Take a Stand: The Rise of the Right-brained Actuary

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A right brained actuary is an actuary who uses creativity and emotions in their job.

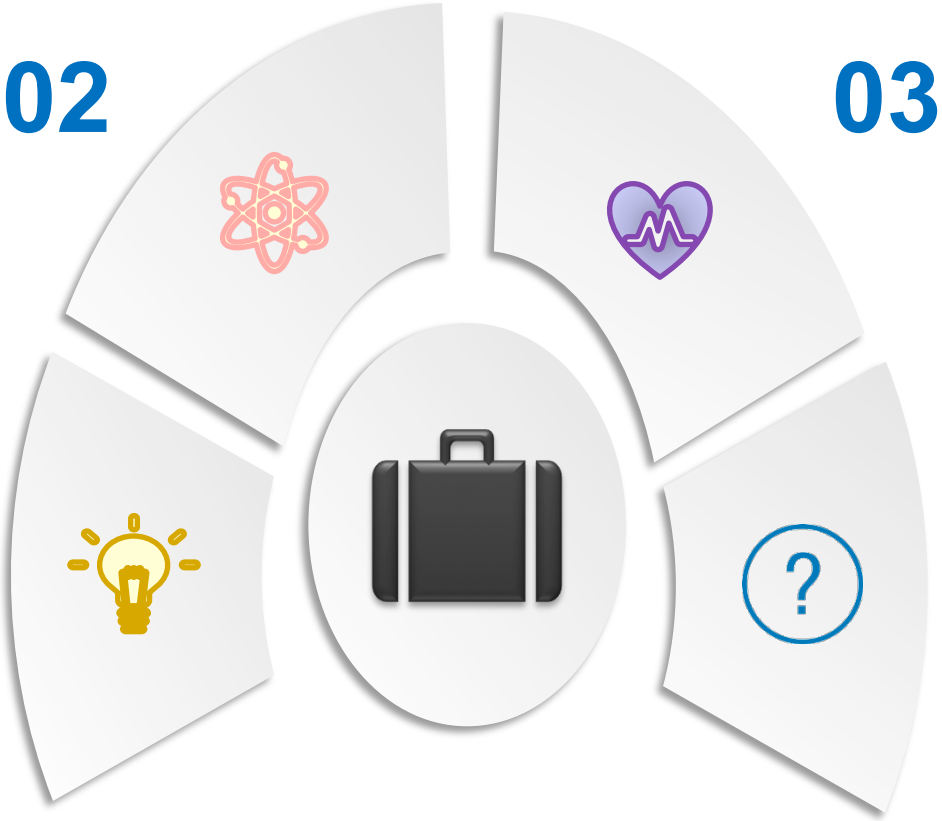
Four kinds of jobs will be safe from the AI revolution:

01 Creative Jobs

02 Complex and strategic jobs

03 Empathetic jobs

04 As yet unknown jobs



Kai Fu Lee “Oracle of AI”

The next insurance leaders will use bots, not brokers, and AI not actuaries!

- *Daniel Schreiber*
  CEO of Lemonade speaking at NOAH Berlin 2019

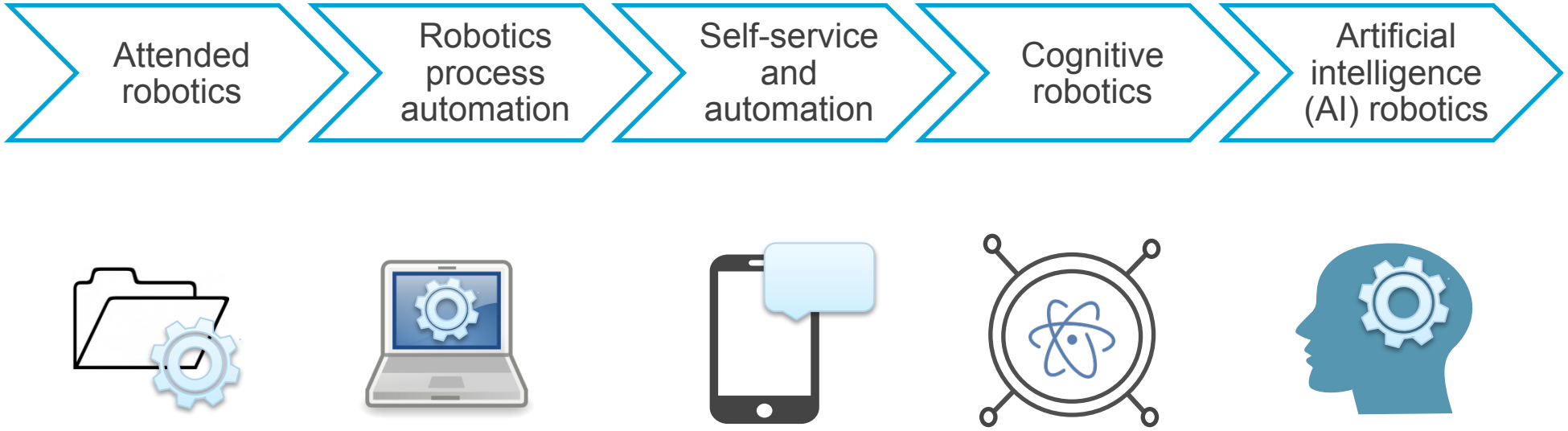
Where does that leave actuaries?

