

GUEST EDITORIAL

**CONTINUING THE GLOBAL DEVELOPMENT
OF THE ACTUARIAL PROFESSION**

By E. J. LEVAY

Thank you for your invitation to write in this prestigious *Journal*; it is an honour and privilege that I have been provided with an opportunity to share with the many readers my thoughts on the potential directions for the future of our profession.

It has been more years than I would like to admit that I have been a practising actuary — implementing practical solutions for the global market, using advanced actuarial techniques, and state of the art implementations of these techniques within a wide range of fields — life, general insurance, investments and healthcare. During this period I have also been involved in fulfilling a number of international roles and responsibilities for the profession. However, it is when one takes a step back from the front line and reflects on the progress made, that one can recognise the continuous evolution of our profession and the great advancements that it has taken.

This evolution has not only occurred in the professional practices we undertake, but also in the organisations that envelop our profession. The former has undoubtedly included the development of new, more complex theories and algorithms, which have taken advantage of the increasingly powerful technologies at our disposal. With regards to the latter, since the inception of our profession in Britain, many changes in its globally organisational structure have taken place. These have included the development of a new international actuarial organisation — the International Actuarial Association (IAA) — that is fundamentally an Association of Associations, bringing together all the individuals of individual associations. The IAA has contributed to the unification and globalisation of the actuarial profession — and can be a driving force for the development of the profession. I believe that many of our members are aware of these major developments — what I would like them to think about now is where, as a profession, should we go from here?

What direction should the profession itself take? How should this be reflected in the practices of individual actuaries? The professional world that we inhabit is rapidly evolving, financially and in many other ways, such that it requires us to evolve apace. For the future development of our practices and profession, we need to have targets and goals, things that we want to achieve. We need to be proactive rather than reactive. With this we can cope with all the changes in our own and other professional environments.

We can better serve our clients, while bearing the responsibilities we have towards the public's and consumers' interests. So, where should this strategy direct us? I will discuss a number of ways that we can develop the profession.

The actuarial profession is a unique and exiting profession that is innovative and adaptable, and it is a requirement that we continue to be so. However, its main focus remains within the financial sector. Therefore, I would say that the main goal for the new millennium is to build the future of the actuary as an advanced actuary, a *multidisciplinary actuary*, to open him up to a greater range of disciplines. We have to address areas beyond the pure financial domains, and continue the development and expansion of the profession's scope into new areas of practice, where risk evaluation is required.

We could, and should, be involved in evaluating risks in non-traditional projects, that might be more complicated and challenging, but nevertheless achievable. For example, a potentially beneficial area would be the provision of preventative and risk management strategies against major or high-risk catastrophes, prospectively in relation to natural disasters in the form of earthquakes, windstorms and volcanic eruptions that are frequently responsible for the loss of life, limb, and property. Less startling examples may be the application of actuarial methods to: environmental projects such as the regeneration of run-down neighbourhoods or the impact of developing a nuclear power station on the local and national regions; epidemiological and nutritional estimations of the demand and supply of vital services; the effects of introducing new medical technology; or the instigation of large scale building developments, where actuarial models could prove equally useful in deciding operational strategies and risks in the first place, rather than trying to insure a project on its completion. Indubitably, success in these wider fields will not only be measured in terms of finances and profitability, but in terms of safety, environmental concerns and human factors.

How can we achieve this goal? By altering the training provided to actuaries to be increasingly multifaceted, we can enlarge the scope of our profession and enlarge the need for our profession, thereby ensuring its own development and future. Therefore, as a second goal, we, as a professional organisation, must ensure that we continue to develop personnel who are capable of working in wider areas. We have to ensure that the *multidisciplinary actuary* has received, and continues to receive, a wide diversity of education and professional experiences, to provide him or her with up-to-date tools to evaluate risks, and the wherewithal to apply these tools to the wider markets. We need, however, to further promote our profession into fields where risk management is required or would be beneficial, and to develop the collaboration between actuaries and professionals within the wider areas, where it would be mutually beneficial to share our knowledge and skills.

Some may think that it may be a bit too much to ask actuaries of many years' experience to alter their lifetime practices. However, I believe that, as actuaries, we inherently have the acumen, skills and techniques to move forward and develop our practices, rather than rest on our laurels. We must also look towards the future of the profession, and we should be seeking to encourage new blood into the actuarial profession, to carry forward and implement these aims. We should take deliberate measures to promote and to make the profession attractive to the cream of undergraduates who may be leaning towards other professions, simply because they are unaware of the true nature of the actuarial profession. After all, no one in this profession would consider himself or herself limited to mathematics, statistics, or financial engineering. We should recognise that we actually hold a combination of these skills, with the means to apply them to additional disciplines. We need to be bold enough to compete for the scarce resources of young talents.

Further, once we have snared these 'potential candidates', we should open up our field of knowledge and experiences to them, and include components of the wider areas in their syllabus of training. We should take a leaf from the training which young medics get from their more experienced mentors, who guide and cajole them through the ranks. There are no secrets; every invention in the medical field is well documented and presented in papers available to medics, and even the inquisitive public. As a profession, we also, to an extent, write papers, conduct in depth research and publicise them; but, we also need to publicise the practical solutions that we implement. Through opening these up to scrutiny similar to peer review, there will be advanced and better solutions developed. The Internet opens a great opportunity to provide such service and resources for actuaries to share and to develop their ideas, even if they are geographically separated. We can use the IAA as the umbrella for this 'library of solutions' for any specific product.

As actuaries, our core responsibilities will remain to the consumer; we are the trustees of the public at any level of any financial institution, whether it is an insurer, a reinsurer, a bank, an investment institution, a healthcare institution or others. However, above I have presented a few ideas for a future direction of our profession. I hope that they will enable the profession to advance within the global climate that we now live in, and ensure the competitive future of our profession.

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