

What does the future hold for actuaries?

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Evolving Frontiers, Exciting Prospects

16th Global Conference of Actuaries & 2014 AGFA

17th – 18th Feb 2014, Mumbai - India



What does the future hold for actuaries?

More questions than answers.
Here is what is on my mind...

Institute and Faculty of Actuaries



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of Actuaries

Our Vision

We will serve the public interest by ensuring that where there is uncertainty of future financial outcomes, actuaries are trusted and sought after for their valued analysis and authority.

Our Mission

The objects of the Institute and Faculty of Actuaries shall be, in the public interest, to advance all matters relevant to actuarial science and its applications and to regulate and promote the Actuarial Profession.

(Charter of the Institute and Faculty of Actuaries, August 2010)



The Telegraph

Revealed: the best jobs to pursue as a career.

It may not be considered a desirable job to some, but it seems that pursuing a career as an actuary could in fact be a smart move.



...the best job in the world is that of an actuary, proving that paying attention in boring maths lessons at school does pay off. What does an actuary actually do?



What does the future hold for actuaries?

A vision of two futures:

1. More of the same, no adaptation to market need or opportunity. Risk of competition and ultimately a decline in the need for our skills
2. Maintain our unique selling point but promoting ourselves and expanding in to new areas.

Certified Actuarial Analyst Qualification

A new credential for a changing market.

- A desirable qualification for those working alongside actuaries and in broader financial services
- For those who do not consider fellowship of a professional body desirable
- It has been developed in response to market demand from employers and candidates
- This will bring such roles within a professional environment, equipping Certified Actuarial Analysts with high quality technical skills and the support of a leading professional body

Market demand



- Business models are increasingly built around a few high level experts supported by a greater number of technically skilled professionals.
- Operations centres undertaking processing work, technical and analytical roles alongside actuaries.
- Employees in markets where there is a desire to build actuarial capacity at pace and at manageable cost.
- A global qualification - innovative approach to an evolving and increasingly international market.



The world is changing.

Are the skills that actuaries offer the market unique?

Is our knowledge exclusive or do we simply apply standard statistical methods to data?

Soon is now!

What drives demand for our skills?



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Uncertainty

Employment

Longevity

Government

Disability

Health

Contingency

Regulation



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“Ramping up our relevance”



What do all actuaries already have?

As actuaries, we have been trained in identifying and quantifying an uncertain future.



- Risks of the organisation as a whole ?
- Identification and measurement of risk ✓
- Monitoring and classification of risk ✓
- Compliance and corporate governance ?
- **Culture and the impact of management behaviour ✗**
- Business planning and controls ?
- Scenario analysis and stress testing, including extreme events ✓
- How risk could be transferred or reduced ✓
- Economic capital needs ✓



Strengths

- Our position.
- Strong reputation.
- Attracting fresh and diverse new talent.

Weaknesses

- Slow to adapt?
- We don't really know what it is to have competition in the skills we offer.
- Complacency?
- Reluctance to move in to different functions.
- Communication.



The Actuary

July 2013

“Sadly, it is no secret that often the work of actuaries and what actuaries do is misunderstood or liable to conjecture. So as a result the value of what we do is not appreciated as well as it might be. It is important that our stakeholders and the public have a better understanding of what we do and why it is relevant to them.”



Stand out from the crowd.



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How we can add value.

- A robust set of actuarial standards underpinning our work.
- Strong professional standards supported by professionalism CPD.
- Ability to engage in the detail as well as think about the bigger picture.
- Strong analysis skills that can be applied to many industries.
- Knowledge and skills kept up-to-date through relevant CPD.
- Leading non-commercial research through the professional bodies too.



What are the threats?

Growing number of professional statisticians

Financial Engineers

Complacency

We think our skills are specialised

Pricing of our services – commodity vs. specialist

Where are the opportunities?



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Many forces have a bearing on human activity.

Longevity

Genomics

Technology

Demographics

Climate change

The actuarial profession has *'the inside track to provide expertise, insights and solutions'* (Casualty Actuarial Society 2013)

We shouldn't underestimate the impact of regulatory and reporting requirements at home and abroad either.

Where are the opportunities?



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of Actuaries

We have members working:

In disaster risk insurance for the World Bank;

For sustainability consultants;

In energy supply and economics;

As the Head of Responsible Investments



YOU
are the future of
the actuarial
profession

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