Are we safe, are we likely to be replaced

by robots, or do we need to evolve?

The rapid evolution of robotics

Robot generations



By Mike Hughes, Ian Sterling, and Raju Saxena – Contingencies Magazine

65% of the children entering primary school now will ultimately work in a job that doesn't exist today

– World Economic Forum

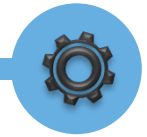
Are actuaries creative, strategic or neither?

Depends

Designing products for new market segments, differing models and designs are definitely creative

Risk analysis such as in Financial Conditions Reporting requires creativity to explore the types of potential risks in the insurer and ways of mitigation or monitoring.

As a member of top management the actuary certainly has a key role in the strategic direction of the insurer.



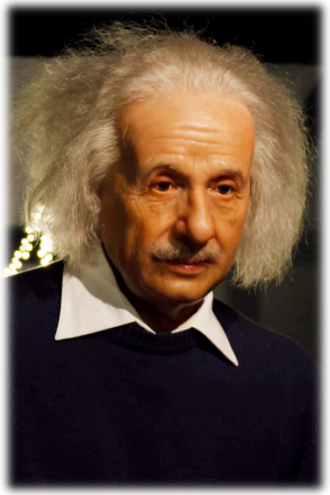
The work of actuarial analysts, perhaps not yet, and is an area likely to be taken over by AI.

Probability of being replaced by Robots*

Replacedbyrobots.info

The uncreative mind can spot
wrong answers but it takes a very creative
mind to spot wrong questions

– Anthony Jay



If I had an hour to solve a problem
and my life depended on it,
I would use the first
55 minutes determining the proper questions to ask.

– Albert Einstein

- General insurance is certainly getting a lot more complex with the explosion of data and pricing of products using this data.
- Will this be the role of actuaries though, or AI?
- On the other hand reserving in general insurance can be more of an art than a science, something in which IBNR robots can identify trends but are unlikely to be able to look at claims triangles and sense where the past can or cannot predict the future.

The Telegraph, 2011 Thai floods

In life insurance where is creativity used most?

Definitely frontier markets require creativity:

NO

- mortality tables
- data
- experience studies
- insurance penetration at all in certain market segments
- problem for the frontier market actuary!

In life insurance where is creativity used most?

