canada	3,193	3,355	3,179	0%
All other	1,200	1,542	1,545	29%
Total	18,546	20,592	20,978	13%

**Excludes Mexican organizations

Recruiters *continued from page 1*

made up mostly of actuarial students, recruiting from that base is mostly for positions for entry-level actuaries through the Fellowship level and a little beyond.

► **Bob Morand**, a Senior Manager of D.W. Simpson, Inc., Chicago, has been with the recruiter for eight years. The firm works with candidates at all levels, in all practice areas. Simpson more recently has placed actuaries in nontraditional roles such as financial engineering. Morand has seen a strong interest from individuals with the actuarial skill set in those types of positions and notices many are going beyond the actuarial exams to earn a CFA, financial engineering degree, or MBA.

► **Aimee Kaye** is President of Actuarial Careers, Inc., White Plains, N.Y., which she founded. She has been recruiting actuaries since 1980. Her firm specializes in placing actuaries, though it has placed several other positions, such as CFO, for some of its clients. She specializes in placing pre-ASAs through senior Fellows, predominantly in the life, health, and pension arenas.

Rappaport—*How do each of you see the state of the market today?*

Kaye—I think it's a very healthy market for actuaries. There are many opportunities, not always in the city or an exact match for a candidate's expertise, but they are there. I see more opportunities at the lower level (pre-ASA to ASA), possibly due to a short supply of actuaries at that level. There are interesting new FSA positions around, and several excellent senior positions, which is always the thinnest part of the marketplace. I'd say it's healthier than normal and a stable market, especially for actuaries who are technically competent, have good communication and interpersonal skills, and can make the transition from traditional work to the boardroom.

Braunstein—We see the same thing—a very healthy market, especially at the early stages of the career. Companies have a hard time attracting candidates up through and close to the Associate level.

Perhaps it's because the actuarial exam structure is such that they don't even find out who the Associates are until somewhere down the road. They are having a difficult time finding people at that lower level. Even though we do see positions, as Aimee said, at senior and FSA levels, the market is extremely good for actuaries at the lower levels. I also wanted to reiterate the importance of communications skills. It's communication skills, combined with actuarial talent, that will make people successful. Actuaries who are going to do well in this healthy market will have those skills.

Morand—I concur with both Mike and Aimee. In addition to communication skills, it's extremely important for an actuary's overall success to have a good business sense. It's paramount over a career to have a good sense of strategy and operations. I completely agree with Mike and Aimee on the state of the market. I would say, though, that one of the driving forces is the opportunity for people at the entry level or with one or two years of experience to leave and go into areas that weren't hiring actuaries heretofore—for example, the investment arena, dot coms, things of that nature.

Corey—What we have seen because of the nature of the work we do, much of which is at the senior level, is fewer but bigger searches. It's not unusual to see compensation levels in the \$500,000 to \$700,000 range for actuaries where maybe that was not true in the past. A lot has to do with the fact that there's a lot of activity in esoteric kinds of roles, especially with the real growth in the offshore reinsurance business, hedge funds getting involved more in insurance-driven financial services, those kinds of opportunities. Also, we've had some success on the international basis, putting actuaries in at very high levels with major international players. The biggest companies today are the major international companies like ING, Aegon, and others, so there's added activity in that arena. We find that actuaries with relevant experience are being

considered for many of the senior marketing and financial roles, and those jobs today tend to be much higher in compensation than traditional roles. So, the opportunities are great for people with the relevant experience.

Rappaport—*Mike, you mentioned relevant experience, and I've heard references to communication skills and business knowledge. Can you explain more?*

Corey—I think relevant skills has more to do with actuaries who will take the investment or financial track or marketing and get into areas outside pure actuarial work, but use their skills to develop capabilities in those areas. Obviously, from the point of view of financial, a person must have very relevant financial experience to be a CFO or CEO in a major company in addition to having the actuarial background. I see fewer actuaries moving toward operating jobs but more in the technical creative roles a lot of them are trained to do. We see fewer presidents today, whereas, a few years ago, there was a predominance of actuaries moving into those roles.

Rappaport—*Do others have comments on additional skills beyond what we've made?*

Kaye—You have to look at the skills of the star performers, not only in terms of actuarial science, but organizational, leadership, people skills, and how they contribute to the bottom line. In today's market, actuaries should make sure what they are doing fits with their personal characteristics, but should always keep an eye on how they contribute to the bottom line. With most insurance companies moving to stock company status, everyone is looking at Wall Street's reaction to their growth rate and profitability. Wall Street is fickle, so everybody from the most junior to the most senior executives must fine-tune their business skills so they are contributors to the bottom line. Otherwise, they may not advance, or they may be looking for another job.

Braunstein—I'd like to put in a plug for the Management and Personal

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Nontraditional actuaries *continued from page 1*

president for the Canadian subdivision of the company and handling investments for the company's benefit plans.

Jeffrey J. Nohl, Senior Vice President of Strategic Planning and Marketing, Wisconsin Physicians Services Insurance Corporation, Madison, Wis., handles public relations and marketing, medical affairs, provider contracting, underwriting, and actuarial services for the health care insurer. He also worked for Aurora healthcare, the largest integrated delivery system in Wisconsin.

Carol W. Proffer, Senior Vice President, Pilgrim Baxter & Associates, Ltd., Dallas, has practiced in traditional area, primarily consulting, and taught. She is now head of private equity advisory services for the investment firm.

Anna M. Rappaport, Principal, William M. Mercer, Inc., Chicago, practices in the retirement area and has a special interest in issues relating to retirement needs of aging Americans, and especially women. Today she is involved in projects that help the firm develop intellectual capital. She is also a frequent speaker and writer, and serves in the role of policy consultant on retirement plan strategy projects.

Rappaport—*Please talk a little about the kind of work you're doing today. How did you get into a nontraditional role?*

Proffer—Ever since I began the process of becoming an actuary, I gravitated to the asset side, because I felt it was an area where I could add significant value. I found that a lot of the analysis and judgment skills I had developed prepared me to deliver better investment consulting and advice. Now, in my current role, these skills are even more important. The investment markets can change dramatically. In the private markets, all of the analytical judgments are important.

Rappaport—*Are there many actuaries doing investment management?*

Proffer—A few. It has always seemed to me like it would be a natural extension of more traditional work.

Kempken—I've been in insurance, in consulting several times and on the industry side several times. I came to my job with Daimler Chrysler from a relationship I had built with an individual I worked with in the steel industry. On the corporate side, you have two types of

actuaries. Those doing what I call in-house actuarial work, which I did not do, and those doing benefits and human resources, which I did. In each of those positions, the actuarial training and prior experience in consulting were very valuable.

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Actuarial employment *continued from page 5*

show that nontraditional employment has grown significantly over the last six years.

