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ACTUARIES –
THE NEXT GENERATION

The evolution of a profession continues

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Abstract

The world is turning. Not faster than usual. But this does not hold true for the (life) insurance industry. The (life) insurance industry is in the beginning of massive changes as never before. The trends in the environment – just think about the regulatory framework, competition and cooperation, consumer and also the technological progress and the demanding economic environment – will induce changes in thinking, steering, acting and the entire organizational structure of an (life) insurance company. The area of tension (consumer, sales, service) is complex and will further fuel the expected changes in (life) insurance companies. Actuaries work directly on the "core service" in product management and product development. Actuaries take care of processes and monitor and manage company's risks. With highly sophisticated models they support the top management decisions without leaving aside the second pillar of all decisions: experience, intuition and foresight. Further on, they develop and control the business and transfer product know-how to sales and marketing. And, actuaries also work together with asset managers in order to meet the liabilities. It is therefore evident and crucial that actuaries will play a key role in shaping the (life) insurer's response to these changing demands. Is this just a future vision, fiction or already reality? An actuary today is not the same as an actuary in earlier days. And tomorrow the role will be different than today. One thing is sure: The actuaries of the next generation will come.
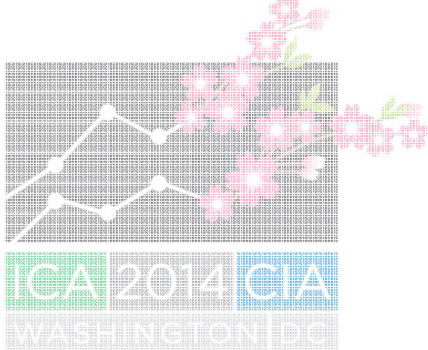
# Elevator pitch (less than 56 seconds)

- **qualified Actuary since 2007**

- member of „**Actuarial Sciences for Africa**"

- **over ten years of experience**

  - life product development

  - life product strategy

  - life business development

  - structured products
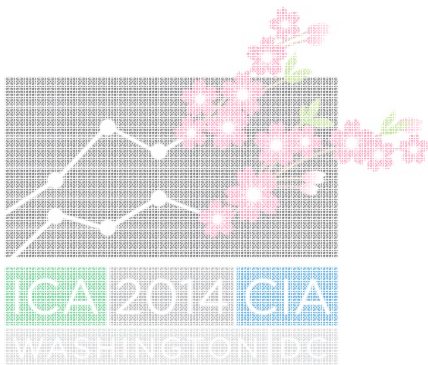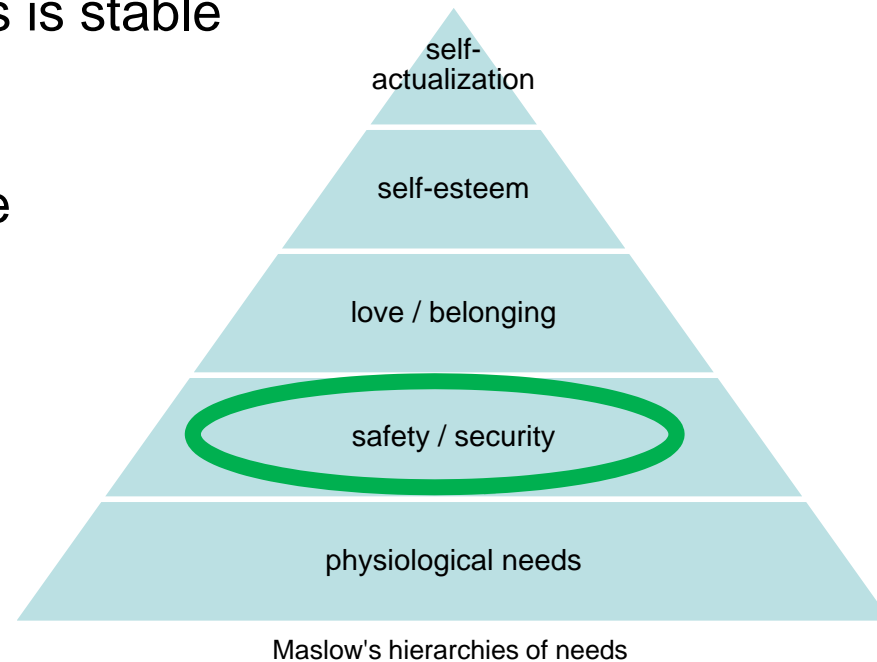
  - insurance processes
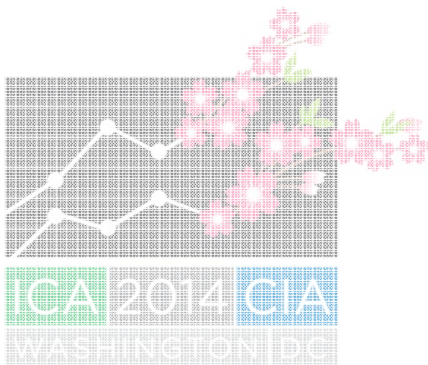
Burj Khalifa, Dubai

