

Mind the gap

Cherag Kalapesi offers insights for those considering a move into a different practice area.

THE DEMAND FOR ACTUARIES WITHIN CERTAIN PRACTICE AREAS IS A function of a variety of socioeconomic and legislative factors. An actuary's ability to promote his or her value is also a key determinant. In continuously evolving markets, we must adapt our skills and expertise to fit.

Some traditional actuarial practice areas are clearly in decline, while others are just taking off. For a profession the Home Office has deemed as being in short supply, it would make sense for the excess capacity from one area to feed the demand within another. However, this has generally not happened.

A slap on the wrist

It is surprising how many people are keen to work in a different practice area without having thought about what this actually entails.

Let me give you an example. In the investment and finance markets there are no specific roles from regulatory requirements. As a result, the sector employs a range of professionals with financial and mathematical ability. It could be argued that actuarial candidates are the most intellectually prepared to work in this area, more so than the statisticians, the economists and the (dare I say) accountants. However, in my experience actuaries consistently had the least awareness of the types of role that were available and the skills and experience that were required to successfully land these roles. This lack of awareness leads to the placing of far more non-actuarial people in these jobs.

While this example may be fairly specific, it highlights a common problem actuaries face in considering different practice areas as potential career paths. Could it be that we are so focused on studying for exams, sitting exams and then resitting exams that we lose sight of the other equally important work-based factors which employers look for when hiring someone? The reality is that doing subject 401 and specialising in investment management is by no means a ticket to working as an investment consultant or equity analyst. In fact, no matter what you specialise in, without the relevant experience and a thorough understanding of the products and legislation it will be very difficult to steer your career in the direction you would like.

An Institute initiative

The actuarial profession now recognises this issue. At a recent Institute meeting for the 2005 education strategy, a key point of discussion was the drive to develop the practical aspects of a student's training.

The introduction of a 'work-based skills' component to the qualification process aims to 'encourage young professionals to develop a culture of professional development to help them plan their future as an actuary'. With the proposed introduction of a more comprehensive work log, the Institute is shifting students' attention away from just passing exams and encouraging them to be far more aware of the work experience they are gaining.

While this may prove to be an administrative hurdle for many employers, it will surely change the mindset of students as they progress through the early stages of their career. By encouraging people to think more about work-based skills, it will help students understand the expectations of employers when they are applying for jobs in different practice areas.

Name Previous position Current position	Max Ramirez-Espain Valuations Analyst, Lincoln National UK Investment Consultant, AON Ltd	Matt Hodson Pensions Consultant, PricewaterhouseCoopers General Insurance Consultant, Ernst & Young
<i>What factors led you to move from your previous practice area?</i>	<ul style="list-style-type: none"> ▶ Our parent company in the US decided to sell the UK arm. ▶ I did not want to move away from London, so I decided to look at possibilities in the market. 	<ul style="list-style-type: none"> ▶ I had concerns over the prospects for expansion of the actuarial role within the pensions industry. ▶ I was keen to work in an expanding area with new intellectual challenges.
<i>At that time, what appealed to you about your new area of practice?</i>	<ul style="list-style-type: none"> ▶ I preferred something with greater personal contact where I could use my modelling skills. ▶ I was looking for an area where there was a lot of change going on. 	<ul style="list-style-type: none"> ▶ Subject matter is less legislatively prescriptive and more open to actuarial judgement. ▶ I was aware that insurance companies and the Lloyd's market were facing new challenges that actuaries are well placed to work on.
<i>What are the key differences in the skills required to work in the two areas?</i>	<p>Being an actuary implies:</p> <ul style="list-style-type: none"> —learning to use mathematical tools —developing analytical means of tackling problems —communicating your findings <p>If you are able to do these things, the only difference between working in a life office or as an investment consultant is the amount of time you spend on each skill.</p> <ul style="list-style-type: none"> ▶ An insurance actuary spends more time behind a computer, modelling. ▶ An investment consultant spends more time at client meetings explaining recommendations. 	<p>Actuaries work with a lot of non-actuaries in general insurance who are very knowledgeable about the subject matter. This, coupled with (traditionally) less legislation and bureaucracy in general insurance than in pensions, means actuaries have to work harder to justify their role.</p> <ul style="list-style-type: none"> ▶ New IT skills are also required owing to the amount of data that needs to be processed and different software used. ▶ More individual actuarial judgement is required.
<i>How were you able to convince your current employer that you had the ability to bridge this skills-gap?</i>	<ul style="list-style-type: none"> ▶ Utilising contacts is a good starting point. Luckily an acquaintance from university was working at my current employer and put in a good word for me. ▶ Focusing the employer's attention on the quality of skills I did have and how these could add value quickly. 	<ul style="list-style-type: none"> ▶ I have a lot of enthusiasm and was fully committed to making the switch. ▶ I was able to point to examples where I had learnt new concepts quickly. ▶ Some of my existing skills were also relevant: project management skills, confidence in communicating with clients, using actuarial judgement.
<i>What obstacles (if any) did you face in making the move and how did you overcome them?</i>	<ul style="list-style-type: none"> ▶ There was a steep initial learning curve. ▶ I focused on the area where I had most experience – modelling. This allowed me to generate revenue faster. ▶ Being able to discuss a broad range of investment issues with clients was difficult initially. To build my knowledge, I started taking the CFA exams (professional investment exams) and have found these very helpful. 	<ul style="list-style-type: none"> ▶ I chose which company to approach very carefully and was able to demonstrate a good knowledge of current insurance issues and the set-up of their business. ▶ I was able to articulate why I wanted to make the switch, why I wanted to move to that particular company, and why I wanted to move at that particular time. ▶ I made a direct approach to the relevant partner here, which showed initiative. ▶ My current company have provided me with a good learning environment and have invested significant time in my development.
<i>What advice do you have for people wishing to make a similar move?</i>	<ul style="list-style-type: none"> ▶ Don't get discouraged by the perception that it is hard to switch. ▶ Be prepared to take a step down. You won't be able to hit the ground running. 	<ul style="list-style-type: none"> ▶ The initial learning curve will be steep, but don't let this put you off. ▶ Choose your prospective employer carefully. ▶ Once in your new job, set yourself a series of short-term goals, work hard, and persevere.

Enticing employers

It seems obvious that employers, when looking to hire someone, will have a preference for people with relevant experience. The time and resources taken to train a new employee represents a significant commercial cost. But as actuaries themselves, employers will often be open to considering strong applicants (without relevant experience) if they can demonstrate potential and market awareness.

Employers want people who show initiative and have an understanding of their business. So focus on how they could benefit from your experience, even though it may not be directly relevant. Think of the key skills you have developed throughout your career and match these with the key skills required to be successful in the new area

you are considering. Look for an overlap of competencies such as modelling and systems experience, client/team/project management skills, and business development skills. Actively selling your abilities is critical in most interview situations, but even more so when you are looking to change practice areas.

And finally

While it may be getting more difficult, and while it may be happening less frequently, people still manage to change practice areas throughout various stages of their careers. A combination of awareness, persistence, and initiative will allow you to successfully manoeuvre yourself into the area of choice. □



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