

Foreword by the President of the IFoA



The voice and soul of the profession

There is a particularly relevant term to describe the current situation: 'VUCA'. The acronym stands for volatility, uncertainty, complexity and ambiguity; it was coined 45 years ago for the US military.

The current pandemic is the first real global 'VUCA event' of our lifetime. I have experienced many uncertain and volatile situations before, from racial riots in Malaysia in my childhood to more recent financial crises and then Brexit. But none of those compares with this crisis.

What can actuaries do in a VUCA environment?

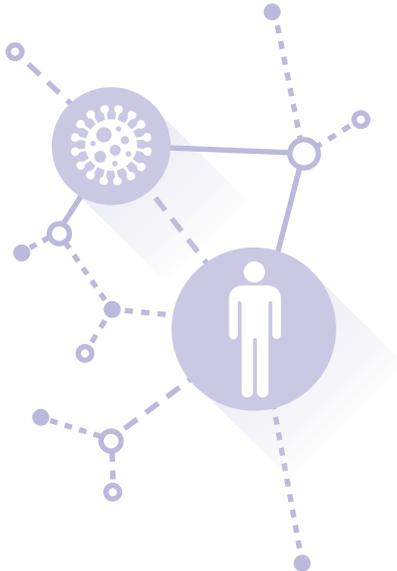
If we look back to our history, actuaries and earlier 'proto-actuaries' worked on problems of uncertainty and chance. Think of Blaise Pascal and Pierre Fermat; they were not actuaries in the modern sense but they worked on probabilities and expectations. Following them came John Graunt and Edmond Halley, who constructed the early life tables. This was the genesis of our profession – new approaches to translate uncertainty into quantified risk and expected values. It was the actuarial equivalent of the 'Big Bang' to our profession.

We have been creating new systems of thinking and problem solving ever since. To the extent that our tools and techniques are unable to guarantee the shape of the future, we rely on our judgment and imagination.

Frank Redington noted our quintessential values of caution, accuracy, consistency, and reticence, but said these would weigh us down if we did not make room for new ones. In the digital revolution these quintessential values can work against us. Curiosity, adaptability and a growth mindset that embraces perseverance and experimentation are new values which must come to the fore.

Our current orthodoxy will not help. Instead we need a new mindset, and to achieve this we must recover our courage and imagination. The Greeks talked in terms of 'phronesis', practical wisdom, and 'sunesis', the ability to join the dots across multiple domains. These are what we need to convert our abstract 'episteme' (knowledge) into a worthwhile and flexible 'techne' (craft) to help our stakeholders.

Of the many challenges of the pandemic, one that actuaries can directly help with is the immediate aspect of health and mortality. We need to see through the fog and discern the signal from the noise. We are still in the earlier stages of this catastrophe, and much of what we now think may turn out to be incorrect – but I applaud these authors for braving their opinions and helping to advance our collective understanding in the spirit of our profession.



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