My theses

- **Actuaries are spread all over the value chain.**

- **THE actuary does not exist (any more).**

- **A more differentiated education & training is needed.**

- **A new self-image will develop.**

- **The hybrid actuary will come.**
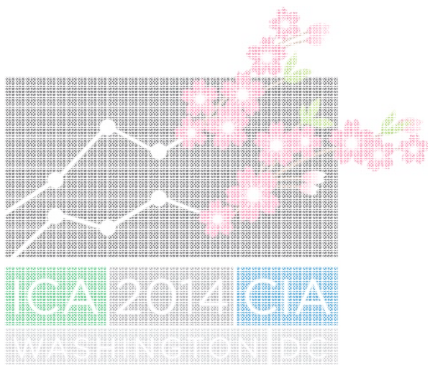
The actuarial profession

- **fortune is linked to evolution of insurance business**

- **actuaries and insurance business are inseparably linked**

- **good luck:** insurance business is stable and everlasting

- **caution:** evolution of insurance business is triggered by environment more than ever

self-actualization

self-esteem

love / belonging

safety / security

physiological needs

Maslow's hierarchies of needs

Everything started with risks!

- **need for insurance** has a long history

    - since dawn of civilization

    - progress triggered new insurance needs

- **core idea**: pooling of risks / risk sharing

- **actuarial questions** have a long history

    - compare for example novels from Jane Austen

    - actuarial debut work gives first answers: **life tables**

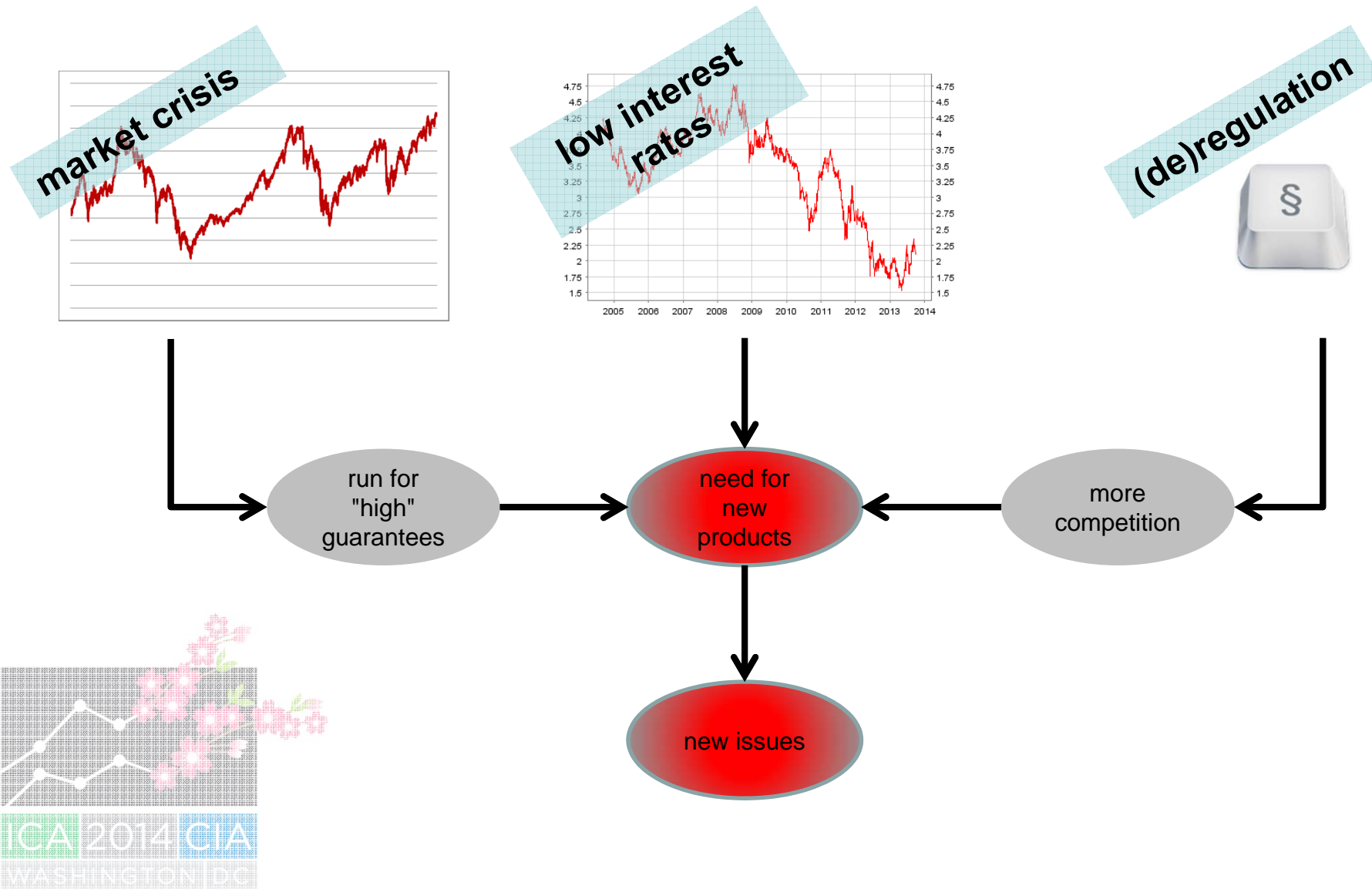- first use of "actuary" as official title in the 18th century