Curious as to which firms in the investment banker and advisor field employ actuaries, I checked the membership directory on December 19 and found 31 actuaries connected to some part of Fidelity, 10 at Morgan Stanley, 8 at Frank Russell, and 7 at J. P. Morgan.

We also asked members about other professional interests and areas of practice they are involved in. About 40% provided some information in response to this question. Of the respondents, 194 indicated an interest in financial engineering and 101 in capital budgeting. In both cases, they were spread by area of practice. As their primary area of practice, 798 showed finance; 365 showed it as a secondary area, while 563 showed investments as a secondary area of interest. Risk management was indicated as a secondary area of interest for 389 respondents.

Academic and regulatory employment

One hundred ninety-four members indicated that a college or university employs them, and 390 members said they are employed by government. As indicated in Table C, in each of these areas, there has been less than 10% growth in employment over the last six years.

Trends in Employment

The data in Table B is based on the membership database as of the end of calendar year 2000. In addition, historical data was developed using statistics published in the Actuarial Directory.

Trends in employment by business connection are based on the total North American population, excluding Mexico, and not just on the Society of Actuaries membership. In the analysis in Table C, we have not captured and do not show employment in nontraditional jobs within traditional employers. We have that data for the first time in the current database.

Trends by country are shown for the SOA only and for the total number of actuaries in the North American database, excluding Mexico.

Key Conclusions

Membership in the SOA has grown modestly in the last six years, although it has declined in Canada. The greatest growth geographically has been outside of North America. The greatest growth occupationally has been in nontraditional employment. There has been growth in employment with nontraditional employers. We do not have the data to know if there has been growth in nontraditional jobs with traditional employers, but this is likely. There is a concern that some people are dropping out as they move into nontraditional employment, so that there would have been more growth had they stayed.

The practice area with the most employment is retirement, and retirement actuaries are concentrated in consulting firms.

The largest single employers are consulting firms. Significant change in the makeup of some of these firms has occurred as they have merged over the past few years.

The SOA: supporting your career

by Anna M. Rappaport

When I was a young actuary, and even before that, when I first looked for a job, no one ever shared with me the idea of “managing a career.” Today, professionals at all stages of their careers know that it is their personal responsibility to effectively manage their careers. To help actuaries and potential actuaries in this regard, the Society of Actuaries sponsors a number of different activities.

Mapping out and managing an actuarial career

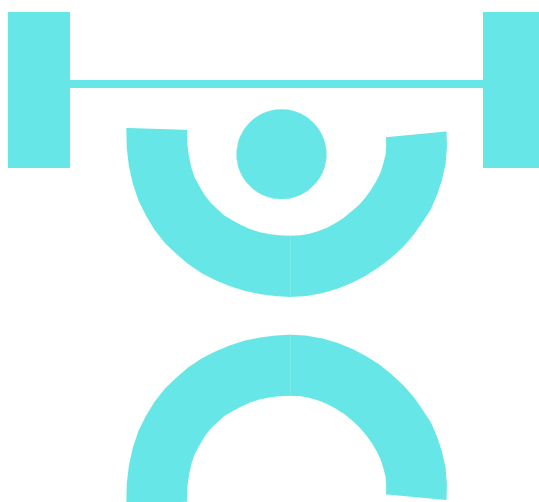
Regardless of where we are in life, we are always trying to figure out what to do next. Where is the next mountain, the next challenge? The SOA offers *The Actuary's Career Planner: A Practical Guide for Actuaries*.

The guide is an interactive workbook designed to help you set goals and plan your life. It includes worksheets, exercises, and evaluations. The workbook takes you step-by-step through a self-assessment of your personal vision, your own technical and business competencies, as well as areas for improvement and your personal preferences and values in the workplace. In the final exercises, it helps you build a long-term plan.

The *Career Planner* is also available online through the “virtual campus” on the SOA Web site, www.soa.org. The cost for the online version is \$25. Sessions are offered at many SOA meetings to help you get started, but the book may be used completely independently. It is available through the SOA bookstore for \$39 (\$29 for students).

Two SOA Sections focus on helping actuaries manage their careers. The Management & Personal Development Section offers education to help actuaries complement their technical skills with nontechnical skills. The Section has several goals:

- ▶ Provide results-oriented skills and knowledge for current and developing managers
- ▶ Build a bridge from technical knowledge to decision-making and its implementation
- ▶ Develop educational opportunities and provide resources for all actuaries who strive to become more effective managers



- ▶ Provide tools to facilitate personal career development
- ▶ Offer opportunities for managers to network, enhance management practice, and experience professional feedback.

The Management & Personal Development Section uses meeting sessions, seminars, resource materials, and articles in *The Actuary* and in the Section newsletter to accomplish its mission.

The Section offered six sessions as part of the SOA 2000 annual meeting: “Projecting a Positive and Professional Image: Looking Like a Million Bucks in a Grunge World;” “Actuary’s Career Planner;” “Presentation Skills;” “Influencing without Authority;” “2010: Where Will the Profits Be;” and “Telecommuting.” It offered six sessions at last year’s Spring meetings and is planning an Emerging Leader Seminar at the end of the 2001 Spring meetings.

These sessions enable meeting attendees to balance their time between technical and nontechnical learning. For those who cannot attend, tapes and *The Record* provide access to this information.

Looking ahead

The Actuary of the Future Section’s mission is “to help actuaries to have productive, value-added employment, leveraging their unique training and skills by identifying:

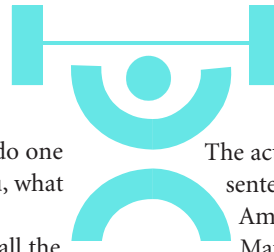
- ▶ new applications for actuarial science and actuaries, and
- ▶ new skills and new ways of thinking required to succeed with new applications.”

The Section’s newsletter has focused on actuaries moving into these new areas.

Career planning today extends beyond traditional work life. The Section has looked at changing career patterns and at actuaries’ extending their working lives beyond what we view as likely retirement ages today. When the Section surveyed a small group of pre-1960 FSAs who are still employed, it found that 31% of the respondents were using actuarial skills, but not in a traditional way. The major reason respondents gave for continuing to work was “mental and intellectual stimulation.”

This survey is particularly interesting as more professionals leave the labor force in stages, taking bridge jobs before eventually retiring. The Section has also looked at the movement of the profession into a new area—providing services to individuals. This area has been called “actuarial counseling.”

Sometimes, career management includes moving to a new job. The Society of Actuaries Job Link service on its Web site offers employers the chance to list open-



ings for \$300 for a 60-day listing. The site also offers a directory of actuarial training programs, as well as a résumé matching service.

Keeping up your skills and staying up to date

The SOA sponsors several major meetings and a number of seminars annually. Many SOA members have not been to an annual meeting in a long time. I find that they are surprised at some of the opportunities available to them at these meetings, such as specialized sessions sponsored by the Sections. For example, at the 2000 annual meeting, the Long-Term-Care Insurance Section offered a full track of sessions on long-term-care issues. At one of last year's Spring meetings, the Nontraditional Marketing Section offered a full track of sessions on e-business applications in insurance marketing.

