

The Role of Actuaries



Employing qualified actuaries greatly strengthens a financial institution's risk and capital management, resulting in increased security of policyholders, shareholders and beneficiaries, to the benefit of the institution and its stakeholders. Furthermore, appropriate involvement of qualified actuaries can help supervisors to enhance the effectiveness of the regulatory process.

Actuaries ...

... fulfill many roles in a broad range of environments, including insurance, pensions, regulation, and other fields.

... have a detailed understanding of economic, financial, demographic and insurance risks and expertise in

- developing and using statistical and financial models including modern methods in data science
- informing financial decisions and solving complex financial problems
- pricing, reserving, and setting capital requirements for uncertain future events.

... also provide advice on the implementation of an effective and efficient enterprise risk management, including reinsurance arrangements, investment policies, capital levels and stress testing.

Actuaries deal with risk.

Deep understanding of mathematics, statistics, data science and business management clearly is a strength of the actuarial profession. Furthermore, actuaries are experienced in dealing with uncertainty, including the analysis of future events.

Financial regulation nowadays is principle based.

Risk functions and risk management roles in financial service firms have grown in importance in recent years, due in part to regulatory requirements such as Solvency II. In an effective risk governance, risk managers need to be an integrated part of the business decision process.

New risks need to be managed and opportunities to be understood.

Traditionally, the risk management was seen just as a control function. Now it becomes more and more important that the management follows a balanced approach of understanding both risks and opportunities. Actuaries play an important role in enabling the management to draw informed decisions acknowledging both aspects.

Competences and skills secure our leading risk management.

The cornerstones of the actuarial skill set are a thorough education, continuing professional development, and adherence to ethical and professional standards. Professionalism in the form of strong values as accountability, objectivity and integrity is part of their DNA.



Actuaries enrich the Risk Management due to ...

- strong analytical skills including experience in new methods in modern data science and handling huge data sets
- the ability to distil complex topics and issues into relatable and simpler term
- hence being good communicators of complicated topics across the both sides of the balance sheet
- their critical thinking and ability to challenge all aspects of the business model
- however, also being business minded and solution oriented
- reliance on professional code ensures thoughtful risk managers

Together with other professions actuaries form an integral part of a divers, heterogenic group of people to jointly assess relevant risks and provide effective mitigation strategies.

Comprehensive Education and Professionalism.

Different competencies and skills are required to secure for actuaries a leading risk management position in a rapidly changing world of society and work. Professionalism and an outstanding training (e.g. CERA¹) are inevitable assets and provide stakeholders of actuaries with strengths to rely on:

- Deep understanding of mathematics, statistics, data science and business management ensured by a comprehensive syllabus.
- Experience in dealing with uncertainties and risks by a minimal amount of years of practice
- Professionalism and continuous development

Strong worldwide network.

The strong network of actuaries worldwide gives a great advantage relative to other professions, as it provides for example clear and high professional standards and a wide basis for retrieving information and organizing research and training.

Specifically in Europe well organized local actuarial associations under the umbrella of the AAE (Actuarial Association of Europe) maintain high standards and contacts between markets and regulators.

¹ Certified Enterprise Risk Actuary is a world-wide standardized and accepted trainings program for actuaries in Risk Management