



I disagree / You do what?

WHEN ACTUARIES DISAGREE

I'm a few years out of uni – just qualified – and I'm currently debating one of the senior actuaries at work about how we interpret some of our analysis (it's not a technical question as such, and it's a fairly significant issue for our work). Is it unprofessional for me to disagree with him? How far can I push it?

What a sad world it would be if actuaries – whatever their relative seniority – didn't feel free to challenge each other's views. So, no, it's not unprofessional to disagree. But you need to make sure you go about your disagreeing in a professional fashion:

- Challenge politely, and be careful to distinguish between criticising the specific opinion (which is OK) and questioning the person's competence generally (not OK).
- If the two of you can't resolve your difference satisfactorily, get views from other(s) in your company, or from someone outside; I suggest doing this together with the other actuary, as you don't want to appear to be 'ganging up' on them.
- If the situation starts to become heated or personal, then it may be in your best interests to pull away.
- Don't forget...you may turn out to be wrong! (I thought I was wrong once, but it turned out I was wrong).

Actuaries can have differences of opinion in the public arena too. External Peer Review, for example, is a potential minefield for our profession's reputation. You've got insurers required to seek – and pay for – two opinions. From the start some companies would be wondering why they need the second opinion (MORE fees for actuaries?). Throw a serious actuarial disagreement into that mix, and it could chip great chunks of credibility from the actuarial brand.

But most EPR actuaries do a good job of focusing on the important and being constructive about the way they suggest changes. While it can be a bit painful along the way (on both sides), the process provides an added layer of security for the insurer and leads to gradual improvements in the valuation process – as intended.

There's room in the world for actuaries to disagree – if we do it nicely.

HOW DO I SAY THIS, MUM?

I work in general insurance, doing workers' compensation reserving. I am having trouble explaining to my mother what I do. Can you help?

Look I don't know your Mum... she could be a hedge fund manager, social worker, retired zookeeper, astronaut. With this uncertainty I've crafted a few different explanations for you to try. In fact, I've tried to make one for everyone:

- Insurers need to have money in the bank at their balance date to pay for claims that have happened in the past and haven't been fully paid yet. In some cases they haven't even heard about the claim yet. I work out how much money they need.
- You know how I joined the circus and how I've been training really



hard in the big top every day, and sometimes well into the night? And I'm getting really good at the trapeze and they're going to let me start working with the lions soon? And you and Dad are so proud? Well, Mum... I lied. I'm an actuary, just like you two.

- Granny – wherever there is uncertainty of future financial outcomes, I am sought after for my valued advice and authoritative comment. I make sense of the future. (Thanks to the Institute website for this one)
- I work in an office in a tall building. There's a photo of you and Daddy on my desk. I have a cool twirly chair and I spend most of the day working on a computer – sometimes I do numbers, sometimes words.
- Mum, actuaries evaluate risk and opportunity. They apply mathematical, statistical, economic and financial analyses in a wide range of practical business problems. I personally advise insurance companies on the level of financial reserves held to meet claims. (Website again)
- Ingredients = people + lots of brain food (chips, biscuits, coffee, occasional fruit) + white paper. Utensils: computers, phones, whiteboards, meeting rooms, printers. End products = emails + recycled paper.
- I work in, like, the coolest office – kinda like Google, except we are, like, brainier. There's this, like, other actuary there who is, like, so cute, and today she, like, smiled at me, I'm pretty sure, OMG! **A**