Teaching sessions have been offered several times to help members get an introduction to the concepts developed in *Financial Economics*. A number of the Sections offer networking opportunities to their members. For those who are unable to attend the meetings, tapes of most sessions are available, and many are published electronically in *The Record*.

The Long-Term-Care Insurance Section worked with a coalition of organizations to offer a long-term-care insurance conference in January. The SOA is working with LOMA and LIMRA to offer the fourth annual annuity conference in April, which will include four different specialized tracks. In addition, the online university offers opportunities to learn from home.

Promoting interest in starting actuarial careers

Several years ago, I had the privilege to be part of an all-day meeting with representatives of large consulting firms discussing the SOA and its services. We asked the

group, "If the SOA were to do one thing of importance for you, what would it be?" We then went around the table and asked all the participants what service would be most important to their firms. Nearly all of them replied, "Help get more of the right students interested in the profession."

The Society of Actuaries and the Casualty Actuarial Society jointly work on career encouragement and minority recruiting committees. The Committee on Career Encouragement provides information to interested students and their advisors about our profession. Information is available through a special Web site, www.beanactuary.org, or in the form of brochures or a video about the profession.

The Web site offers students the answers to such questions as "where do actuaries work, and what do they do?" and includes interviews with a number of actuaries. A quote contained in one of these interviews seems to sum up the message perfectly: "The actuarial profession means job security, rapid advancement, and a rewarding career that is limited only by one's lack of initiative or imagination." So next time someone asks you about the profession, you can send her to this site for more information.

The Committee on Career Encouragement sponsors career fairs. In 2000, 261 students attended the fair held in conjunction with the SOA annual meeting, and 139 students attended the fair at the CAS annual meeting. Fifty-nine educators also attended these fairs, which include presentations about the profession and exhibit halls where students get to meet representatives of different business organizations. At last year's fairs, 52 companies bought ads or sponsored booths. Fairs will be held again at the annual meetings in 2001.

The committee also seeks out opportunities to have a booth at conventions of math teachers or guidance counselors.

The actuarial profession has been represented each year at the annual American Mathematical Society/Mathematical Association of America joint meeting and has conducted workshops for mathematics professors at these meetings. Connections made at these meetings have been instrumental in decisions to establish actuarial programs in new colleges and universities.

The SOA and CAS also jointly provide a special newsletter, *The Future Actuary*, to students writing the first four actuarial exams. Sixty-three per cent of the readers of *The Future Actuary* are not yet employed in an actuarial job, and sixty-one per cent are attending a university.

The Joint Committee on Minority Recruiting solicits contributions from members of the profession and their employers to support scholarships and academic programs for minority students. Together, the two committees also seek out events to help provide information about the profession to minority students and their teachers.

In addition, local actuarial club activities and events are held to interest people in the actuarial profession. In the New York area, the ASNY/CAGNY jointly sponsored Actuarial Career Day on January 2, 2001.

What might this mean to you?

How can you get involved with these programs? Everyone can contribute to the minority recruiting effort. In addition, many career encouragement events are held where actuaries are needed to help with booths and talk to students. Career management and continuing education programs are designed to be helpful to everyone. The committees often need more members and will welcome volunteers. To volunteer, or if you have comments or suggestions, contact Susan Nelson at SOA headquarters. Her e-mail address is snelson@soa.org.

Recruiters *continued from page 6*

Development Section of the SOA, because the kinds of things that Section is trying to do for actuaries are the exact supplements they need to their technical skills. (See “*The SOA: supporting your career*” on page 12 of this issue.) And, just to throw a few bullet points out, those key areas are:

- ◆ Communication
- ◆ Problem-solving
- ◆ Decision-making
- ◆ Interpersonal skills
- ◆ Management skills
- ◆ Leadership skills
- ◆ Business techniques and practices
- ◆ Negotiation

Kaye—Mike, that’s right on target. You need all those skill sets to advance in any organization. They should be a prerequisite for every actuary.

Corey—I would tend to think that the most successful actuaries today are business people, not necessarily the best technicians, but those who have the acumen to combine their technical skills with business skills and instincts. Some interesting changes have taken place with a few people I can think of in the past year or two. A top person who was at a major benefits consulting firm is today the CEO of a dot com property casualty claims operation. The reason he’s there is he has great business skills, not that he’s an actuary, though those are the skills that got him positioned. Another example is an actuary with Ford Motor Company who ran their insurance business who now runs their largest automobile retailing region—totally nonfinancial—related, and he’s a general manager and does a great job. You can talk about the entrepreneurs in the software business who have done extraordinarily well. Combining terrific business skills with the actuarial training, those are the people that are most successful.

Kaye—I’d like to add that the leaders of today are those who tend to be less technical and know how to network. Since they are working with leaner staffs,

instead of learning by going to school or reading a book to acquire new disciplines, these executives know the key people from whom they can get that information. All successful people have strong networks of good technical people whom they can access quickly. One should develop this network before you need to use it so it will be available at crunch time.

Rappaport—*Someone mentioned people who move into nontraditional jobs after one or two years of experience. Are these people who continue in the field? Do they leave the actuarial profession?*

Morand—For the most part, when someone takes a position in investments or financial engineering who has an actuarial science degree, maybe one or two exams, excellent GPA and technical skills, with a year or two of experience, they’ll decide the actuarial exams aren’t their main focus of interest. They are presented with opportunities like financial engineering, a career path without the burden of actuarial exams. What we’ve seen is that actuaries can continue to gain acceptance as overall quantifiers of financial and other risks in addition to being used in wider roles by traditional employers of actuaries. In answer to your question, the people who go into these nontraditional areas will ultimately leave the profession.

Rappaport—*How can we help them continue in the profession?*

Morand—I think the SOA is on the right track with the proposed QRS (Qualified Risk Specialist) designation.

Braunstein—I think it’s a mix. To the extent that your actuarial designation can be a benefit, you don’t drop it. If it’s not a benefit, why pay the dues and spend time with those people who are not going to work with you? Some people find themselves on one side and some on the other. I am an example of that. I went into recruiting, which I would argue is a nontraditional role, but I kept my designation because I work with actuaries.

Then I went into publishing, and because my customers are all actuaries, it made sense that I would stay involved with the SOA. If you go into software work, and you work with actuaries, you keep it. Then, there’s teaching, which might or might not be considered traditional. I know some actuaries who are professors who have Ph.D.s and actuarial credentials, and sometimes they drop the actuarial credentials, because they don’t feel they carry any additional weight.

