



Article from  
***Health Watch***  
November 26, 2019



## Leader Interview With David Axene



**David Axene**, FSA, CERA, FCA, MAAA, founded Axene Health Partners LLC in 2003 with a unique vision to integrate actuarial science and the practice of medicine to improve the health care industry. He is internationally recognized as a strategist, industry thought leader and health consultant for all types of health care organizations. He is a frequent speaker and writer on health care issues. He previously served as chairperson of the Society of Actuaries (SOA) Health Section and the Entrepreneurial Actuaries Section.

### ON BEING AN ACTUARY

**Health Watch (HW):** How and when did you decide to become an actuary?

**David Axene (DA):** Only after getting my bachelor of science in physics and engineering and working on my master of science in aeronautical engineering did I hear about the profession. I had

attended school with others who became actuaries but we hadn't talked about actuarial science. I was soon to get married and I applied for a job with a major insurance company (no experience necessary, but a degree was required). Turned out to be a sales job in group insurance and I didn't get it, but an inciteful interviewer said, "Have you ever thought about being an actuary?" No, I hadn't. In fact, I didn't know what that was. That led to my first actuarial job and the rest is history.

**HW:** What other careers did you consider? Or if you have had other careers, can you describe them?

**DA:** Engineering and astrophysics. Never had a job, just education.

**HW:** What was your favorite job before you became an actuary?

**DA:** Only summer jobs: work at a gas station while in grad school, and teacher's assistant in undergrad and grad school. Learned that you can enjoy anything if you have the right mindset.

**HW:** What has been most crucial in your development as an actuary?

**DA:** I had multiple excellent mentors, many of them actuaries, who had a significant influence on my career, each teaching something valuable:

- **Walt Steffen.** People will listen to you and important people will take interest in you when you do excellent work.
- **Ros Bond.** What you have done is important, now just tell us (taught me self-confidence in public speaking).
- **Allan Affleck.** Double check your work; careless errors will ruin the message.
- **Bob Maule.** Learn as much as possible about what you are doing and you can become the expert. Foster your insatiable curiosity about what you do.

**HW:** Looking at your career as an actuary, do you see any important learning milestones or turning points in your career?

**DA:** Developing my first client as a consultant showed me I could be a successful consulting actuary. How my manager handled

that process in my development taught me the importance of affirmation in the life of an emerging leader. He, for some reason, chose not to affirm me. His response was, “It doesn’t take much to please some people.” I learned that affirmation of development, no matter how big or small, is critical. I have applied that in mentoring my staff since that time.

My interest in finding a solution to our U.S. health care crisis really took hold when I read an article by John Wennberg in *Science* magazine discussing the significant variation in health care delivery patterns in New England towns close to each other. This showed me that much of the variation nationally was practice style. The excess variation leads to excess costs that are not necessary. This learning led to much of my direction through most of my consulting career.

**HW: As an actuary, what keeps you awake at night?**

DA: My primary business focus has been about fixing our health care system. It is so obvious to me how we might do that, but it seems we make so little progress toward that. I am often thinking about that and strategizing how we might accomplish that. My pursuit of new clients is focused on that. The consulting practice I manage pursues that. Fortunately, significant opportunities have come our way to actually impact that as current as this week.

## ON BEING A LEADER

**HW: How much did your actuarial training prepare you for this role? What additional training—formal, informal or otherwise—did you need to be successful?**

DA: Most of what I learned of value was from outside the actuarial world. I have had no formal training in leadership. I picked up bits and pieces from different places, but most of what I learned came from my father, who frankly wasn’t a business leader. In fact, this led to a book I wrote called *Clearing the Mud*, with the subtitle *Simplifying the Complexities of Running a Business*. I learned to plagiarize (in a good way) all of the good practices I observed from other leaders. The combination of all of these ideas has become a major driver of the business culture I encourage today.

Some of the formal training I have had that has been of great value include a technical writing class, learning styles and life coaching.