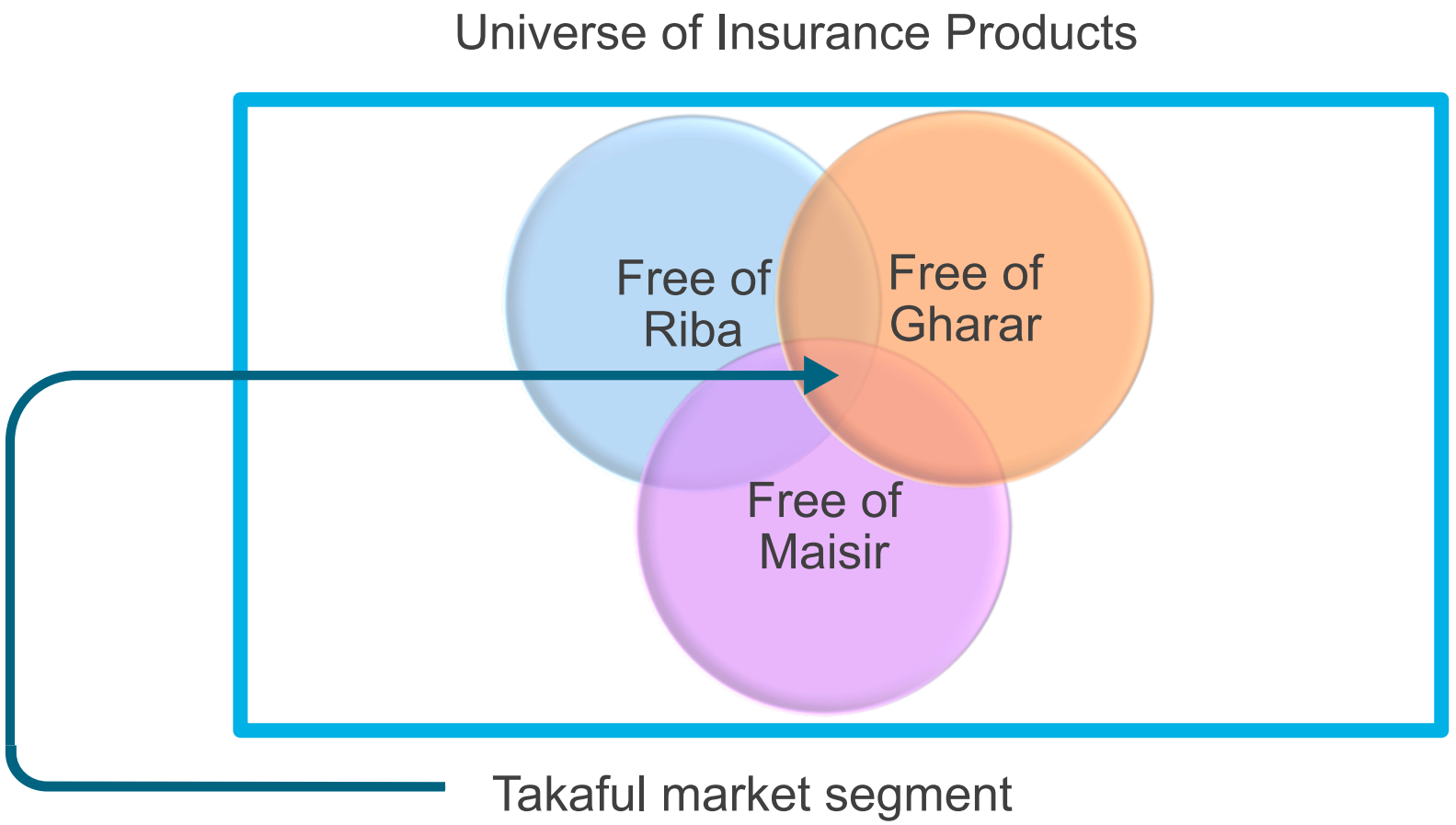
2) Designing models and products to access the lower income market,

- micro products for the B40 also requires creativity.

Beyond the actuarial science of carving out useful benefits is the need to package the coverage with other benefits to ensure there is a feeling of value
(rather than value is by finding a way to claim from the insurer).

In life insurance where is creativity used most?

3) Takaful or Islamic insurance requires creativity in combining religious concepts with actuarial theory.



In life insurance where is creativity used most?

4) Product design is likely to move from generic savings products to products focusing on very precise needs and risk management requirements.

This will likely require the actuary to have a much greater understanding of the social sciences and behavioral analysis.

The insurance companies that thrive in the 21st century will be those that were started in the 21st century. They don't have the baggage of the existing market leaders.

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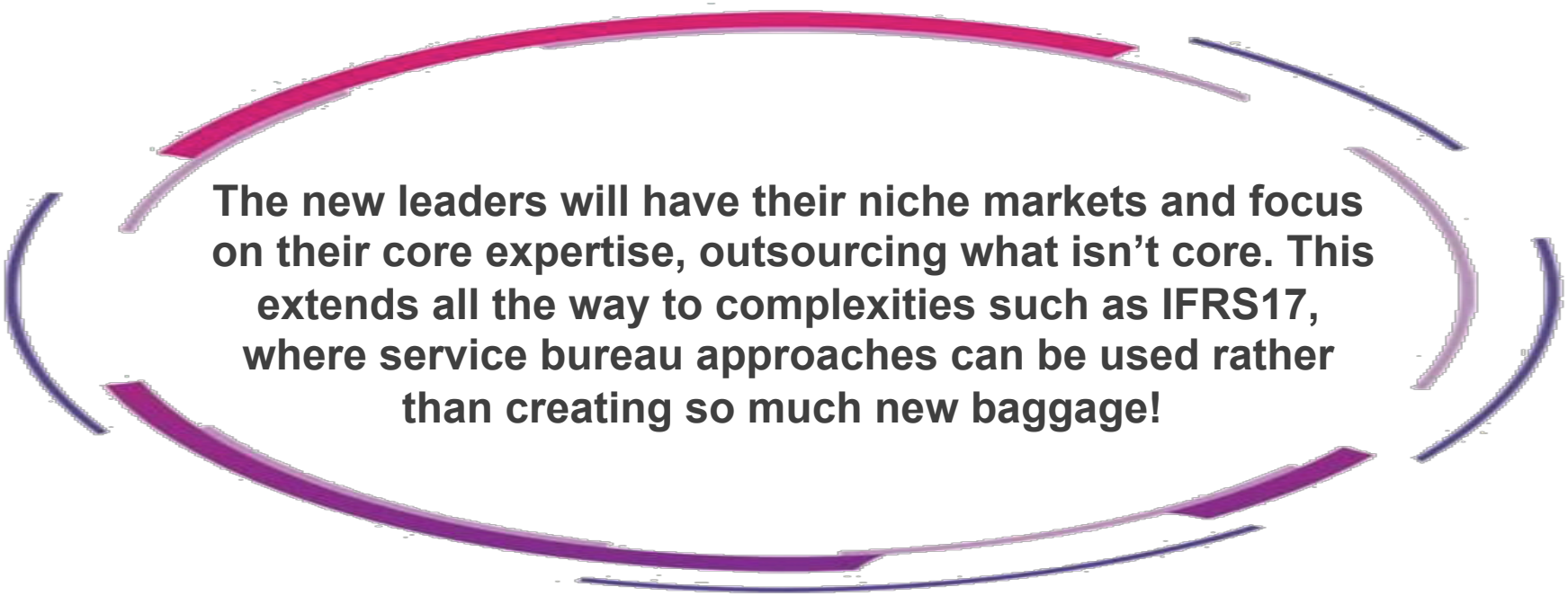