Kaye—I think you’ll find that most who haven’t reached the ASA designation will drop out. There are too many exams, and nontraditional employers offer little connection with the actuarial community and no study time. But if the SOA could create another designation requiring fewer exams, it might be able to keep some of these people. I believe many of these students are in the investment, IT, or financial areas, maybe dealing with the insurance industry, and would like to pursue their ASA designation, but are not willing to give up their free time.

Rappaport—*What examples do you have of mid-career switches? Any advice for people who want to make a change?*

Kaye—I just spoke with an FSA an hour ago who made a career change last year into a nontraditional field. It has nothing to do with the insurance business, though insurance companies are his clients. He’s thinking that the longer he stays away from traditional actuarial work, the more it will impact his ability to return to traditional employment. There’s a nagging question in his mind whether there is a point of no return. Another nontraditional opportunity is on the investment banking side, which is becoming less nontraditional to actuaries than it was thought to be in the past.

Braunstein—I agree. I think people ought to realize that the FSA designation is a steppingstone and not the end of the road. When one gets there, one has a set of technical skills, which can be effective

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Nontraditional actuaries *continued from page 7*

Nohl—I'm probably the flip side of Dave. I've been an in-house actuary most of my career, being responsible for the profitability of a company, such as managed care or provider contracting. Analyzing the performance of these areas made me knowledgeable about them, and eventually I was asked to lead them.

Rappaport—*Do you see employment opportunities for actuaries on the provider side?*

Nohl—Yes, primarily with the large provider systems. A lot of providers bring in consulting actuaries if they've got a hot project. What providers lack is an understanding of how the insurance world works. I did not see a lot of strategy development surrounding their insurance industry contracts. A good example I found when I worked with providers was that some of them showed naïveté when contracting with insurers. The bigger the insurer, the bigger the discount they offered. I tried to convince them that this strategy was distorting the marketplace and concentrating business in the hands of a few insurers. I tried to steer them into developing a strategy to lessen the range of discounts and distribute business among a larger group of insurers. I had a very tough time convincing them about what they were doing to the marketplace.

Rappaport—*How did actuarial training benefit you in your current nontraditional jobs?*

Herget—We sell actuarial software so actuarial training was, of course, vital to me in my position. Actuarial training was vital in pricing our products, we need to know how to recover development and marketing costs as well as lock in charges and costs for ongoing maintenance.

Rappaport—*In another recent panel discussion with some actuarial recruiters, the importance of networking was stressed. What are your comments about building business relationships?*

Herget—I would echo that. Relationships are incredibly important. I'm always

speaking, writing, getting to know people. When I was much younger, I thought all you needed was substance. Now, I think you need an equal amount of form and substance to succeed.

Proffer—I'm with Pilgrim Baxter because of a relationship I developed with them. A major part of my time is spent building relationships with venture capitalists. That's a part of the world where relationships are vital. They will not do business with someone they don't know.

Herget—Do you play golf, Carol?

Proffer—I don't golf at all.

Herget—I was hoping you could tell me what to do besides golf. I hate golf. But people tell me more business can be accomplished on the golf course than in the office.

Proffer—You have to figure out how to relate to people. Some people like talking on the golf course, others like to meet over a meal, and others want to sit across a desk. It's very important to work always on building and using the lines of communication above and below yourself.

Rappaport—*What advice would you give to actuaries who want to explore nontraditional work?*

Kempken—Whatever role you're in, you must be aware of and learn as much as you can about your customer's environments. The consulting world would benefit a lot by having some experience with the insurance world and vice versa. When I was at Chrysler, we did a swap with our consulting firm. We sent a young, high-potential human resources person to them, and they sent us a young actuary. Our employee got some very good benefit experience with the consulting firm and their actuary got invaluable experience (and great connections) with a major client.

Proffer—It's extremely desirable to look at the environment of the business you're in, the products you offer, or the people

you work with. You have to think about that all the time.

Rappaport—*What I've heard is that some of the things that were valuable from the actuarial background could be applied in a lot of different ways. What advice would you all offer individual actuaries?*

Herget—Work on communication skills; primarily convincing and persuading.

Kempken—Be open to all aspects of the career. Don't limit yourself to one particular piece of it. Be open to situations as they arise.

Proffer—Peter Drucker wrote that whenever you are looking at new opportunities for employment, pick those that are natural extensions of the areas in which you've been successful in the past. Actuaries should stretch and look at opportunities that build on core strengths.

Nohl—I think actuaries and all analytical professionals have a natural inquisitiveness. Data is important, but actuaries need to do a good job of explaining it to "non-data" people. If the people they are working with don't understand what you are saying, you are going to get shut out of a decision and you're going to be seen as someone who isn't contributing in decision making.

Rappaport—*Based on the experience you all have had with nontraditional employers, tell us how actuaries can make those types of jobs open up for them.*

Proffer—First, ask yourself, "What have I done in the past that would be valuable to employers?"

Herget—There is one actuary at a client who is opening up a new job by himself. He left the insurance company and went to Las Vegas. He says he can make more in Vegas on a weekend than he does at the insurance company during the week.

Rappaport—*I don't think that's exactly the kind of nontraditional position we were thinking of.*

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Perspective on the actuarial profession: Fellowship Admissions Course survey – December 2000

by Jeff Allen, SOA Managing Director of Practice Area Education and Research

With new opportunities emerging and traditional opportunities in a time of transition, the actuarial profession faces many challenges. One indication of the professions' ability to thrive in this dynamic environment is the outlook of new entrants to the profession. To gain insight into the perspective of new entrants, we recently surveyed a group of Fellowship Admissions Course participants.

While this group does not represent the "newest" entrants to the profession, it does represent the views of a group of individuals at a critical transition stage in their careers. Also, while this was an informal survey and not scientific in nature, it does present some interesting insights into the perspective of recent FAC attendees.

Fields of study

Of the 97 participants at the December 2000 FAC, 50 responded to the survey. The group included 20 (40%) actuarial science majors, 21 (42%) with a mathematics or statistics major, and 9 (18%) coming from other academic backgrounds.

Those majors that did not fall into the actuarial science or the mathematics/statistics categories included:

- Mathematics and Economics
- Mathematics and French
- Mathematics and Physics
- Marine Engineering
- Mechanical Engineering
- Management Science
- Physics

Of the undergraduate institutions represented, 29 (54%) offered some level of

actuarial science support. Of the attendees without an actuarial degree, only nine (or 30%) of their institutions offered actuarial science programs.

While all the attendees had attained a bachelor's degree, seven attendees (14%) had a master's degree and one had a Ph.D.