**HW: What are the most important lessons you’ve learned in your role?**

DA: Be open and transparent, learn to listen more than you talk, even the most complex topics are simple when you understand them, admit your mistakes, emulate others whom you respect,

always look for a better way to do things, foster your insatiable curiosity so you can be a lifetime learner.

**HW: Let’s say you’re hiring your successor. If you’re presented with two actuaries with equivalent experience and training, what characteristics will help you choose one over the other?**

DA: Even though I take pride in my ability to select good talent, I have made hiring mistakes. I have learned several key things over the years:

- An SOA fellow designation doesn’t mean an actuary is good; you have to look for more.
- Don’t fall for the good communicators; they will eat your lunch.
- When in doubt, focus on integrity and values.
- Find out what they are good at and how they do what they are good at; make sure it isn’t what others have done or are doing.
- Listen to what others outside your organization say about people.
- Trust your first insight; don’t overthink it.
- When all else is equal, seek out technical excellence.

**HW: Describe the biggest one or two challenges that you have faced in your role.**

DA: The biggest challenge in my career has been transitioning to new leadership. Understanding how people will actually lead before they take over is important. I am a big fan of leadership before the big day happens. In our consulting practice, we have an intermediate leadership position called “workgroup leader” where people demonstrate their leadership skills before they become the “real” leader. This helps us observe their approach and success before it is critical. So important, although not without its challenges. One of the best recruiters I have used had a special “learning styles” test he gave all candidates that enabled me to understand who they are and how they act in peaceful situations and who they are and how they act in stressful situations. Great learning. Showed that you need to understand reactions in stress to really know who they are.

**HW: What advice would you give to another actuary going into a leadership position for the first time?**

DA: Be yourself, listen to others, be willing to be open and transparent, and don’t be bossy. Consider your staff as peers. Pursue servant-based leadership, not command-and-control leadership. Understand the “principle of the path” (you can’t

expect to get to a different place without changing your heading). If you think you are a leader, be sure to turn around and see who is following. If there isn't anyone there, you need to reconsider.

## LOOKING FORWARD

**HW: Where do you see the actuarial profession going in the next few years?**

DA: From a health care perspective, I see the profession as being central to finding the solution to our health care woes. If we are successful at positioning ourselves in that space, we will find a solution. If we are unsuccessful or excluded from that space, I am doubtful a solution will be made.

The profession needs more thoughtful actuaries, ones with business maturity or those with a clear understanding of how businesses function. Practical business skills are needed for actuaries to thrive in tomorrow's challenges.

The enterprise risk management side of what we do will become increasingly important. We will probably hire more actuaries with economic training or who are economics majors.

Actuaries will definitely need to handle large datasets and big data, and have strong data management skills. In today's world, I see a need for most actuaries to be able to use high-level data management tools (e.g., SAS, SQL, R, etc.).

**HW: What does the actuarial profession need to do to be prepared for these changes?**

DA: I am a big fan of the "big tent." I think it is a shame that the SOA and Casualty Actuarial Society (CAS) could not find some middle ground. There is so much about health that people could learn from the CAS people and vice versa. Without increased collaboration, the diverse publics we serve will not respect us if we are coming from different "camps." Our profession is too confusing to expect our public to understand why one kind of actuary is different from another kind. Solidarity will win the day and competition will hurt us in this space.

**HW: What advice would you give actuaries regarding integrity and professionalism?**

DA: Integrity is No. 1. Professionalism is right there at the top. Without these, our profession cannot last. In my role as a testifying expert in litigations involving actuaries, I have been surprised at the misunderstanding of Actuarial Standards of Practice (ASOPs) within the actuarial world. ASOPs are our lifeblood and will do more to preserve our ability to continue to be effective actuaries than anything else. Don't mess that up! Become an expert on ASOPs if you aren't already. Too many actuaries ignore the obvious. The last thing we need to do is to lose the trust of our stakeholders regarding our profession. ■