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**WHY DIVERSITY MATTERS TO THE ACTUARIAL PROFESSION
IN THE UNITED STATES**

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Diversity, broadly defined, means appreciating each individual's uniqueness and recognizing our individual differences as a source of strength. These differences can be along the dimensions of race, ethnicity, gender, sexual orientation, socio-economic status, age, physical abilities, religious beliefs, political beliefs or other dimensions.

In the United States, diversity efforts generally refer to opportunities to increase the inclusion of women, as well as individuals of various races, ethnicities, religious affiliations, sexual orientations and differing abilities. Why diversity is important from society's standpoint has been well-documented. As a nation founded on the key principle of equality, that goal will not truly be realized until all segments of society, including businesses, occupations and professions, are composed of individuals of diverse backgrounds in proportion to their share of the general population. This article serves to highlight the reasons why increasing diversity and building an inclusive work environment is crucial to the future of the actuarial profession.

Why is diversity important to the actuarial profession specifically? Diversity allows us to:

1 | ADVANCE ACTUARIAL SCIENCE'S BODY

OF KNOWLEDGE: Today, many talented minorities with exceptional math, statistics and business skills are not exposed to the actuarial profession and are being heavily recruited into other Science, Technology, Engineering and Math (STEM) careers. Many potential employees with the ability to develop new techniques for managing actuarial risks may be in a different profession today, simply because they have never been exposed to the field.

2 | ENSURE DIVERSE POINTS OF VIEW:

As recently as the mid-1960s, some companies underwrote and priced insurance products based on characteristics that are now illegal, such as race. For years, many of these rating variables were not appropriately challenged, in part because the majority of actuaries were from homogeneous backgrounds and largely oblivious to the controversial usage of certain variables. As the number of women and minorities in the profession increased, actuaries have found more objective, practical and causal risk classification plans to replace some of these inappropriate and illegal factors; this is in no small measure due to increased diversity of the profession.

3 | IMPROVE THE FINANCIAL RESULTS OF EMPLOYERS OF ACTUARIES:

Employers want to attract the most talented employees who will likely be successful at their companies. Financial success is defined as directly or indirectly improving revenues and, ultimately, profits. Employers are not solely interested in the theoretical advancement of actuarial techniques, but the practical benefits of actuarial work products that enhance the company's financial results as well. Increasing the pool of talented actuarial candidates from diverse backgrounds increases the likelihood of employing people with the ability to positively affect financial results.¹

4 | CONTRIBUTE TO IMPROVING THE OVERALL DIVERSITY IN THE INSURANCE INDUSTRY:

Actuarial science is one of the least diverse professions within the insurance industry. Moreover, many studies have shown that the insurance industry overall is not attracting its share of the millennial generation, which is also the most diverse generation in the history of the United States. Millennials expect to see a diverse workforce throughout all functions of a company. If they don't observe a similar level of diversity to their generation in the workplace, they may be less attracted to the industry.

5 | CONTRIBUTE TO THE OVERALL ECONOMY:

While often employed by insurance companies, actuaries are also making an impact on other sectors through consulting, government and nontraditional roles. Many consulting actuaries provide risk management services to all sectors of the economy. Diversity plays a crucial role here because many clients will expect their service providers to mirror their diverse workforce. Clients who value diversity in all forms may be apprehensive of a service provider that doesn't seem to share this same value. This could result in lost revenue and opportunities.

6 | ATTRACT THE BEST CANDIDATES TO THE PROFESSION:

By excluding or marginalizing certain segments of society, we reduce our opportunity to attract some of the brightest and most capable candidates to our profession.



ACKNOWLEDGING THAT DIVERSITY AND INCLUSION ARE ESSENTIAL TO THE FUTURE OF THE ACTUARIAL PROFESSION IS ONLY THE FIRST STEP. HOW WILL YOU GET INVOLVED IN MAKING THE PROFESSION MORE INCLUSIVE?