Experience Level

When asked about the length of time spent in their current positions and in the actuarial profession, the following responses were received:

Major	Years in current position	Years in actuarial profession
Actuarial Science majors	4	8
Math/Statistics majors	5	9
Other majors	3.5	7.5
Total	4	8

Job responsibilities

In describing current job responsibilities, attendees often chose to describe the functions they performed (e.g., financial reporting, product development), but at times they described their employer type (e.g., consulting). The most common descriptions of current job responsibilities were:

- product development/pricing —16 responses (34%)
- financial reporting/valuation —13 responses (28%)
- consultant or pension consultant, —13 responses (28%)

Other less frequent descriptions of job responsibilities were:

- managing a specific line of business

- cash flow testing or asset liability management

- reinsurance

- investments

- underwriting

Predictions for change

The most common changes predicted in the next five years fell into two categories: predictions for the candidates' individual careers and predictions for changes in the environment. Predictions for individual careers were:

- Advancement/new responsibilities
- Increased leadership responsibilities and strategic involvement
- Promotions and more influence
- Higher level of decision-making
- International work
- Less technical work
- More management/supervision responsibilities

- Diversification of responsibilities

Predictions for changes in the environment included:

- Consolidation
- Increase in consumerism
- More complexity in products supported
- New markets
- Increased role of technology
- Changes in the health care industry

Factors affecting choice of employer

As attendees considered factors that affect decision-making in choosing an employer, candidates suggested:

The job

- Type and variety of work
- Broad growth opportunities
- Influence of position

The company/employer

- Reputation
- Management
- Work environment and people
- Compensation/benefits
- Location
- Stability

Strategies for achieving career goals

Thirty of the attendees (60%) indicated that they had clearly defined goals for their careers. The strategies to attain these goals included:

- Work hard/initiative
- Determination/persistence/“never quit”
- Stay up to date/keep advancing skills
- Stay focused/define an area of expertise

- Find the best fit in a position

- Stay optimistic

Learning about the actuarial profession

The final survey question asked how the attendees learned about the actuarial profession. Learning about the profession in the university or from a professor was by far the most common response. Answers fell into the following categories:

How did you learn of the actuarial profession?

Source	Number	Percent
University (generally a professor)	18	36
Friends	9	18
High school (generally a math teacher)	9	18
Parents/relatives	6	12
Publications (e.g., <i>Jobs Almanac</i> rating)	2	4
Work experience/chance	2	4
No answer	4	8

Conclusions

While a great majority of the FAC survey participants work in primarily traditional actuarial roles, the responses we received illustrate that they possess a good understanding of the less technical and more global business issues essential to success as an actuary and as a business professional.

Respondents also generally seem to be aware of their own responsibility for planning their careers and are focused on strategies for achieving their career goals.

While this survey was informal and not scientific in nature, we believe it provides a glimpse into the perspective of new Fellows. We hope readers of these survey results find them insightful. The Fellowship Admissions Course is held four times each year, and this survey—or a modified one—can be repeated with little difficulty in the future.

Any new insights into the results or thoughts on additions or modifications to the survey are welcome and can be sent to Jeff Allen at jallen@soa.org.

Nontraditional actuaries *continued from page 11*

Herget—I was just picking up on Carol’s point about identifying your strengths when making a career change. I think that’s what he’s doing.

Nohl—I do like that story because it illustrates another important piece of advice. Take a chance with your career. It’s easy to stay in a job or industry and continue to do the things you’ve always done. But if you want to get into other areas, you have to get out of that comfort zone a little. Stretch yourself. It is extremely rewarding to enter another field and learn about it and master the information you need to succeed.

Proffer—Actuaries, of all people, should be able to assess risks and manage them when it comes to their careers. I would encourage actuaries to take more risks.

Kempken—My advice would be, there needs to be something to build on. You bring skills or value to the new situation. That’s what you should use to sell yourself to a new employer.

Rappaport—*Do you have advice to the SOA on how it can help members achieve these types of transitions into nontraditional fields?*

Kempken—I think encouraging consulting firms, insurance companies, and employers with nontraditional opportunities should explore swapping young high potential employees for temporary learning through experiences. It can be good for all concerned. The SOA could encourage this through communications like this, workshops at SOA meetings, and facilitating networking.

Proffer—Thinking back to when I took actuarial exams, I don’t remember any focus on the skills of leadership and management. There was nothing that really linked the use of some of the analytical tools that are applied in those types of roles. That’s something that could be changed.

Rappaport—*Are you all aware of the new SOA Management and Personal Development Section? It is attempting to do exactly that.*

Herget—That’s great. One thing the Section could offer is more development type sessions at annual meetings. They could cover topics like how to make presentations, how to build relationships—things that don’t usually get addressed.

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in many areas. That's the best statement that can be made about what an actuary is. They can take that business experience that they have had and recognize the things that were good and the things that weren't, and go forward. The farther one gets from a traditional role, it would seem, the less marketable actuaries would be in actuarial roles. That's unfortunate, but it's a function of the mindset of employers. The best actuaries aren't going to care too much about that. I think they realize that they're going to be successful, and that those who do have that mindset are wearing blinders.

Morand—I think with the overall convergence of the capital markets and insurance industry, we're going to see a large growth in opportunities for actuaries in nontraditional roles. Over time, as employers are more educated about actuaries, we'll see it skew more toward traditional roles.

Corey—It's interesting; you made a statement that I've heard for years and years, and I wonder if it's ever really going to happen—that employers have to be educated as to what actuaries can do. I wonder how they're going to be educated, because I don't think, frankly, the SOA has done a good job in educating the rest of the world. Maybe it's an evolving situation much like investment banking where they see there's a talent there, and they're picking that up out of necessity.

Kaye—The onus is on the actuaries themselves. When they sit in front of an employer, they must speak this person's language, to explain to them in the language that person understands why they should hire an actuary. It's the rare employer who will say, "I need an actuary." It's up to the actuary to explain, "This is why you need me. This is what I can do and why no other professional or MBA can do the same things."

Rappaport—*Let's switch subjects. What is changing over the next five years?*

Kaye—I think, with the transformation to stock companies, the insurance industry is becoming very competitive. Companies

are focusing on their bottom lines, and they feel scrutinized by Wall Street, which tends to be very fickle. Growth and profitability are today's watchwords. There are fewer "mom and pop" insurance companies where actuaries work for 20 years. Everything is moving faster. As someone recently remarked to me, "We're doing business at Internet speed."

Corey—The new economy companies demand a new kind of executive. The question is, "Is the actuary, in terms of training and style, able to deal with the new economy?" I see greater opportunity for actuaries in areas that are not actuarial—both within the insurance world as well as the service businesses. If, in fact there is a recession, there is likely to be more outsourcing and opportunity for consulting firms to pick up more business. Actuaries in those organizations might have greater opportunity. But I think there will be less activity in traditional areas and more in nontraditional areas, which would be using skills in areas like hedge fund businesses, financial services businesses, product development, marketing, things where they can use their analytical skills and combine with creative skills. They'll have an advantage over other people.

