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In This Issue

The Current Market for Actuarial Talent

By Arthur J. Schwartz

Part 1: Recruiters Discuss Telecommuting, the Economic Downturn, and Health Care Reform

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To assess the state of the employment market for actuaries, I recently held a roundtable discussion with a number of prominent recruiters. Our panel includes:

Angie Wachholz, from D.W. Simpson Global Actuarial Recruitment in Chicago. DW Simpson works on a global basis and is the largest firm specializing in actuarial recruitment. Angie is a senior recruiter. Her firm specializes in actuarial recruitment within all lines of business including property & casualty, life, health and pension, as well as all levels from entry to Fellowship. She can be reached at Angie.wachholz@dwsimpson.com.

Margaret Resce Milkint, from The Jacobson Group in Chicago. Margaret is managing partner of The Jacobson Group, the nation's leading insurance search and staffing firm. Margaret handles executive management and actuarial searches on a national and international basis across all aspects of the insurance industry. She can be reached at mmilkint@jacobsononline.com.

Jim Coleman, from Nationwide Actuarial Search (NAS) in Las Vegas. His firm specializes exclusively in the placement of casualty actuaries anywhere in the country as well as some off-shore opportunities. NAS is well recognized in the casualty insurance industry and has been placing P&C actuaries for more than 25 years from students through Fellows of the CAS. He can be reached at jim@actuary-recruiter.com.

Pauline Reimer, ASA. MAAA, from Pryor Associates in New York. Named a top recruiting firm by Dun & Bradstreet, Pryor has 40 years of insurance (P&C, Life, Health, Pensions, and Investments) experience. Pauline has headed the actuarial placement division since 1986, after working as an actuary in insurance and consulting firms. She is also a CAS Platinum Partner, on the SOA Entrepreneurial

Actuaries Section Council, on the Executive Board of ASNY, and on the Advisory Board of Columbia University's Masters in Actuarial Science program. She can be reached at paulinereimer@aol.com.

Schwartz: *Let's talk about demand. What would be typical demand for (a) students with 1 to 4 exams; (b) pre-Associates with 5 to 6 exams; (c) new Associates; (d) new Fellows; and (e) experienced Fellows (about ten or more years beyond Fellowship)?*

Wachholz: There certainly is an uptick in the economy as reflected in there being an uptick in actuarial positions for this year, as compared to last year at this time.

Reimer: We've seen continued demand for P&C actuaries. Life and pension actuaries have not been so fortunate. There have been far more company-wide layoffs on the life and pension side. P&C actuaries have been relatively immune from this on a mass basis.

Wachholz: On the life side, things have slowed considerably; perhaps this is as a result of the stock market's tumultuous nature as annuities, for example, are tied to the stock market and we all know that the market has been negatively affected over the last several months. On the pension side, there's been a move to outsource valuations of pension plans, which means that more junior level pension roles have started to disappear. With regard to the health side, given health care reform, we've seen a number of new roles on both the insurance company and consulting sides. Lastly, with regard to P&C, although there was a bit of a slow down, this market has picked up considerably–especially with regard to professional liability roles.

Milkint: There's a lot of historical perspective on this call. I would argue that actuaries as a profession are relatively recession-proof. We saw this in this last downturn. The profession is somewhat insulated from economic trends.

Coleman: Hiring rates have been strong for pre-Associates with 5 to 6 exams, followed by new Associates, then new Fellows, and rounded out by students with from 1 to 4 exams. However, we are also seeing strong and recent increased interest towards recently credentialed Fellows. More new Fellows are being sought for chief actuary roles. Companies are looking for strong management and interpersonal skills at the experienced Fellow level. Overall, we are seeing increased activity across the board on the P&C side for actuaries.

Milkint: I would put Fellows, new or experienced, first.

Schwartz: *How active is the job market for each of these five categories? Which areas (either types of practice, skill sets, or backgrounds) are really "hot" right now? Which areas are really "cold?"*

Reimer: What's really hot right now is professional liability like E&O (errors and omissions) and D&O (directors and officers); these areas have been in very high demand for the last two years. Skills in ERM have become increasingly important as a result of the recent financial crisis. Modeling, especially predictive modeling and catastrophe modeling, has become more significant. Knowledge of economic capital analysis, due to the scheduled implementation of Solvency II in Europe in 2012[1], is very valuable. Finally, accident and health actuarial experience will be of critical worth going forward due to the importance of health care reform in the national agenda.

Wachholz: Modeling, especially predictive modeling, has become more critical, as companies search for ways to better develop their long-term risk management. The area of ERM has also led to an increase in roles in all disciplines as we are seeing several risk management roles requiring actuarial credentials. Finally, the EU regulations, i.e., Solvency II, are leading to a push for Solvency II-related roles here in the United States as well. As we near the deadline for Solvency II implementation, I expect that the need for candidates with Solvency II experience will continue to rise.

Milkint: In addition to the hot areas including predictive modeling and catastrophe modeling, I would also add positions based on "business intelligence." Business intelligence is the "art and science" of the analysis and presentation of meaningful corporate data used to create business dashboards, metrics, and quantitative-driven strategic perspectives. Health care reform is going to put special emphasis on actuaries skilled in workers compensation, and how it relates to managed health care. There are now interplays between health organizations and the workers compensation world.

