

THE ACTUARIAL CHALLENGE: MANAGING CHANGE

Theme: The responsibility of the actuary.

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Abstract

In this paper I deal with new developments and their impact on the actuary's field of work. Much is demanded of the actuary since every new development can be seen as a process of change affecting content, cooperation, changing context and working processes. At the same time, existing working practices have to be kept up to date. What is demanded, is both a different way of working and the awareness that this is indeed so. I then outline the case of a company courageous enough to join its actuaries in the quest for change. This then provides me with the basis on which, finally, to make recommendations to those wishing to embark on a similar course of action. All of this presents the actuary with a fascinating challenge.

Keywords

Actuary, new developments, actuarial processes, change, challenge, awareness.

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1. INTRODUCTION

Changes having a considerable impact in the area of actuarial work have been following one another in rapid succession. At the same time, company efficiency and effectiveness have to improve in less and less time. The actuary is expected to continue to exercise his responsibilities amidst these changes and steadily increasing demands. This requires the actuary to do more than just keep his know-how up to date. I wrote this article because of the discrepancy between, on the one hand, just soldiering on as before and, on the other hand, continually having to change. A lot of articles have been written about how the actuary needs to change but none of them are any more than fragmentary, usually doing no more than making observations.

This paper aims, firstly, at raising awareness about the likely impact of these changes as well as the steadily increasing demands within companies and all the accompanying actuarial responsibility this brings. At the same time, this article seeks to provide an answer to the question what the actuary can do to best anticipate this “new situation”.

2. ANALYSIS OF THE ENVIRONMENT

“The times they are a’changing”, are words that Bob Dylan sang in the 1960s. He could not have known that the world would have changed so much as it has done in the past few years. At least we can be certain about one thing: change is here to stay and the unthinkable has become thinkable since the terrorist attack on the Twin Towers and the accounting scandals at Enron and Equitable Life. The question is how the actuary might anticipate such changes. In this section I talk about the factors having the greatest impact on change in the working field of the actuary.

The most important factors are as follows.

- Legal changes such as IFRS and Solvency 2
 - IFRS: This was born out of a desire to reduce the chance of accounting scandals e.g. at ENRON and Albert Heijn, to an absolute minimum. IFRS aims at a “no surprises” policy and transparency in comparative figures. Important key words here are: global standards and unambiguousness.
 - Solvency 2: This is a new European model aimed at getting solvency requirements to fit better with the real risks an insurance company can run and other factors like the methods of calculation used for technical liabilities and the valuation of the assets in terms of their market value.
- Corporate governance. This has to do with the way in which enterprises are run and how that is controlled e.g. by the supervisory board. An important example here is Sarbanes Oxley.
 - This is a part of US law passed in 2002 to strengthen corporate governance and restore investor confidence. The Act was sponsored by US Senator Paul Sarbanes and US Representative Michael Oxley.

- The law was passed in response to a number of major corporate and accounting scandals involving prominent companies in the United States. These scandals resulted in a loss of public trust in accounting and reporting practices.
 - The legislation is wide-ranging and establishes new or enhanced standards for all US public company Boards, Management and public accounting firms.
 - Sarbanes-Oxley is mandatory for all companies traded on the US stock exchange so as to be able to perform financial risk analysis on their financial information processes.
- Supervisors are particularly interested in the company's financial position and in gaining more insight into how the company is run. The accent has come to lie more and more on process related supervision rather than providing accounting recipes. Before they can provide this insight, however, companies will have to explain properly and describe their company processes. A clear picture of the risks the company is running and its ability to anticipate them is what is now demanded.
 - Rating agencies. Companies are rated by agencies such as Standard & Poor's. Companies are interested in achieving as high a rating as they can and go about it by realising their plans and prognoses and by being consistent. It is important in this context when supplying information to achieve a balance between the big picture and the degree of detail, taking as a motto the expression "enough is as good as a feast."
 - The availability of faster and more powerful technology enabling the actuary to build more advanced models for e.g. risk management applications.
 - Consumers and markets
 - Consumers have come of age and are more ready to speak out and, thanks to the Internet, have become better placed to be able to compare products and seek the provider with the most attractive offer and the best quality.
 - Markets have seen increased competition leading to reductions at the margin and a steadily falling price for the consumer.
 - Globalisation leads to standardisation and scale increases and, as a consequence, a growing market for customised products.
 - The insurer is expected to realise the consumer's expectations.