Morand—I agree, Mike. You brought up an interesting point. What happens with the economy? Are we headed for a recession? I don't know. In the past, it has seemed the actuarial profession was shielded from the effects of a recession. There's a question as to how sensitive the profession is to the economy. Overall, an actuary can contribute to a financial and risk-related profit center. Anything that contributes to the bottom line, for example, managing risk, we're going to see growth in employment opportunities for actuaries and other risk professionals. That's the outlook for the next five years.

Braunstein—I think you're going to see a wider range of compensation over time. The better actuaries, those who can contribute and bring these business skills that we've talked about to a company, are

going to do extremely well from a compensation perspective. Whereas, the potential downturn of the economy is going to adversely affect those who can't do that. You're going to see the more typical actuary, the old-school or dinosaur actuaries, suffer. Those who have concentrated on nothing but technical skills are going to find their opportunities limited and their compensation not as exciting as it will be for those who have the wider skills.

Rappaport—*Mike Corey, can you be more specific among our practice areas as to where you might expect decline?*

Corey—I think there will be decline in areas where technical skills are paramount. I hate to say it this way, but the real technical actuaries of yesteryear will become like programmers were when technology changed, and they didn't change with it and were downsized. The successful actuary of tomorrow has to have strong technical skills, but be able to deal with the new economy and be a different kind of problem solver. Traditionalists who do the "same old, same old" will be of lesser value. I think Mike Braunstein had a good point, that there will be a different compensation matrix from the Hancock matrix of some years ago. The traditional green eyeshade actuary will find less opportunity.

Rappaport—*You're not making a distinction between life, health, investment, and other practice areas?*

Corey—No, not at all.

Rappaport—*I've heard a couple of you comment on some people getting outplaced and jobs getting phased out. Do any of you have specific advice for people that happens to?*

Braunstein—We all have advice on that one.

Kaye—We'll start by giving them our telephone numbers!

Braunstein—"Be prepared" is the message I try to send to people all the time. I think it was Aimee who talked about networking when you don't really

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Nontraditional actuaries *continued from page 13*

Nohl—I wonder if the SOA can offer joint seminars with other disciplines where there is a natural overlap of interests. The SOA could also do a better job at helping people find others who are in similar nontraditional roles.

Rappaport—*That's a really good idea about the seminars. I know it's been done at least once in the past. I think that is something we could do. But what are you suggesting in terms of helping individuals get together with other professionals?*

Nohl—I don't know. Maybe there's a way to bring those people together. Bringing providers together with actuaries would be very useful. Or, do the same thing with the investment community. It seems to me that it would be very rewarding to hear nonactuarial perspectives on topics, and it would also help to expand contacts in nontraditional areas.

Rappaport—*What opportunities do you see for actuaries in new areas?*

Herget—I see expansion in the risk management field. Identifying places of weakness and opportunity, such as counterparty performance. Also, I can see life companies outsourcing more of their function.

Proffer—Another area is hedge funds. They have grown rather dramatically. In the funds I've seen there is usually the position of "Chief Risk Manager." It is critical to the hedge fund operation. That would be a place where actuaries could be very useful.

Nohl—No question the provider side could be fertile ground. Opportunities could arise from changes in the pharmaceutical industry. There should be huge opportunities for controlling risk on the pharmaceutical side. Capitation or risk-sharing by manufacturers could become more prevalent, which opens up a whole world to actuaries.

Rappaport—*Is there some additional training actuaries should be thinking about?*

Nohl—First, they need to understand the market place. They need to understand provider issues. You have to take a little broader view than you might be used to in a traditional actuarial role.

Kempken—On the corporate side, the biggest opportunity is broader management responsibilities. The best opportunities are to move to related areas and gradually expand. Whatever you evolve into, you need to understand that business in order to be effective. The more you know about the interactions, the more opportunities you have.

Nohl—Your communication skills have to be much broader. You can't use the buzzwords or the jargon that actuaries understand when you aren't talking to actuaries.

Herget—That's really true. At our company, we send our people to Dale Carnegie and Toastmasters. We've even hired a speech coach. It was necessary because we have people who were born overseas who haven't mastered English. It seems to have really helped.

Nohl—I've actually seen actuaries win arguments using buzzwords because no one could understand them. They just intimidated everybody else. They won the argument in the short run, but probably damaged the image of actuaries in the long run.

Rappaport—*What is the future of the profession? Moving in different directions or anything we should pass along to people?*

Proffer—Look at implications of risk management. It cuts across all kinds of sectors and industries. A good look at those areas would be helpful in determining where actuaries can have more value.

Rappaport—*How well do actuaries compete with others doing risk management?*

Proffer—It seems like a natural for actuaries. However, to date, most of the risk management people I've seen have come from the accounting side.

Rappaport—*We keep hearing a lot about financial engineers. Are they competing too?*

Proffer—Oh, absolutely. Risk management professionals can also come from the regulatory side. But, with all these professionals, the way they approach risk management, they leave out some of the analysis of assessing what the real risks are. Actuaries can do as good or a better job, because we do all the analysis.

Herget—To be successful, the actuary has to understand the competing objectives of shareholders, policyholders, and employees and keep the company near the middle of this triangle.

Nohl—I'm thinking of the issue you raise of how do actuaries step into these roles I think we must get more visibility in the public and more understanding of what actuaries do. In one instance I know of, the City of Milwaukee was trying to attract people to purchase homes in Milwaukee in depressed areas. They wanted to attract buyers by giving them a guarantee of a minimum value on the home so no matter how the real estate market behaved, the homeowner would not lose money. That's a perfect example of where actuarial skills are applicable. I got involved in looking at the issue, but had I not known a person working on that issue for the City, I would not have been called in.

Rappaport—*So you're saying we need to educate employers and potential employers about actuarial skills and what actuaries can do for them?*

Nohl—I believe that's the case. There have to be people sitting with problems and asking, "Who can I call to solve this?" Why shouldn't they call an actuary?

Rappaport—*What closing comments do you have?*

Proffer—I've loved everything I've done from teaching to actuarial consulting to portfolio structuring to investing in the private world. What I'm doing right now is a culmination of all those activities. It's

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See you in Cancún

A message from the President of the Society of Actuaries

An increase in the global span of our profession is being driven by an era of rapid change and remarkable technological advancements. Indeed, whole industries and economies are witnessing dramatic changes due to globalization. The globalization of our own profession sets the perfect background for the upcoming 27th International Congress of Actuaries (ICA).

The Congress's motto of "A new millennium, a new challenge for actuaries" reflects the impact of change as our profession reaches across traditional boundaries. ICA 2002 will take place on March 17-22, 2002, in Cancún, México. This is a unique opportunity to meet and interact with your colleagues from around the world in one of the most beautiful and ecologically diverse areas of the world.

The scientific program will contain sessions sponsored by many actuarial organizations including the Canadian Institute of Actuaries, Casualty Actuarial Society as well as the Society of Actuaries. There will be panel discussions, workshops, and formal papers submitted on a wide range of topics. The first part (Monday–Tuesday) of the Congress will focus primarily on property and casualty, health insurance, and Social Security. The second part (Thursday–Friday) will deal with topics related to life insurance, pensions, and financial risk. Attendees may choose to attend the entire week or just one half of the Congress.