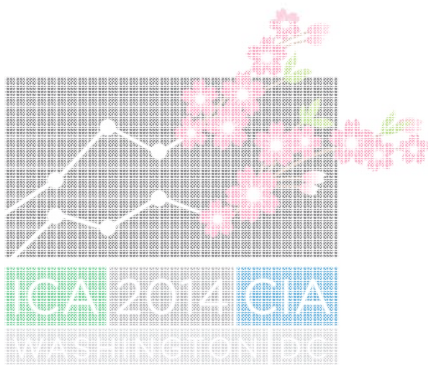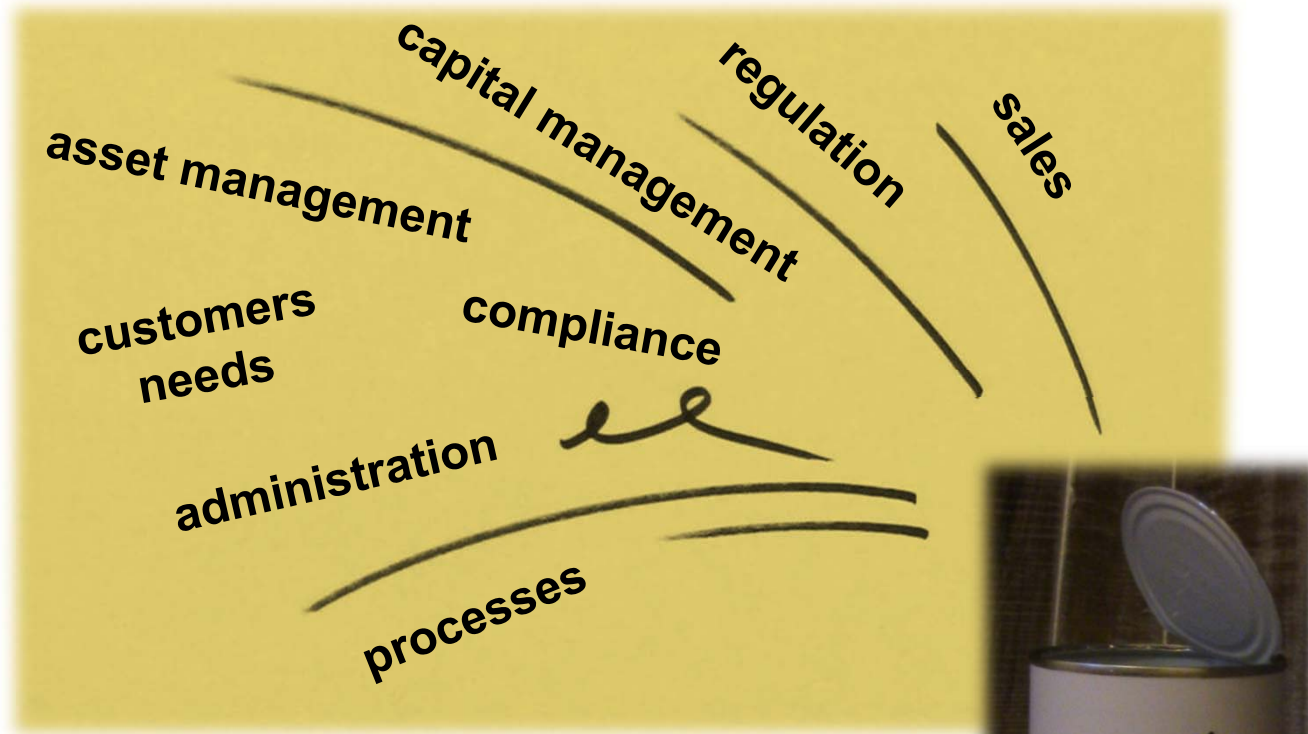
example of a life table