The following represent the most important conclusions thrown up by this analysis of the environment,

- steadily increasing demands for trustworthiness, mainly through transparency and unambiguousness
- emphasis on risk management
- emphasis on managing consumer expectations as well as those of rating agencies
- well set up company processes (including dependability of supply)
- greater emphasis on effectiveness and efficiency
- the actuary's own responsibility

3. IMPACT ON THE ACTUARY'S FIELD OF WORK

In this section the impact of the conclusions derived from the preceding section has been applied to the actuary's field of work.

3.1. A steady increase in demands for trustworthiness

The market no longer wants to do business with a 'black box' and sit back and wait for what will emerge. Financial debacles have resulted in a steady increase in regulation aimed at proper control of enterprises by means of, among other things, a reliable picture of the annual accounts. This demands transparency and especially correctness of data. In order to be able to supervise this, concrete demands are made on financial processes and audits. The thinking behind this is that an undertaking can be supervised by procedures and audits. In the US Sarbanes-Oxley provides for the imposition of a jail sentence on anyone responsible for publishing inaccurate annual accounts.

Shareholders expect transparent and consistent results that are on time. You used to be able to make an error and correct it afterwards. Now, however, results have to be predictably good and there must be "no surprises". IFRS aims at a comparison of results presented nationally and internationally.

Impact on the actuarial field of work.

a) Controlling the quality of the actuarial process

Since companies like ING and Aegon are listed on the American Stock Exchange they too fall under the Sarbanes-Oxley Act. This entails actuaries having to check that actuarial processes conform to the rules: processes have to be documented and subjected to quality control before effectively meeting the regulatory requirements. I know how much this is needed from the practical work I myself have done in this field.

At present actuaries make much use of spreadsheets without good documentation. This increases the risk of error. The reporting section has sometimes been called "spreadsheet city". Defined output determines what to analyse and actuaries waste a lot of their time gathering data and getting it to add up. Only limited time is actually spent on analysing.

b) Organising new actuarial processes capable of taking uncertainty into account

The introduction of IFRS demands the organisation of a new actuarial process. This has proved highly complex due to uncertainty and differing interpretations of the rules. There was always talking of a "Draft statement of principles" that left final requirements unclear. The "Draft statement of principles" failed, for example, to give a precise definition of an insurance contract, to establish Market Value Margins and which premiums had to be included when calculating Fair Value. Final requirements have become moving targets. As an actuary, you would reasonably be expected to begin by setting up an actuarial process for IFRS. This entails, nevertheless, having to make provisional choices from the start related to an estimate of the final requirements. The demand then made of the process is that the actuary be asked to set up a process that is sufficiently flexible as to allow the temporary choices to merge with the definitive choices thus settling the final requirements.

c) Discussion about the actuary's independent status

This discussion is a hot item in the Netherlands and has come about because of the demand for trustworthiness. Can an actuary really be said to be independent if he is in the employ of a company needing a certificate? Interested parties expect so, begin to ask questions, a discussion starts up and the result is a new set of rules. Opinion among actuaries is divided.

3.2 Emphasis on risk management

Risk management has been increasingly emphasised. The cartoon of the actuary gazing into his crystal ball is a classic of its type. A more modern approach would be of the actuarial control cycle used in Australia as a framework actuaries can make use of “to assess, evaluate and manage risk, where there is uncertainty of future events” – a quotation from the back cover of *The Actuarial Control Cycle*.