Attending an ICA meeting is great for career growth. For those actuaries working in global companies, it provides an excellent

way to gain exposure to people and ideas from all over the world. For those actuaries not working in global companies today, it provides an excellent way to gain insight into key factors in the marketplace. No other meeting or experience allows an actuary to get this type of exposure in such a short time.

In addition, the ASTIN Colloquium will be held in conjunction with this event. ASTIN is a section of the International Actuarial Association, which focuses on nonlife insurance.

I strongly urge you to consider attending ICA 2002. The significance of this event is such that I would also encourage those who oversee actuarial departments to allocate funds in their 2002 budgets to cover travel costs. The proximity of the Congress location as well as meeting fees, which cover both meeting sessions and meals, combine for a great value package.

If you have not already received your ICA 2002 bulletin or would like additional information, please visit the ICA 2002 Web site at www.ica2002.com. Advance registration discounts are available through March 31, 2001. I hope that you will mark your calendars.

Don't miss out on the chance to participate in one of the most important events of the worldwide actuarial community. ¡No dejen pasar la oportunidad de participar en el evento más importante de la comunidad actuarial en el mundo! ¡Los vemos in Cancún!

—Robert L. Brown, President, Society of Actuaries

Call for 2001 Woody Scholarship applicants

The Actuarial Education and Research Fund (AERF) announces the sixth annual Woody Scholarship Program, which awards up to four \$2,000 scholarships to undergraduate students with senior standing.

Applicants must rank in the top quartile of their class and have successfully completed one actuarial examination.

As part of the application, each student must write a brief essay and be recommended by one of their professors. Students also will be judged on leadership, as demonstrated through extracurricular activities.

Only one application from each school is permitted. Deadline for applications is Friday, June 29, 2001. Winners will be notified by August 31, 2001.

Applications are available on the AERF Web site at www.aerf.org/grants&competitions or from Paulette Haberstroh at the Society of Actuaries (847/706-3584, fax 847/706-3599, e-mail phaberstroh@soa.org).

Mail Alert First ballot

First ballots for the 2001 SOA elections of officers and board members will be mailed to all Fellows on March 6.

To be valid, ballots must be received in the Society office no later than April 6.

Fellows who do not receive a first ballot by March 19 should call Lois Chinnock at the SOA office (847/ 706-3524).

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need to be networking. But the key is to live your life in a way that prepares you when you get to that crossroad. We know that change will occur. And people who deal best with change are the people who have prepared for it by training themselves with the skills they're going to need. It's all about preparation.

Morand—Absolutely, Mike, and they should consider, beyond their actuarial designations, looking into a CFA, perhaps an MBA. Actuaries should be less cautious and take more calculated career risks.

Kaye—And they should pay attention to the market; examine it like a consumer. See how and where trends are emerging, and try to learn more about those areas. Take what you have learned and relate or translate it to your company's business in order to increase bottom line results. This will create more value for you. There is little room today for any backroom actuaries. I don't think this is going to change, either. The actuary of tomorrow needs to

be forward-thinking. Don't just analyze the numbers, but come up with solutions on how to improve them.

Rappaport—*Can we discuss overseas opportunities?*

Corey—We do quite a bit of business overseas. Individuals with multinational experience are far better off than those without, because the insurance world is becoming so global. The ability to do international work is very valuable. There is a need, both in Europe and the Pacific Rim, for talent. Talent wins all the time.

Braunstein—My company has never had the kind of international exposure that Mike Corey has had, but from the areas we've been involved in, Canada and Mexico, I would stress that actuaries who are bilingual have an edge. You asked whether it's advantageous to have international experience. One needs to understand the culture. It's very good to speak the language, although English is becoming the world's business language.

Kaye—All that is true; however, there are some pitfalls. Sometimes, if one makes a career overseas, it is often difficult to return to domestic positions. Sometimes a company will decide an employee who is abroad is so valuable that they won't bring them back to the United States because they have created significant "value-added" abroad.

Morand—I would like to add to that, Aimee. If you are foreign born, say from the Pacific Rim, with the emergence of free markets, especially in insurance, opportunities are growing there. But one major pitfall is that not every company is willing to pay for an ex-pat package. So if you are looking to get back to Taiwan, Hong Kong, someplace like that, a lot of times they'll like what you have to offer and that you're from there, but they don't have the budget to hire you.

Rappaport—*I've been doing work around retirement issues, and one thing we've noticed is that many people are leaving work in stages. They are retiring from one company and taking another job. Does anyone have any observations or advice for people over 50 who want to do that?*

Corey—I counsel people on this kind of movement. Retirement is extremely emotional and complex. You have to consider even simple things like issues of self worth and how you make a change going from a leadership role in an organization to suddenly being off every day. Because of the change in health of people age 60 and up, it's pretty well recognized that some of the greatest thinking is done by people close to retirement, and retirement is taking on a new look. They're transitioning from full-time jobs into interim roles and doing activities that utilize their skills like consulting or not-for-profit types of work. I clearly see more people are interested in staying busy and active.

Braunstein—The best word to describe retirement today is "blurry." This issue of transitioning retirement by going from

Nontraditional actuaries *continued from page 7*

wonderful, but it's probably not the last thing I'm going to do.

Rappaport—*I've noticed about your career, Carol, that one thing led to the next?*

Proffer—Oh, absolutely.

Kempken—In terms of encouraging people, I would say you have to get your technical skills down, but also try to broaden them with abilities in communications, business knowledge, industry knowledge. Keep learning. Keep going beyond your comfort zone. Be alert to opportunities, step out, and branch out.

Nohl—Actuaries all share a strong analytical math background. But I'm really impressed with the diversity of work that we're all involved in. You really can do a lot of things with this professional background. My final piece of advice, which I

will steal from the Army, since they don't want it anymore, is "Be all you can be."

Herget—Always be learning. Don't relax once you get your FSA. Keep your skills up to date.

Rappaport—*Once again, thanks to our panel. You all must be very busy day to day, and we value the time you gave us to discuss this important topic. It seems the advice of this panel and the advice of the recruiting panel is very similar. Actuaries must keep learning and stay open minded about how they can use their skills. The SOA must continue to try to help the business community understand how actuaries can offer value in roles they may not have been considered for in the past.*

Anna M. Rappaport can be reached at anna.rappaport@us.wmmerc.com.

