



CARIBBEAN ACTUARIAL ASSOCIATION



Accredited as a Full Member  
of the International Actuarial Association

# 2013 Conference

## “Risk, Recovery & Real Growth”

23rd Annual CAA Conference

Secrets Wild Orchid Montego Bay,  
Jamaica.

4<sup>th</sup> to 6<sup>th</sup> December 2013



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## Non-Traditional Actuarial Roles

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**December 6, 2013**

# Non-Traditional Roles: Why?

- Some pessimism about traditional areas of actuarial practice
  - ✓ Are either shrinking (e.g. DB pension plans) or have slight growth at best
- Significant developments, e.g. big data, increased emphasis on risk issues, technology



- Actuarial skills can be used in a large range of sectors

# Let's Avoid Actuarial Pessimism



# Highly Traditional Roles

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- Insurance (life & general): financial reporting, pricing, product development, underwriting, management
- DB pension plans: valuations (funding & accounting), financial management, design, governance, consulting, administration
- Group benefits: accounting valuations, financial management, design, consulting
- Worker compensation and other social security programs



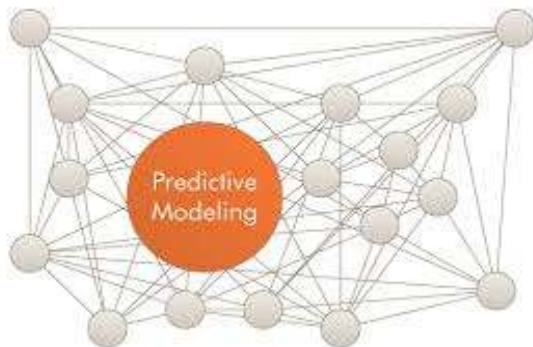
# Somewhat Traditional Roles

- Expert witness: Canada, U.S., other countries?
- Enterprise risk management (ERM)
  - ✓ Mainly limited to insurance companies
  - ✓ Penetration by actuaries not as rapid as anticipated
- Individual financial planning
  - ✓ Mainly focused on highly-paid individuals or business owners



# Non-Traditional Roles

- Investment:
  - ✓ Mainly focused on asset/liability matching and de-risking strategies
- ERM in industries other than insurance
- Banking sector
  - ✓ Significant penetration by actuaries in South Africa and Mexico
- Predictive modeling
  - ✓ Mainly focused on insurance pricing/underwriting



# Penetrating Non-Traditional Areas

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- International Actuarial Association: Not a priority
- South Africa & Australia: Focusing on developing education and accreditation for banking industry
- North American Actuarial Council
  - ✓ Has recently adopted a twenty-year vision about expansion of actuarial profession
  - ✓ Working on collaboration effort to achieve vision





# Actuary Skill Set

## ➤ Core

- ✓ Analytical skills
- ✓ Problem solving skills
- ✓ Project Management
- ✓ Business acumen
- ✓ Grasp of Economics