Wachholz: On health care reform we are seeing an uptick in positions in both insurers and consulting firms. One consulting firm that employs a lot of actuaries is particularly starting to ramp up new hiring because they see that new job assignments in health care over the next four years could mean a great deal of new work opportunities for them. Furthermore, with health care reform, there is likely to be an increased need for all levels of consultants–from junior to direct-entry partner.

Reimer: I see that consulting firms are often vying for the same clients. There are many RFPs out there, yet consulting firms typically win only 20%. These consulting firms are competing for the same business. Insurers are being more proactive in putting RFPs out there and that's one reason why there's a jump in consulting activity.

Milkint: Because of health care reform we are seeing synergies between workers compensation and health care. The terminology for this is managed compensation. There's an intersection between actuaries with workers compensation skills and health actuaries.

Coleman: Job opportunities are strong for actuaries who are technically capable, well rounded, effective communicators at all levels. The only "cold" area is probably that of finite reinsurance.

Reimer: Speaking of reinsurance in general, due to the soft market, the acceleration of job opportunities has definitely slowed down from the abundant pace of prior years. Also there are fewer start-up reinsurance companies compared to previous years.

Coleman: We are not seeing demand for actuarial involvement in merger and acquisition activity as we saw prior to the economic downturn. The greatest areas of demand are skills in ERM and in modeling designed to evaluate the impact of a wider range of dependent variables, i.e., predictive modeling.

Reimer: There are also far fewer insurance companies setting up regional actuaries in offices around the country.

Milkint: Unemployment among actuaries in the economic downturn has been minimized due to the insulation of the actuarial profession. More insurance organizations are realizing that they need to be proactive, and that they need a bench of talent. Otherwise their talent is going to retire in the next three to five years. Companies need to start hiring now or they'll be in trouble later.

Schwartz: *In the current economy, are actuaries more willing to consider large geographical moves than previously? How are actuaries affected by the drop in home prices (which may make them less willing to move)? Does the confluence of these two trends result in more actuaries and more employers considering "work from home" options (with coming into the office occasionally)?*

Wachholz: What we see is that actuaries will start out saying, "I'll look only in Atlanta," and then they move out in concentric circles. Given the economy, candidates are more flexible to consider geographic locations they would not have considered previously–especially if they are unemployed. There were several telecommuting opportunities in the past, but there seems to be a decrease in this option, starting out. However telecommuting may be possible after several months of work in the office setting, although even here this is becoming less and less common. The reason for this is that companies want to see you, want to see how you work, and they want to make sure that you are toeing the mark. If you are not in the office daily, it is difficult to evaluate your performance and may make you more vulnerable than someone who works in the office.

Reimer: Especially if you're in management, it is not conducive to work from home. Additionally, telecommuting is common for proven employees–especially when there's a change in their family circumstances such as a spouse's new work obligation–but it is exceedingly rare to be hired directly into a telecommuting role.

Milkint: I'll be a bit of a contrarian here. Actuaries work in a national market. They relocate all the time. If actuaries are underwater on their homes, it can affect their interest in relocating. I have heard actuaries saying, "I'll commute on weekends, but I won't move the family." Some employers are sensitive to this issue and are extending relocation packages beyond one year.

Wachholz: Large sign-on bonuses, ex-pat packages, and home buy-outs are something that has become virtually nonexistent in the last several years. However, in the last six months, I am seeing companies being more willing to buy an actuary's home for the impressive candidates. It's been several years since we've seen this and it's likely a sign that companies are willing to pay a premium to attract strong actuarial talent.

Milkint: We see that willingness to buy a home at the executive-level for sure. We are seeing companies offer more flexibility, not so much for a pure work-from-home option, but rather in flexible work arrangements such as working a four-day week. Demand for actuarial talent is driving companies' flexibility.

Reimer: Gainfully employed actuaries are sensitive to selling a home that may result in a financial loss. Of course they may offset this loss by procuring a bargain on the purchase of a new home. Yet they sometimes have a psychological problem with the two transactions. It is clear that if companies have a "home buyout" policy, it will immensely increase the likelihood of a candidate's acceptance of a job offer.

Milkint: We do not see much unemployment in P&C actuaries so we are operating in a talent-driven market.

Coleman: Relocation is always a challenge as candidates evaluate job opportunities, family connections and relationships with friends. Another factor today is the cost associated with selling or buying a home. Homeowners who are underwater are very slow to agree to sell until all other options are largely exhausted. They would prefer working from home. Yet companies only offer work-from-home options to well experienced, well-known, individuals on a very limited basis. This is not an option that's available to newly hired employees.

Schwartz: *Thanks to all for sharing your expertise!*

Look for Part 2 of the Roundtable Discussion in the November AR.

[1] Solvency II has objectives of improving policyholder protection and increase competition in the EU insurance market by revising the amount of captial an insurer requests to hold against unforeseen events. Regulatory review will always be inproved.

A Comparison of Salaries from Actuarial Recruiters (Salaries in $K)

Aggregate Exams	Years of Experience			
	0 to 1 years	1 to 5 years	5 to10 years	10 years or more
1 to 2	$44-65	$50-85	-	-
3 to 4	$50-80	$55-90	$70-125	-
Near Associates (5 to 6)	-	$65-95	$75-140	-
Associates	-	$80-105	$90-165	$100-305
New Fellows	-	-	$100-215	-
Experienced Fellows	-	-	$100-240	$140-500+

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