What is the future for Actuaries and are we at risk of being dinosaurs?

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Agenda

• Introduction
• Our survey & results
• Discussions
What is an actuary? (IFoA explanation)

• Being an actuary means having highly valued mathematical skills and expertise

• Actuaries use their skills to help measure the probability and risk of future events

• An actuarial career can be one of the most diverse, exciting and rewarding in the world
Current Membership Profile (as at 2016 year end)

Fellow membership by age

Fellow membership by industry sector

- Pensions and employee benefits
- Life insurance
- General insurance
- Health and care
- Investment management
- Other
Current State of the Actuarial Profession

• In the main, well respected profession?
• BUT lots of changes in the profession in the past, notable events are:
  – Morris review
  – Regulations, i.e. Individual Capital Assessment (ICA) regime, Solvency II
  – Introduction of Technical Actuarial Standards (TASs)
  – Senior Insurance Manager Regime
  – Rise of the pricing actuaries in the London Market

2 Types of Actuaries emerging?
Reserved role VS Value adding role
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Our Survey

Format
• Face to face interviews, qualitative survey

Participants
• Ourselves
• New graduates
• Newly actuaries
• Senior actuaries
• Actuaries moved into data analytics
• Actuaries building a business empire
Topic 1 – Why did they become an actuary?

Mathematical

Income / Job Security

Professional Qualification

Work Life Balance
Topic 2: Current State of the (General) Insurance Industry

Commercial lines

• “Difficult market conditions”
• “Lots of M&As activities”
• “Slow to change and respond to technology”

Personal lines

• “Techniques in pricing has become much more sophisticated”
• “Technology, Instech, telematics will change the industry in the future.”
Topic 3: Value of Actuaries - Past
Topic 3: Value of Actuaries - Current

- Professionalism
- Judgement
- Integrity
- Standards
- Analytical
- Actuaries
- Value
- Communication
- Principled
Topic 4: Perception of Actuaries

- Respectable profession
- Good technical skills
- Dual roles – public interest and company/shareholders
- Transferable skills
- Slow to respond to change
- Reactive
- Training not future-proof
- Expensive
Topic 5: Regulations & Actuarial Professional Standards
Topic 6: Future of the General Insurance Industry

- More (real time) data available
- More IT demand to process the data
- Lloyd’s relevance may decrease?
- Rating (pricing) process may change in the future as more software is enabling data analytics to be carried out quicker.
- Rating becoming more personal, offering more flexible contracts to customers
- Regulations will still be there
Topic 7: Current skills sufficient to meet future needs?
Topic 8: Value of Actuaries - Future
Cope with more (real time) data and make sense of them

Streamline existing processes with new tools, software

Design new tools!

Use new techniques with more granular data

Build in actuarial reviews into business monitoring systems
Move to new areas

- Move into underwriting
- More senior management roles?
  - CFO
  - CEO
  - Non-executives
  - Board members
- Wider roles?
  - Chief Data Officers
  - Chief Analytic Officers
Topic 8: Value of Actuaries - Future

- Look into InsTech (Insurance Technology)
- Future demand for insurance products
- Pricing/reserving for new (untapped) products with no data
Topic 9: What can WE do about it?

- Life long learning – R courses, Machine learning techniques
- Collaborate more with data scientists
- Share more knowledge within the actuarial community, on informal basis
- Keep abreast of market trends
- Be involved in new issues e.g. climate change
- Be proactive
Topic 10: What can the Profession do about it?

• “More forward looking”
• “Change at a faster pace”
• “Train actuaries on new technical skills and technology “
• “Promote our profession more”
• “Attract more people to the profession”
• “Make exams more relevant to real life work, more practical”
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Discussions

What will our future look like?

- Reserving
- Capital
- Pricing
- Risk Management
- Data Analytics
- New Areas
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