Then came fancy products …

market crisis

low interest rates

(de)regulation

run for "high" guarantees

need for new products

more competition

new issues

and the world turned out to be complex!

capital management

regulation

sales

asset management

customers needs

compliance

administration

processes

Pandora's box

Genealogy

WATCH CLIP
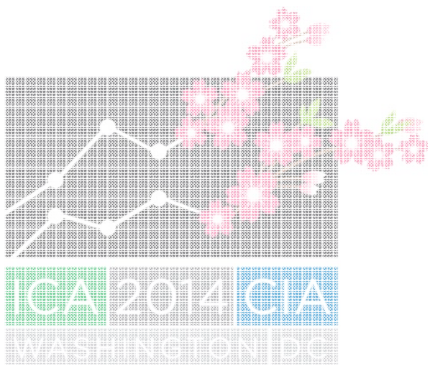
Critical self-reflection of a profession

inflation of exams

sales-back-office divide

"actualiza-tion" of insurance company

model faith instead of model thinking

hyper specialization instead of hybridization
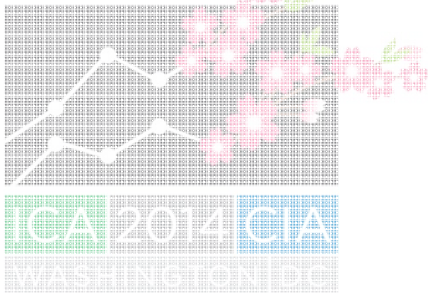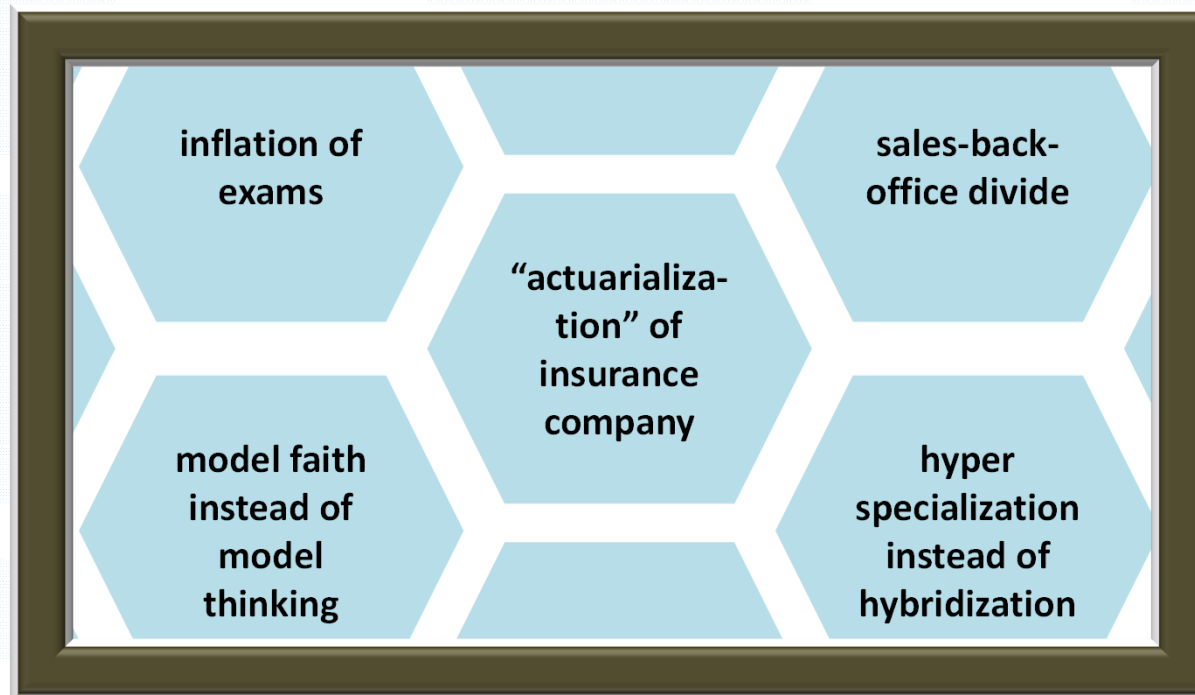
However, life is risky!