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New task force aims to streamline SOA election process

by Sarah Sanford, SOA Executive Director and Cheryl Enderlein, SOA Executive Administrator

Quality leadership is key to an organization's success. To date, the SOA has been fortunate in the quality and quantity of members who have volunteered their time to lead the organization. However, due to the changing workplace, we cannot assume that this trend will continue. Volunteerism is decreasing as work responsibilities are increasing. Finding candidates able and willing to serve in top leadership positions is especially challenging because of the demands these roles place upon incumbents' time. Case in point: for the past several years, the Elections Committee has experienced difficulty in providing enough candidates for the first ballot. While this is due to a variety of circumstances, one consistent reason has been a limited pool of eligible candidates under the SOA's current system.

One way to address this situation is to utilize volunteers appropriately and efficiently, a challenge noted in the draft Strategic Plan. Another way is to assure that our process for electing Society leaders does not create any unnecessary barriers or obstacles to qualified potential candidates. We will need to find ways to take full advantage of leadership skills throughout the ranks of the organization.

Task Force formed

Recently, a Task Force on Elections was formed to review the Society's elections process and make recommendations for improvement. Its charge is to "review the process and procedures for the election of officers and board members, to ensure the Society is selecting the best quality members for its leadership positions. It will recommend changes to the Constitution, By-Laws and procedures to the Board of Governors that it believes appropriate."

The Task Force is chaired by Stuart Wason, past president of the Canadian Institute of Actuaries. During his term as

president, the CIA did an extensive review of the structure and governance procedures utilized by the organization.

Other members of the Task Force are Bob Beuerlein, Howard Bolnick, Allan Brender, Norm Crowder, Neville Henderson, Dave Holland, Barbara Lautzenheiser, Dick London, Walt Rugland, Pat Scahill and Jack Turnquist. The staff liaisons are Lois Chinnock and Sarah Sanford.

Governance survey

The Task Force decided early on that it would be helpful to have benchmark data from other nonactuarial, nonprofit associations of similar size and scope. Data was collected in the following topic areas:

- ▶ board organization
- ▶ nominating committee responsibilities
- ▶ elections process
- ▶ representation

Results

Board size ranged from 5 to 31 members; the average number of board members was 14. (SOA Board of Governors currently has 28 members.)

Every organization surveyed had a nominating committee. Nominating committee responsibilities universally included creating a slate of qualified candidates according to specified criteria. Criteria common to all included: demonstrated leadership ability; contribution to the profession (this did not necessarily coincide with number or type of volunteer positions held); solid track record of performance in organizational responsibilities; currency in issues and challenges facing the profession; positive personal and professional references. In most organizations, anyone with Board experience is eligible to run for officer or presidential positions.

Most frequently, the nominating committee reported to the board. Sometimes it reported to the president or president-elect. In some cases, nominating committees were also responsible for leadership development and identifying future leadership needs.

No organization surveyed had a "primary" system or a first and second ballot.

Campaigning is not usually allowed, although candidates generally have the opportunity to submit a biographical sketch and statement.

In the majority of organizations, all active members (nonstudents) have voting rights. In some cases, the voting is conducted at the annual meeting, so only members present vote. Only one organization surveyed restricted voting rights to specified member classes.

Constituent representation at the board level is highly variable. Almost all of the organizations reported some type of "special interest" segmentation. In some cases, board seats were designated based on special interest affiliation. Those utilizing this approach reported that board members often struggled to maintain balance between specific constituency perspectives and their fiduciary responsibility to make decisions in the best interest of the organization. Other organizations described a senatorial "house of delegates" approach. Without exception, this approach was strongly discouraged because of its cumbersome and bureaucratic nature.

Membership survey

In January, all Fellows were surveyed regarding their perception regarding the effectiveness of the SOA's procedures. Thanks to everyone who participated. At press time, the results of the survey were not known but will be reported later.

Recruiters

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one job to another is common. We get calls from people who are officially retired but willing to do some work for several hours a week from their homes. They're looking for consulting assignments. People do want to work. They're active, they're capable, and a few extra dollars don't hurt. So, even though they may be officially retired, they still see themselves as contributors to the profession.

Kaye—One avenue a retired actuary could explore is assuming a more junior role in an insurance company. They could add value to the company, without having all the responsibilities and commitments required of a senior position.

Rappaport—Closing comments?

Corey—I would like to echo what everyone else said. Prepare for tomorrow. Be intuitive. Look into the future and attempt to retool yourself.

Kaye—Everybody should look at staying “hands on” and/or develop an expertise, which increases your value.

Braunstein—Keep learning as you go through your career. Don't be afraid of changes. Embrace change.

Morand—Actuaries have to continue to make noise about who they are and what their skills sets are. They can become better known. That's where we'll see the growth.

Rappaport—*Our panelists have shared a number of interesting ideas and offered some challenges to us personally and to our profession. There are great opportunities for actuaries today, if they have the right skills; but for those without skills, opportunities are limited. As individuals, we are challenged to build and maintain those skills. There are nontraditional roles for actuaries. While many who have chosen these roles remain in the profession, others have not. The profession needs to examine itself and provide added value to those actuaries who have chosen new roles, so that they will want to stay in the profession, and so that their customers will find that they are more valuable because of their affiliation with the profession.*

Chat with the President

Got questions or comments for the SOA's leadership?

Now you can communicate directly with President Rob Brown in the “Chat with the President” forum on the Society's Web site.

Just click on “Discussion Forum” in the “Resources” box on the SOA home page. Follow the instructions to register, if you haven't already, and post your message.

Introducing... new SOA staff members

Deputy Executive Director

Deborah Bowen, CAE, became the SOA's new Deputy Executive Director in November 2000. She is responsible for strategic planning, communications, and human resources and will work closely with Larry Zimpleman and the Strategic Planning Committee to implement strategic initiatives and monitor progress.

The communications component of Deborah's job includes publishing, marketing, and public relations. By linking these departments with organizational integration and planning, we expect to communicate our key messages and organizational themes more consistently and effectively. Staff recruitment, retention, and development will also be critical to the success of the Society's strategic priorities and operational direction.

Deborah's experience is in association management, planning, operations, human resources, and communications. Most recently, she was Vice President of Administration at the American College of Healthcare Executives.

Senior Project Manager, Core Studies and Global Initiatives

Jaime Schultz currently serves as Senior Project Manager in the Core Studies and Global Initiatives Department. She joined the SOA at the end of October 2000. At present, her primary focus is to work with the Task Force on Education and Qualification 2005. Jaime will assist the Task Force with projects, as well as monitor and manage the progress of the Task Force towards fulfillment of goals and objectives.

Jaime has served in the insurance industry for the past seven years with companies such as Celtic Life Insurance Company, Aon Insurance Services, and Radix Health Connection. Her background includes experience in project management, customer service, and agency administration.

Executive Coordinator

In the executive department, **Leah Hardt** was hired as Executive Coordinator in November 2000. One of Leah's primary responsibilities is assisting the Society's President and President-Elect. As representatives of the SOA nationally and internationally, the presidential officers' schedules are getting increasingly more complex. Leah handles their travel arrangements, calendars, and speaking requests. She formerly worked at Enesco.