Impact on the actuarial field of work

Here the actuary is being asked to reconsider his traditional field of work and to make new techniques for risk management part of his toolbox.

3.3 Emphasis on expectation management for consumers and rating agencies

The enormous importance of more open communication towards internal clients as well as external clients e.g. policyholders, rating agencies, supervisors, etc.

Impact on the actuarial field of work

This means, for example, the actuary making it his business to ensure that technical insurance expressions like profit-sharing are unambiguous to the customer. This requires the actuary to be very precise in what he communicates. It further requires that he always checks to see whether the message has been received and understood.

3.4 Well set up company processes (supervision)

Well set up company processes are inherent in all of the points already mentioned. Actuarial processes must be manageable, transferable, reproducible and transparent and deliver predictable results.

Impact on the actuarial field of work

Here the actuary is being asked to set up actuarial processes that connect with the company aims and the other company processes. This means him having to know how all the processes in his company work and how the actuarial process fits into all of that as an essential link. An added advantage is that in so doing the actuary does actually have to work alongside other disciplines, in this case the business engineer. Additionally, the actuary needs continually to evaluate the added value he brings to the company.

3.5 Greater emphasis on effectiveness and efficiency leading to better overall results

Consumers expect good returns on their investments. The big earner for life insurers up until the 1990s was investment returns. At the end of the 1990s share markets collapsed. In addition, market interest rates decreased putting more pressure on the technical interest rate. The technical interest has decreased and interest margins have come under steadily greater pressure due to the guarantees that had been given. This is a significant change. More and more attention will now have to be paid to the realisation of the total result and how this can be improved upon.

Impact on the actuarial field of work

Here the actuary is being asked to show insight into the essential principles involved in realizing results and how he might be able to influence them. Besides this, more and more attention has been paid to integration with the investment side, in other words, matching investments and insurance portfolio in the best way possible. The actuary is being asked to move closer and closer to the investor. In addition, the actuary is getting more and more involved on analysis of the result on costs and how this result could be influenced. (What are the “drivers” that influence this result?). Therefore the actuary is being asked to move closer and closer to the financial function and retain his own responsibility. The same occurs on the commercial side: is production profitable and what opportunities are there for control? The intention is to have actuaries and those representing other disciplines complement one another.

Another aspect is the actuary being asked to make his processes more effective and efficient in a dynamic environment (see also 3.4). This requires a different way of looking at processes of the actuary. Being effective means being able to deliver the intended result and being efficient means producing a result.

3.6 The actuary’s own responsibility

Supervision has led to more work being done on providing international norms for insurers. However, as yet, there are no global norms. Within the IAIS (International Association of Insurers Supervision) a framework is being developed. A number of key elements or “cornerstones” for the formulation of regulatory financial requirements for insurers worldwide is outlined in the Cornerstones paper. The main role of this cornerstones paper is to outline the conceptual guide rails for the further work to be undertaken by the IAIS. The paper sketches the wider contours of a solvency regime for insurers that includes valuation of technical provisions, assets and regulatory requirements for dealing with the risks of an insurer.

Impact on the actuarial field of work

Supervision within the Netherlands has already anticipated the “Cornerstones paper”. Far more responsibility has been offloaded onto the shoulders of the actuary and calculation recipes abandoned because of coming alterations in supervisory demands (Financial Review Framework). This development links up with the one of the cornerstones that states the insurer should as much as possible make use of its own highly developed models in order to map the risks involved. These models take into account the specific risks of the undertaking that could result in lower than demanded levels of capital requirements. Supervisors will need to approve these models in advance. Especially big professional undertakings will be able to make use of this: smaller insurers will have to make do with the somewhat less elegant, standardised methods of supervision.