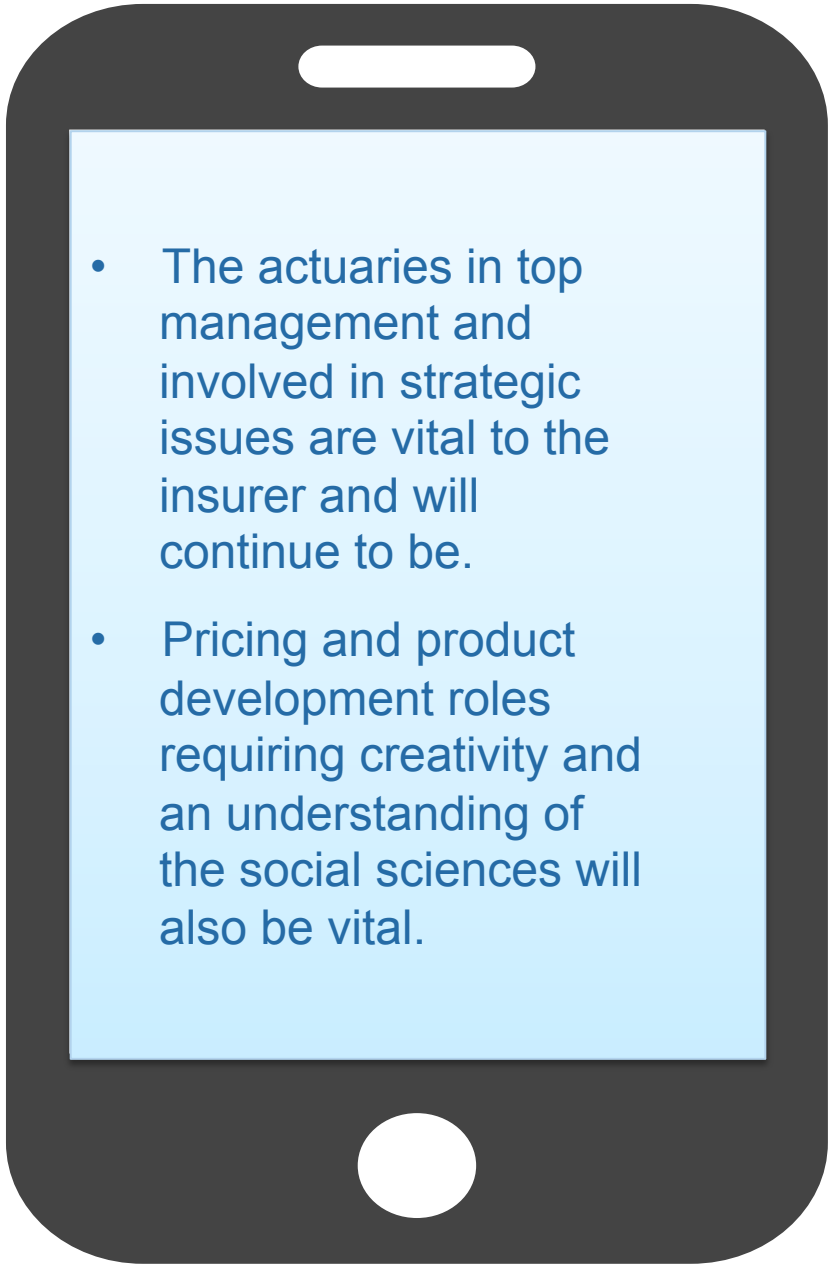

To summarize:

On the other hand, some of the pure technical work that actuaries do is quite likely to be replaced by AI.

Thus, to survive into the future we will need to see the rise of the right brained actuary!

Questions?

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