

The Opportunities and Hazards of being a lone actuary

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35TH ANNUAL GIRO CONVENTION
SORRENTO ITALY

Why are we here?

- Professional issues
- Lessons we have learnt
- Strategies for overcoming some issues
- Most points are relevant to any actuary

Thanks to Graham White and Dermot Marron and all those interviewed

Definition

Either working on your own, or with only a small, very junior team

No one who can effectively peer review or challenge work being done

Opportunities

- Being your own boss
- Access to key decision makers in business
- Wide range of business experience
- Variety

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Variety

Typical job descriptions contain most or all of the following

- Pricing
- Reserving
- ICA
- Risk Management
- Liaison with regulators, rating agencies, reinsurers, brokers, auditors..

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Jack of all trades

Master of none?

- Very few, if any, will have in depth knowledge of all of the above
- Expectations of others can be very high
- Overconfidence can be a danger – you think you can do something you can't
- Overpromising also very easy

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Professionalism

Between the PCS and Actuaries Code – principles don't change much

- Must work competently
- Do what "a P&C actuary on the Clapham Omnibus" would do – need to make sure you know what that is
- Only take on as much work as you can cope with
- Comply with GN12 for formal reports
- Isolated if need to stand up to your boss

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Conflicts of Interest

- Reserving v Pricing – hard to admit you got it wrong
- Reserving v ICA – Measuring how far out your work can be
- ICA v Pricing
- Bonus linked to results – you are in a strong position to change the results

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Solutions

Some of the strategies we have found effective are

- Good communication
- Manage expectations
- Arrange for peer support
- Get immersed in the company
- Keep knowledge up to date

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Good communication

DILBERT
BY SCOTT ADAMS



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Communication

- Use plain language
- Put in supporting explanations
- Explain key assumptions
- Scenarios make more sense than numbers
- Betting odds may be better understood than percentiles
- "A picture is worth a 1000 words"

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Are you getting your message across?

Is what you say challenged and debated? If not, then

- You are "practically perfect in every way"
- The lights are on but there's no one home (or the wheel is still spinning but the hamsters dead)
- Your audience hasn't got a clue what you are talking about

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Manage Expectations

- Start at the job interview – don't oversell
- Don't be afraid to say you need help to do something
- Be clear about the level of detail of work you're performing (detailed analysis v back of fag packet)

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Peer support

- You don't have to spend a fortune on formal peer review
- Find out who was reviewing external actuarial support before you started
- Experienced MD, FD, Chief Underwriter will all be useful sounding boards
- Maintain and strengthen a good network – GIRO, LMAG, working parties, consultants meetings
- Use actuarial teams in group head offices or sister companies
- Talk to reinsurance brokers, auditors, maybe even regulators
- Have a look at the Lloyds website

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Get immersed in the company

- Find out who everyone is and roughly what they do
- Ivory tower approach won't work
- Be prepared to help others with their work – and ask them to help you with yours

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Keep your knowledge up to date

- Make time for relevant CPD
- Remember that you can't rely on others to draw things to your attention – it is more likely that they are expecting you to tell them

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Summary

- Positives vastly outweigh the negatives
- Don't be afraid to ask for help – either for extra resources or for someone to review work
- Good communication is absolutely essential

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Any questions?

- Have we missed anything important?
- Should the profession be providing more support?
- Should lone actuaries be regulated or approved in some way?

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