3.7 Conclusion

This has a large impact on the actuarial field of work. Clearly this is a call to all fellow actuaries to make the conscious decision to let go of our traditional ways of working. Keywords for traditional are e.g. “go too much in detail”, “master of calculations”, “Spreadsheet city“, “ivory tower“. The days when an actuary could retreat to his ivory tower are long gone and now it is time for our coming out. The actuary has to keep his existing processes up to date while simultaneously anticipating new developments. Every new development can be seen as a process of change affecting content, cooperation and work

processes. The actuary needs to be capable of working in contexts that are undergoing change all the time.

This means that actuaries are being asked to

- keep up with the content of new developments
- be capable of translating these new developments to work processes that are reliable, reproducible, manageable and transparent
- ensure that these processes are sustained in the organisation
- possess skills to be able continually to work together in contexts and environments that are changing all the time
- have a greater awareness of how to act with integrity and independence
- improve the quality of their communication
- be aware of the need for change
- find the courage, the pluck and the strength to give shape to “the actuary of today”.

4. INTERMEZZO

Rapid changes have occurred over the past several years and this has had a huge impact on the actuarial field of work. Awareness – in other words, becoming aware of what has happened - is of great importance, as is asking yourself the questions, “How do I want to go on from here?”, “What do all the items we have reviewed say to me?”, “Am I prepared to take part in all of these changes or would I prefer not to, for the time being anyway?”

I have become aware that I want to learn from the past and to undertake a voyage of discovery to this new world of change. I hope that all of you would like to come along with me and those who I can promise an extraordinarily interesting journey, an exciting time, and, in short, a new adventure.

Maybe the following quotations from Goethe can help us here

- Get on with: what you can do or at least have dreamed of being able to do
- Courage is a question of talent, strength and enchantment

5. DISCUSSION

In this section the process of a company that was courageous enough to engage in change, is described. In section 6, I reflect on this process and, in section 7, I make recommendations for actuaries thinking of similarly starting to engage in change.

5.1 Context

The culture of insurance company “X”, which we will call WIBEMA for the sake of argument, was, on the one hand, that of an open and informal business and, on the other hand, that of a culture of meetings that was free of obligation. A variety of component parts went to make up WIBEMA as a company and they were all autonomous. All of the component parts had their own actuaries and these in turn were autonomous within the component part in which they were working. WIBEMA was planning to get itself listed on the stock exchange but this entailed a paradigmatic shift from business unit autonomy to centralised management from above, in other words, a hierarchy.

What changed for the actuaries was that they now had to start thinking in terms of their own business units **and** the overall interest of WIBEMA as a whole instead of just in terms of their own business units. Moreover, the actuaries had to be tough enough to withstand the stock market launch, as there were to be “No surprises”. The underlying demand was for trustworthiness.

This meant a sea change as

- processes differed from unit to unit
- carrying out the same process at another time could lead to different results
- documentation of actuarial processes/ spreadsheets (“spreadsheet city”) was almost entirely lacking
- the actuaries were only involved in making the calculations but were hardly included in the decision making process.
- content was not documented and shared among the employees

5.2 The desired result of a more professional approach:

A proactive, effective and professional actuarial position of the actuary is the aim. Actuaries have the attitude of actuarial entrepreneurs at the centre of the decision-making process. They carry out their activities on the basis of shared know-how and techniques and both the actuarial processes and the means employed have been audited.

The added value of the in-house actuarial staff means less need of outside professionals to carry out high quality actuarial investigations or to give advice about and implement actuarial processes, as all this will now be done by internal actuaries being supported by outside professionals only where strictly necessary. This turns the world as we know it on its head: internal actuaries telling outside professionals what to do!

5.3 Approach

Training sessions were the starting point for the creation of a joint context for actuarial thinking and operating. The actuaries were able to carry out joint projects based on this new-found working relationship.

A learning and working project was begun as a combination of learning to work together effectively based on an entrepreneurial stance and not on that of actuarial methods. First determine what you would like to realise as a group and then dive into the content. For the actuary, the most difficult part was having to discuss the joint solution beforehand and getting everyone to agree on the aims they ought to achieve. Only after that could there be discussion of content. This too represents change: the actuary’s second nature is to dive straight in at the deep end of content. This **was** his impulsive first nature.

