

Student of Change

THE TRADITIONAL PATH FOR young actuaries entering the profession involved pursuing math or business courses in college, discovering the profession at career fairs or by word of mouth, signing on as an actuarial intern for summers and after graduation, and committing months and months to a self-imposed study schedule to prepare and pass the requisite exams.

Like so many other aspects of business, however, that is changing. More and more actuaries are coming to the profession earlier, armed with a degree in mathematics and several years of actuarial coursework (and, often, some of the exams) under their belts by the time they gain their first job in the field.

Carol Sears, vice chairperson of the Actuarial Board for Counseling and Discipline (ABCD), sees an opportunity here.

“Because more people are getting their actuarial degrees and intending to become actuaries while they are still in college, we should be reaching out to them there with our professional-

ism message,” Sears says. She’s quick to point out that hers is not a new idea. But, she says, in times of burgeoning economic distress, enhancing the profession’s outreach on actuarial ethics, both to students and to current members, will help actuaries properly approach potentially contentious projects in the public’s interest.

“It’s important that those who are just entering the profession or considering entering the profession know that as actuaries they can’t be persuaded by their client to make assumptions simply to fit their client’s needs in a troubled time,” Sears says. “Our public needs

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to know that our profession is serious about defining actuarial professionalism and provides ethics education and continuing professional development (CPD) for individual actuaries. Actuaries need to rely on their training and their experience and their intellect to do what is right for clients and the public.”

Acknowledging that some universities and colleges offer professionalism elements in their actuarial programs, Sears says there’s still room to expand on those offerings through the use of actuarial volunteers. The advantages are numerous: Students would have a chance to hear from working actuaries about how they incorporate the Code of Professional Conduct into their daily activities, working actuaries could gain CPD credits for their presentations, and both students and volunteer presenters would gain from cross-generational networking opportunities.

ISTOCK

Sears believes that interested actuaries living in every part of the country could be encouraged to participate. “This could be a widespread effort. There used to be only about four or five college actuarial programs, but now I’m guessing there are 50 or more,” Sears says. Actuaries who live and work in locales where actuarial programs are offered would be logical candidates to volunteer their time and energy to

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such a project. And the effort needn’t be limited to those institutions that offer a degree in actuarial science. Many schools, Sears says, offer a math program with an actuarial influence even if they don’t offer an actuarial degree.

In its final report, issued in December 2006, the Critical Review of the U.S. Actuarial Profession (CRUSAP) task force identified the challenges facing the actuarial profession as it

strives to meet the actuarial needs of the public. “Education and Training” and “Ethics and Professionalism” were two of the six important initiatives named in this report.

Sears says that another task force of the Academy has already done some preliminary work in developing a kit intended to be a tool for volunteers to use in teaching actuarial professionalism workshops. “It would definitely need to be updated, but this is an ideal time to resurrect the idea,” Sears adds.

Accommodating Change

The development of such a project would be just one more way in which the actuarial profession is anticipating and adapting to changes in the business landscape—changes that have accelerated in the past year with the economic recession, the collapse of Lehman Brothers, and the sagging fortunes of AIG, Fannie Mae, and the Big Three automakers.

Sears, who graduated in 1977 from the University of Illinois with a degree in actuarial mathematics and finance, says she has seen the profession successfully manage similarly seismic changes over the course of her working career. Having begun her career working for a pension administration and actuarial firm, she says she can also track how actuarial technology has advanced during her working lifetime.

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Moving forward along the same trajectory, Sears predicts that future actuaries will find a decreasing need to use actuarial commutation formulas. This migration away from constructing custom and complex formulas is indicative of a larger evolution within the profession.

“Actuaries now apply more probability and statistical analysis via complex computer-aided calculations,” says Sears. “Less and less are they required to rely on their commutation formula expertise to obtain proper results.”

As a consequence, she says, it’s imperative that actuarial program offerings and the actuarial exams reflect the growing diversity of skills that tomorrow’s actuaries will need to bring to the table, including ethics and professionalism.

“If you stay involved in professional organizations and read the Code of Professional Conduct and your professional standards, you will grow and evolve with the whole of the profession,” Sears says. For its part, the profession must continue to work at ensuring that its educational and exam process keep pace with the new face of actuaries’ jobs and professionalism challenges.

“With *U.S. News & World Report* saying that actuary is one of the top careers, I think more students will be coming into it,” Sears says, adding that the actuarial profession needs to position itself to manage and harness that interest. Getting the message of professionalism out early and often, Sears says, is a perfect way to start. □

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