- **home made risks**
  - new products & issues
  - old habits, processes and thinking

Life is risky.
rothkopf design
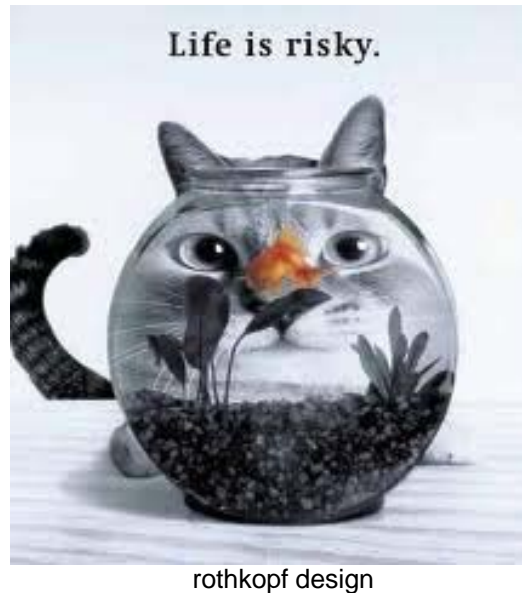
- **unindepted risks**
  - regulator prefers certain investments
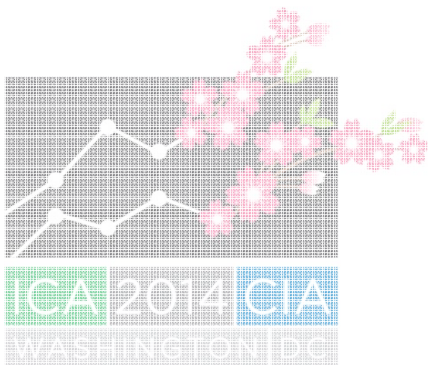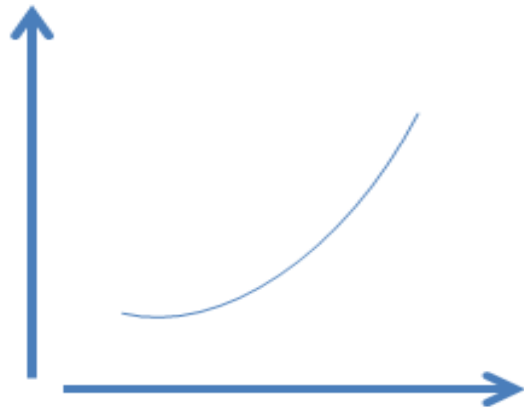 - market crisis fuels distrust

Each "new wave" reacts along the value chain finally on sales!
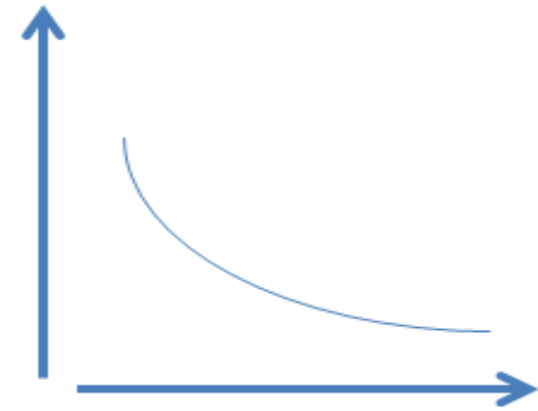
Current environmental developments …