Here, the actuary was being asked to display social and communication skills. Well, that is quite something to have to get used to! An optimal actuarial business process suited to the business unit’s own actuarial staff and to the rest of the in-house actuarial staff at WIBEMA was the aim.

Entrepreneurial means daring to take up a position and to operate from the basic principle “how can we realise it?” rather than, “Yes, but I don’t think this works for me because...”. The project was started up using their own people and an external process supervisor.

5.4 The process

The starting point was to start sort out the nature of the actuarial position first, start up new processes with respect to reporting and then to move on to link up with the other disciplines. To start with the process was directed inwards to a large extent.

Once the training sessions were behind them, the actuarial staff moved on to the practical aspect of starting up and implementing a number of projects with a substantial financial impact that go a long way to influencing the annual accounts, product development and investment policy throughout WIBEMA. These included Asset Liability Management (ALM), Embedded Value (EMVA) and testing Loss Reserves. At a later stage this became International Financial Reporting Standards (IFRS). All projects combined a large strategic interest with a plan for change.

All projects had an in-built task agreed beforehand with the client. A lot of time was spent on developing a joint vision so that the aims could be realised in terms of determining what these aims were and setting up activities based on these aims. You have to take the aims you want to achieve as your guide, e.g. if your aim is reliability of supply of actuarial reports then everything else has to be geared towards achieving that aim. Everything you do must fit in with the aims you want to achieve as actuarial staff. The essence, therefore, is the existence of a joint context to deal with the aims.

In the existing situation the actuaries had not been told in advance about the joint context to deal with the aims. This resulted in action-directed work, making it impossible to create a joint context within which work and aims could form a relationship. Now, the joint context was shared out and the actuaries were expected to focus their work on the aims.

Example

There are actuaries whose day job consists of getting incorrect results generated by software programs to add up. The joint context is to make a good analysis. Therefore the “new” actuary will cease to do this sort of day job and ensure that the software is adjusted accordingly. After adjustments have been made there will be time enough for analysis and this will mean reduced costs in terms of time and money.

What will this mean for me as an actuary? Oops – my job just changed!

Actuaries spend a lot of their time gathering data and getting statistics to add up, so there was hardly time left to analyze the figures. The actuarial staff made demands of other departments and wrote precisely about the type of data they needed to be able to set up good reports.

Front office precision and consistency leads to back office earnings.

One of the most far-reaching demands is and remains the actuarial staff’s demand for information from policy systems. Responsibility for good data needs to lie where it belongs and in this case it does not belong to the actuary but to the director of operations.

One aspect of working entrepreneurially is that you can ensure reliability of supply within the chain: everyone is responsible for his or her own department. The director of operations is responsible for correct and timely supply of policy data, the financial department is responsible for financial data, the actuarial staff are responsible for data analysis, making

reports, giving advices etc. In concrete terms this means that every link in the chain is responsible for the quality of the next link in the chain.

The actuarial staff succeeded in supplying quarterly reports for e.g. Embedded value accompanied by action-oriented recommendations thus taking up a position closer to the management and the Executive Board. The reports from all of the departments were uniform.

The uniform approach of the diverse projects generated from within the joint context, reduced the vulnerability of the actuarial position in these areas. The process was organised around the projects in such a way as to cause the process to yield reliable results. The actuaries gained a great deal of experience about processes and in the project they became used to working with the aims that needed to be realised. Now, instead of being directed at the content, the projects were directed towards the process.

The various different actuarial staff were engaged in a great diversity of work from fixing on a particular product and price in the context of the business unit to the supply of regular actuarial reports with advices e.g. Embedded Value, generated by the joint context. In addition, the actuarial staff were asked to do more and more.

