

Bad for the Cat, Good for the Actuary

ACTUARIES NEED TO BE CURIOUS, sometimes even more than they need to be intelligent, experienced, mature, good communicators and have common sense.

What good is intelligence if all you do with it is follow current practice? Or, if current practice isn't consistent with overall objectives or reality or is way behind best practice, all you do is invent new ways of doing the same thing?

It's always better to do the right thing than to do the wrong thing really well. What good is applying a tried-and-true theory if you don't understand the problem or the underlying drivers involved, or if you've misidentified a key risk?

What good are experience and maturity unless they help you understand the underlying issue? "Maturity" can sometimes cover up significant underlying information or problems. It can also be accompanied by a lot of assumptions and other baggage that can give you unpleasant surprises if you're not careful. And too much experience can lead to a feeling of knowing it all, which is great if it's true, but most of the time it isn't.

What good are communication skills if you don't try to understand the viewpoint or arguments of your audience?

And finally, what good is common sense if you don't apply it to the right problem?

To me, curiosity means always being inquisitive, just short of prying, and wanting to continually learn new things. It includes a bit of skepticism about current practice and current ideas, but not necessarily a belief that what's current is automatically wrong. It means always questioning assumptions and validating facts, not settling for what's on the surface. If conducting a peer review or an audit, skepticism is always an important attribute; trust but verify.

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Though a questioning mind is a good thing, it can be a pain if carried to the extreme, especially if you happen to be on the receiving end. Can too much curiosity get you in trouble? Yes, if you're obnoxious about it. Sometimes it has to be pursued with sensitivity and common sense. And you have to know your audience.

When my children, Jordan and Zoe, were young and constantly asking "what?" and "why?" I just smiled and thought to myself: Keep it up, and you're sure to succeed in whatever you do. (I'm still optimistic about them, even in their teenage years). If they ever stop this type of questioning, even though they'll still probably be OK, they may be less likely to live up to their potential.

We old folks—the baby boom generation—need to listen to the younger generation. But they also need to improve on what we've done. It's about time that the profession gets a dose of new ideas and implements new and better applications of some of the good old ideas.

Everyone needs to keep up to date on new technologies and techniques, and what's going on in different areas of practice. Even though a healthy dose of skepticism is always warranted, this doesn't mean that everything done before necessarily needs to be changed. But whatever generation you're in, you have to try to stay ahead, or someone will gain and pass you soon.

I often hear someone lead off a thought with: "This may be a stupid question, but..." No one should ever say that. At best, it'll be a question everyone would like to ask but is afraid to. At worst, it forces the recipient of the question to re-express thoughts in a clearer way, focusing on the underlying message.

Have you ever come across a person who's so cocky he makes you feel stupid



for not understanding the "obvious"? Even if it is obvious to him, the proper course of action is to continue your challenge and questions until you understand what's going on and why. Don't worry if the question you ask seems simple or naive. I can't count the number of times that what I thought might be a very simple question has led to the identification of a significant problem, even though I didn't initially recognize it as a problem. In my experience, the best way of checking whether you understand a concept is to explain it clearly to someone else.

I'm not sure whether it comes with age or maturity, but the more you learn, the more you know that you don't know that much, and you need to keep asking. Technology and techniques keep changing. What's this financial economics and behavioral economics stuff all about, anyway?

If the new stuff doesn't work, that's OK, too. But if you don't try it, you'll never know whether it's any good. It can be frustrating at times, but intellectually trying new things and digging a little deeper is the best way to have fun.

When you do something that makes sense and you can't improve on it, be proud of your understanding and accomplishment. But never think so highly of yourself or your methods that you lose that sense of curiosity and skepticism. And always be ready to respond to someone who's curious or skeptical and asks, "Why are you doing this?"