BENEFITS OF DIVERSITY IN THE WORKPLACE

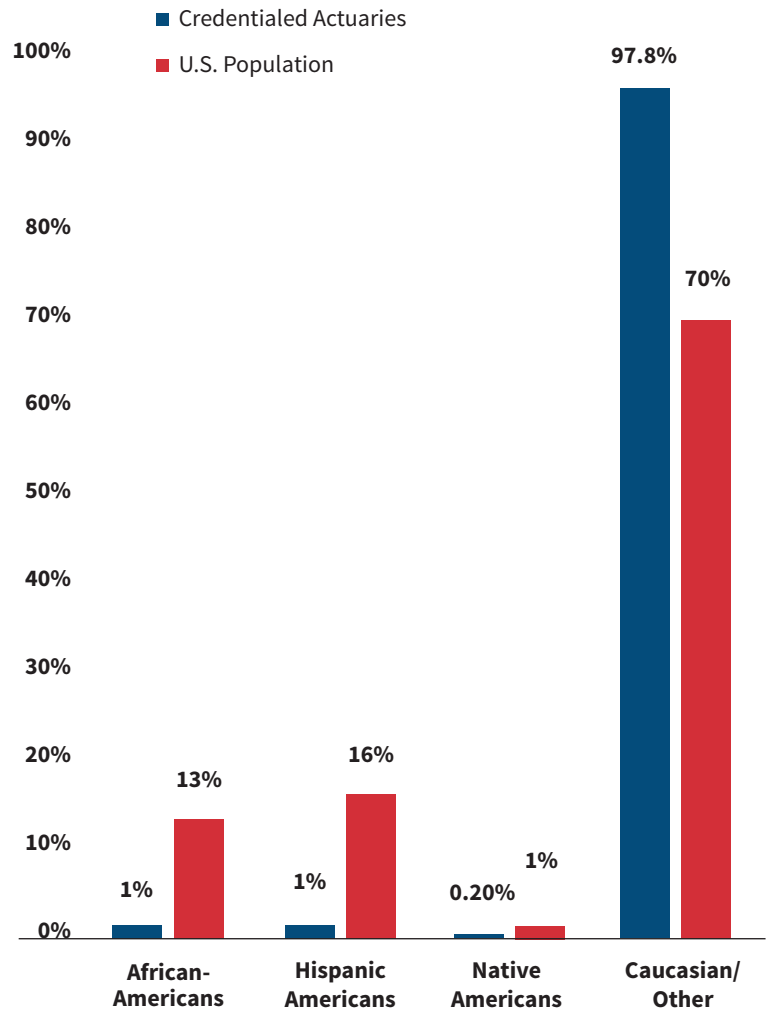
Diversity in the actuarial profession is significant not only to the future of the actuarial science body of knowledge and to the profitability of employers of actuaries, but it is essential to actuarial practitioners as well.

From the underrepresented community’s perspective: Having a higher percentage of underrepresented communities such as African-American, Hispanic and Native American in the actuarial profession increases the number of potential role models for young people in their communities to emulate. This in turn will steadily increase the economic success of these respective communities as more members pursue lucrative careers in the field.

From the actuarial candidates’ perspectives: Actuary has been rated the No. 1 profession for many years in terms of compensation, work environment, stress levels and other factors. For individuals with an affinity for math, computers and a business environment—matched with the ability to pass the actuarial exams—this field can provide a rewarding career.

Actuarial professional societies and academia are undertaking a significant number of activities to increase the diversity of the actuarial profession. For example, the primary efforts of the Joint Casualty Actuarial Society/ Society of Actuaries Committee on Career Encouragement and Actuarial Diversity are directed toward increasing the number of African-American, Hispanic and Native American actuaries.

The graph below illustrates the disparity in representation in the general U.S. population and actuarial profession.



Source: SOA Demographic Study/U.S. Census Bureau

To summarize, diversity is not only integral to the prosperity of our society, but also to each and every profession. Increased diversity benefits the actuarial profession in myriad ways, including advancing actuarial methodologies, contributing to richer perspectives on various issues, improving financial results for employers and the industry, and increasing opportunities for under-represented groups.

Acknowledging that diversity and inclusion are essential to the future of the profession is only the first step. While many efforts are underway to address this gap, there is still much more to do to make the profession mirror the larger society. All contributions to diversity, regardless of size, stand to benefit us all. The question to you, dear reader, is what will you do next? What diversity initiatives are underway in your firm? How will you get involved in making the profession more inclusive? ■

¹For more information on the financial impact of diversity, see an article from McKinsey & Company (January 2015). Retrieved from http://www.mckinsey.com/insights/organization/why_diversity_matters.

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This article was written on behalf of the Joint CAS/SOA Committee on Career Encouragement and Actuarial Diversity and the International Association of Black Actuaries.

GET INVOLVED

Individuals or employers interested in volunteering for efforts to increase diversity in the actuarial profession should contact one or more of the following organizations that are focused on this mission:

THE JOINT CAS/SOA COMMITTEE ON CAREER ENCOURAGEMENT AND ACTUARIAL DIVERSITY (JCCEAD)

The JCCEAD is responsible for increasing the awareness of the actuarial career among students, educators and career influencers in high schools, colleges and universities. In support of that effort, the committee facilitates the evolution of a diverse profession by increasing the talent from the African-American, Hispanic and Native American communities. The Society of Actuaries and the Casualty Actuarial Society jointly sponsor the committee.

www.BeAnActuary.org

Contact David Terne at david.terne@thehartford.com.

INTERNATIONAL ASSOCIATION OF BLACK ACTUARIES

The International Association of Black Actuaries is a professional and student member organization whose mission is to contribute to an increase in the number of black actuaries and to influence the successful career development, civic growth and achievement of black actuaries.

www.BlackActuaries.org

Contact Kate Weaver at iaba@blackactuaries.org.

THE CAS DIVERSITY COMMITTEE

This committee oversees the implementation of the CAS Diversity Strategy and ensures the strategy is reflected in all of the organization's initiatives.

Contact David Terne at david.terne@thehartford.com.

THE SOA ACTUARIAL DIVERSITY TASK FORCE

This task force's purpose is to determine what investments the SOA can make, or programs it can undertake, to achieve the greatest impact on diversity in the actuarial profession over the long term in addition to identifying short-term solutions that could have immediate effect.

Contact Greg Heidrich at gheidrich@soa.org.

THE ACTUARIAL FOUNDATION

The mission of The Actuarial Foundation is to enhance math education and financial literacy through the talents and resources of actuaries. The Foundation sponsors the Actuarial Diversity Scholarship for African-American, Hispanic, Native American and Pacific Islander students.

www.ActuarialFoundation.org

Send an email to info@Actfnd.org for more information.