Besides this, steadily increasing internal and external demands ensured that all actuarial staff have to develop the necessary expertise for every new subject area in order to be able to produce reports.

There were, too, actuaries who gave up on the process and went off to look for a job somewhere else. In the meantime, although new actuaries have been engaged, many vacancies still remain.

The various actuarial processes were carried out in different ways by different departments. The output of the actuarial reports was uniform. Actuaries were working on many different processes at the same time. Despite the fact that the environment was becoming increasingly more complex, they continued to work in a broad and non-specialised way. A new actuarial organisational structure was decided upon with space for a more process-oriented direction and greater specialisation with clear lines of responsibility.

The actuarial processes were organised in the following way

- developing and fixing prices of products, supporting primary processes, and actuarial control under every business unit
- regular actuarial reporting and analysis (EMVA, reporting, RBCM etc) brought together into a single shared service centre
- the awarding of certificates and the implementation of financial actuarial developments (e.g. Solvency 2) was centralised.

Currently important items are

- improving the quality of the basic information
- further streamlining of actuarial processes these now having been brought under one management.
- continued building up of expertise, uniformity and introduction of new developments

- recruiting actuaries
- further developing actuarial professionals throughout WIBEMA
- cooperating with other disciplines.

6. REFLECTION: RESULTS

I would like to list the results with the help of a reflection on the business case study above: reflection in action. This means me hovering above the process. My reflection takes the form of a few short statements that reproduce the essence of the results.

- *The process of change was directed entirely at the in-house actuarial staff*
The starting point of the change was that first of all the actuarial position itself had to be made clear. This meant the process of change was initially entirely directed at the in-house situation. Later on cooperation was sought with other disciplines. This can come across as somewhat threatening and that is why it is important from the outset to establish the joint context and to explore where you are able to complement one another.
- *Output quality has improved considerably*
The process of change undergone by the actuarial staff represented a change in culture based on increases in quality output in terms of the next link in the chain also being able to supply good quality. This provided far greater insight into the development of concrete results. The process of change yielded many things that were able to improve the output: regular actuarial reports along with analysis and action-oriented recommendations.
- *Working in a process-oriented way rather than in a way based on content alone*
Previously, the content was undocumented and unshared among employees which prevented clear analysis of the situation. The new processes were organised around the content in such a way as to ensure reliable results. Iand documentation was improved. However, once the processes governing actuarial reports were brought under one management there is still a vital necessity to make in-house use of best practice for further streamlining of the entire actuarial process.
- *Joint context work works*
The joint context was established right at the start of the projects. This meant everyone had a joint picture of the task and a joint vision of what needed to happen: the aims that needed to be realised and the actions directed at achieving them. The actions undertaken were continually checked to see whether they were in line with the aims. The projects were a success.
- *The actuarial staff show their face to the outside world*
Actuarial staff show a united face to the outside world by working from a joint context. This instils confidence in your surroundings. In addition, actuarial staff show they know what they want and are less dependent on others.
- *People feel better about themselves*
The success of the projects, displaying a united face to the outside world, and making more demands of actuaries are all factors that go to help them feel better about themselves. They became more confident and have a greater sense of self-worth and feel they are better able to engage in conversations if they have to go out. They feel they are

respected more because of the new way of working in the projects and for taking responsibility for the aims that have to be realised.