## ➤ Soft

- ✓ Communication
- ✓ People skills
- ✓ Independent
- ✓ Team player

Skill Set

Core

Analytical

Problem Solver

Project Manager

Business  
Acumen

Economics

Soft

Communication

People

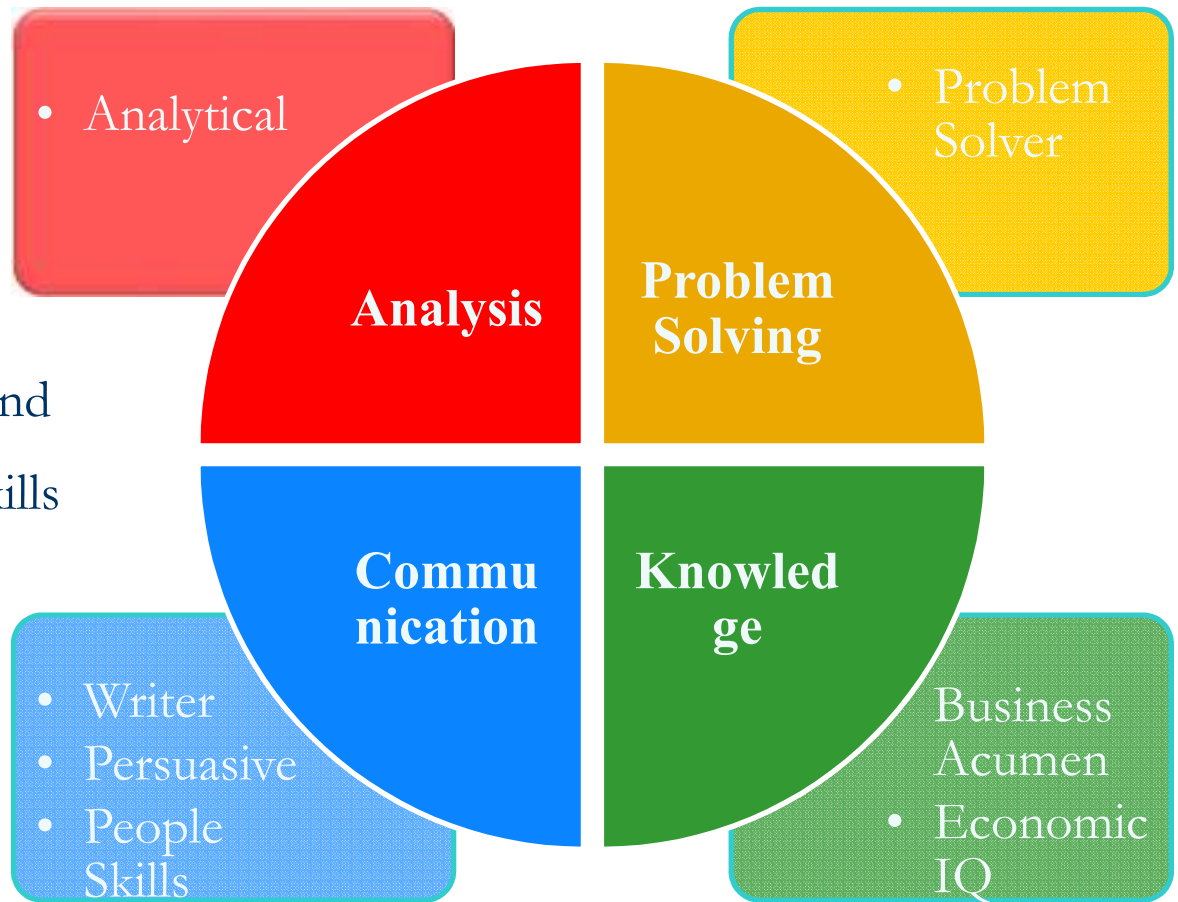
Independent

Team



# Non-Traditional Actuarial Roles Alignment

- Commonalities
  - ✓ Analytical
  - ✓ Problem solver
  - ✓ Well organized
  - ✓ Excellent people and communication skills
  - ✓ Knowledgeable
- Stereotypes
  - ✓ Number-crunchers
- Fit
  - ✓ Perfect



# Examples

## Finance

### ➤ Focus

- ✓ Revenue and profit
- ✓ P&L Impacts
- ✓ Strategy
- ✓ Value addition



# Examples (continued)

## ERM

### ➤ Risk Management Framework

- ✓ Identify
  - ❑ Strategic Risk
  - ❑ Operational
  - ❑ Asset Risk
  - ❑ Liability Risk
- ✓ Quantify
  - ❑ Variance
  - ❑ Downside Risk
  - ❑ VaR
  - ❑ CTE
- ✓ Manage
  - ❑ ERM



# Examples (continued)

## ERM (continued)

### ➤ Traditional risk management

- ✓ Silos
- ✓ Eliminate
- ✓ Maximize return



### ➤ ERM is strategic, proactive and treats risk in its entirety

### ➤ Examples include hedging, re-insurance, securitization

# Examples (continued)

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## Investment Banking

- Portfolio management process maintains an appropriate portfolio to meet clients' stated goals – outlined in the Investment Policy Statement
  - ✓ Investment objectives and constraints
  - ✓ Investment strategies determine how funds will be invested
  - ✓ Determine portfolio composition using available asset classes
  - ✓ Traders implement portfolio decisions
  - ✓ Monitor investment and market conditions
  - ✓ Rebalance



# Non-Traditional means Opportunity!

- Actuaries have the Number 1 rated profession
  - ✓ We are well paid, little stressed and comfortable

## **BUT...**

- Traditional roles are slow growing
- Actuaries have not participated enough in rapid growth or high visibility situations
- Comfortable situations may not last forever!

***“IF IT AIN’T BROKE ...***



“If it ain’t broke ...

*BREAK IT!*”





# Opportunities for Youngsters

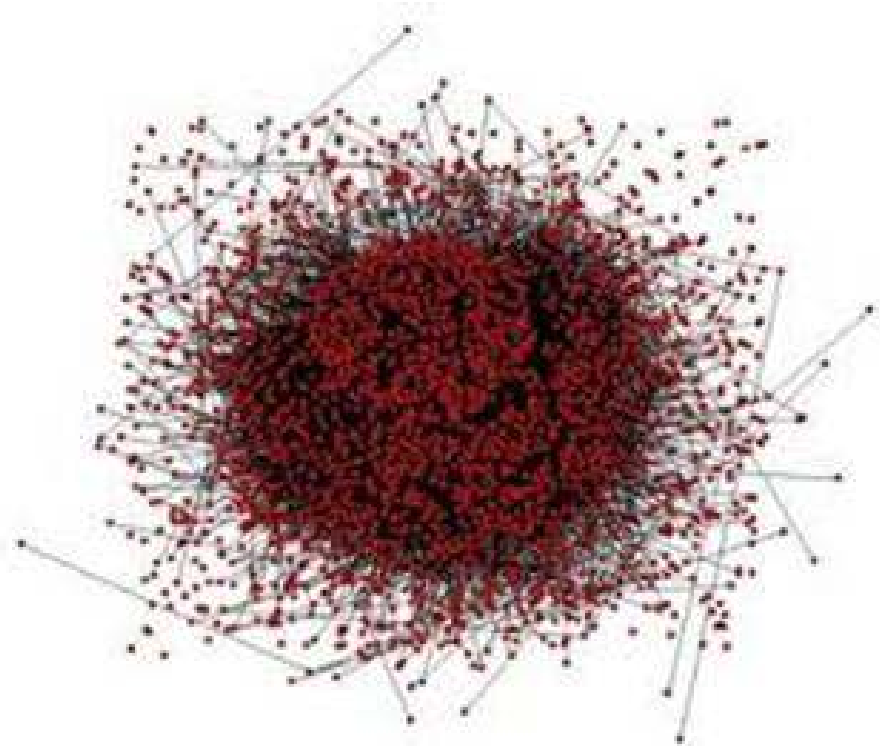
- Non-insurance financial institutions
- ERM
- Analytics
- Complexity Science
- Technology



*Career Opportunities*

# Complexity Science

- Apparent complexity
- Apparent patterns
- Agent based models
- Broader applications



# Opportunities for Oldsters

- Board service:
  - ✓ Build a legacy
  - ✓ Build a network
  - ✓ Get educated; understand the board's role
  - ✓ Prepare your story
  - ✓ Market yourself
- Teaching roles



# Opportunities for Mid-career

- Work harder
- Flatter your boss



# Questions

➤ Any questions?