… and issues trigger evolution!

product diversity, product complexity, competition	market growth	time-to-market, product life time
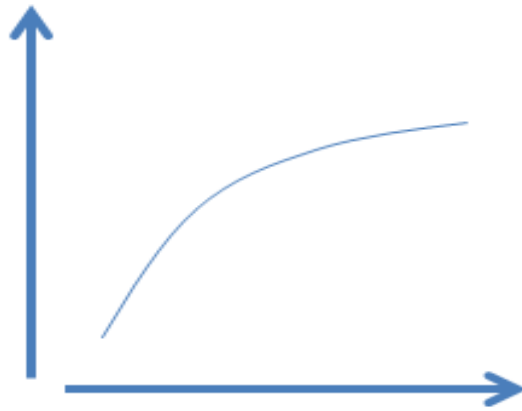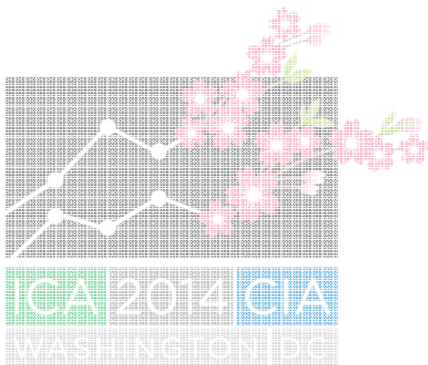
All we need is change!

- **change requires overview**
  - ➤ hybridization of education, training <u>and</u> work
- **change requires communication**
  - ➤ scoring with soft skills and "hybrid-languaging"
- **change requires visions**
  - ➤ think out of the box instead of "incestuous" believes
- **change requires leadership**
  - ➤ progress beyond specialist career

- ❖ **change takes time** and is **uncomfortable**
- ❖ **very first step:** create awareness and vision
- ❖ **some steps later:** adjustment of education guidelines

My theses – now for discussion!

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- **A new self-image will develop.**
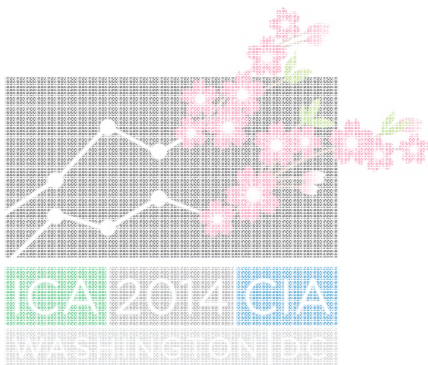
- **The hybrid actuary will come.**
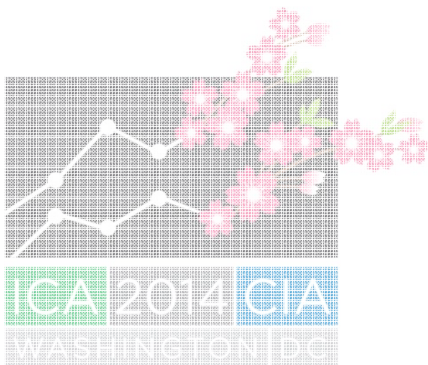
Thank you very much for your time!

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Disclaimer

The present slides are compiled for the International Congress of Actuaries (2014, Washington D.C. USA) by myself. They only develop the full significance in conjunction with my presentation. It is not my aim and primary goal to review the history of actuaries. Slides and corresponding presentation are based on my personal opinion. It neither reflects the opinion of any association which I am member of nor the opinion of my current or any former employers. All information is supplied without any liability. I used within my presentation the following external graphs and pictures:

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7	Interest Rates 10y Eurozone Triple A (Chart)	European Central Bank http://sdw.ecb.europa.eu/quickview.do?SERIES_KEY=165.YC.B.U2.EUR.4F.G_N_A.SV_C_YM.SR_10Y
7	Stock Index DAX (Chart)	data from www.finanzen.net
9	Television (Picture)	http://pixabay.com/en/tv-watch-television-clip-old-42376/ CC0 1.0 Universal (CC0 1.0) Public Domain Dedication
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