- *Responsibilities are clear*
The actuarial staff began by formulating their demands for the flow of information needed to make reports and made these demands clear to other departments e.g. Operations. Up till now, these demands were filled by the actuarial staff themselves, as the information was patchy at times and the actuarial staff went about trying to get the data to add up. The outside world was unused to actuarial staff having a demanding attitude. For the actuaries, too, having to be demanding was quite difficult so that at times they would behave like street fighters and sometimes, too, this would lead to serious confrontations.
- *Steadily increasing demands and a new organisational structure*
The course that had been set for change led to cutting up the work of the actuarial staff among every business unit within WIBEMA. Every unit had its own actuarial staff doing all the things actuaries do while internal and external demands just kept increasing. The existing organisational structure no longer fitted into the way outlined for actuarial staff. The process of change increased the pace at which a new structure had to be set up.
- *New blood from outside*
Internal actuaries left during the process of change. The change and the image projected by the actuarial staff of WIBEMA made it attractive to actuaries from outside the company. The job vacancies have not yet all been filled due to a scarcity of actuaries nationwide.
- *Changing environment*
Environmental change can determine the future course of a project e.g. changing the project's stakeholders. The key is always to keep in close contact with your environment.
- *The coming out of the actuary is not yet complete*
Actuaries can feel threatened by change and at the same time see it offering them greater opportunities. Once it has been accepted that actuaries have to work on the process first, and only after that on the structure, this way of working will be validated. Appropriating the new way of working and continuing to act in the new way needs to be guaranteed. Stability, security and increased professionalism are important factors in ensuring the task is completed.

7. RECOMMENDATIONS

My recommendations are a combination of the reflections in section 6 and the impact on the actuarial field of work in section 3. These recommendations are meant for managers who want to get a similar process of change going in their own companies.

The recommendations are as follows

- **Assume responsibility for implementing change within your company and let go of traditional ways of working. Dare to make that voyage of discovery, learning from the business case study, and get talking to your colleagues. And more important, during the voyage evaluate, evaluate and learn from the things that went wrong.**
- **Take your employees with you on this trip and involve them in the voyage of discovery.**
- **As an actuary, expose yourself to the boundary between actuarial and other disciplines.** While changing the position of actuary internally causes other people to react, the most important change lies in mutual cooperation. The large impact of change on the insurance company and the various different disciplines involved make this absolutely imperative. The changes no longer affect actuarial content alone but the organisation of the processes surrounding the content in cooperation with other disciplines. An actuary does not need to be an organisational adviser nor a computer expert but what he does need to be able to do is to know when he needs to call in an expert and why.
- **Communicate as precisely as possible.** If you do this, the other party will know instantly what you need of him or her and where your limits are. Point out the consequences of people's action and their responsibilities, and do it in such a way as to remain on speaking terms. For some actuaries this can be new ground, but here too, take control of the development.
- If you want to implement change create a joint context to guarantee actuarial thinking and operating. This means everyone singing from the same hymn sheet and everyone doing their best to achieve the same goal. See to it that you manage the context well in the face of change.
- Evaluate your added value to the company on a regular basis and check to see whether your vision fits into the vision of your company and/or whether the actions you undertake are related to the aims you and your business unit need to achieve.
- Offer your employees opportunities to equip themselves for the future by honing their skills in the area of content, in combination with setting up actuarial working processes and the ability to work in ever-changing contexts.
- Keep in mind that managing change is a combination of content, cooperation between people, setting up good processes and working in changing contexts. Be aware that people are the key asset of an organisation, as people run organisations and processes. People make all the key decisions. Even when the best quality systems are at place, major

corporate fraud, accident and collapse are possible; it all depends upon the involvement and actions of people.

- Realise that such a course of action (process of change) will always lead to tension and try to foresee the consequences in advance and thus anticipate them. Accept that there will always be actuaries who do not agree with any changes you might like to introduce and that they will leave and seek employment elsewhere. This all forms part of the process and gives you the chance to call in fresh blood. I recommend you pay attention to the balance of the numbers of internal actuaries leaving the company and the numbers entering from outside. Pay attention to who is leaving and why.
- A course of change can only succeed if there is a sponsor to back it up and that needs to be somebody very high up in the organisation. Interaction with the sponsor during the entire process is an absolute must.

8. FINALLY

If you recognise the situation described here as being something for your own employer or company and you have sufficient drive to make that voyage of discovery, go for it and make it work.

I wish you every success and would very much like to get in touch with all those who have already undergone a similar process or who would like to exchange experiences.

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