



[Back to Main Page](#)

[Share This](#)

What Is An Actuary?

Sound-Off

By Dan Tevet, ACAS, Candidate Liaison Committee

Random Guy: Hi, my name is RG.

Joe the Actuary: Hi, I'm Joe, nice to meet you.

Random Guy: So Joe, what do you do?

Joe the Actuary: I'm an actuary.

Random Guy: < < *Blank stare* > > Oh, that's like an accountant, right?

Alternate ending -- Random Guy: Oh, like the guy in *Along Came Polly!*

Been there? As actuaries, we are very fortunate to be working in a field that is consistently ranked as one of the top jobs. Unfortunately, many people do not understand what we do.

Admittedly, it is pretty difficult to describe actuarial work in simple terms. The formal definition is something like "Actuaries assess the financial implications of future contingent events," but when asked by someone in a social situation what you do, that definition may not shed much light (and yes, I am making the leaping assumption that actuaries do sometimes interact in social situations).

So, we asked our panel of actuaries how they describe to an average person in a social situation, in two sentences or less, what an actuary is/what they do as actuaries. Here are our favorite responses:

1. Actuaries usually do two main things: figure out how much to charge for insurance or figure out how much to set aside to pay outstanding insurance claims.
2. An actuary builds mathematical models to put a price tag on future risks, like the risk you will crash your car or the risk your house will burn down.
3. We are number crunchers for insurance companies; for example, we set auto insurance rates and make sure the company has enough money to pay claims so it won't go bankrupt.
4. Actuaries use a combination of insurance knowledge, math, and historical data to predict future insurance events. It is sort of like a combination of being a math whiz and weather forecaster.
5. As a reserving actuary, I estimate the total amount the company is going to pay for things that have already happened.
6. An actuary makes sure the amounts paid by the customers are adequate to cover losses in the future.
7. An actuary is someone who combines business with statistical and economic knowledge to prepare for future financial uncertainty.
8. Actuaries are the math people in the insurance industry. We evaluate the risks for insurance policies.
9. We are professionals trained to put a price tag on risk. We gather information from many sources, add judgment, and help make more enlightened decisions.
10. Actuaries figure out how often claims will happen, and when they happen, how much the claims will cost.
11. Actuaries are trained experts in determining, based on a forecast of expected losses and expenses, how much insurance should cost.
12. An actuary forecasts the cost of unknown events that may or may not happen at some undetermined time in the future.
13. Actuaries model insurance statistics like Nate Silver models baseball statistics and forecasts election outcomes.
14. Lion-tamer : lion :: actuary : risk.
15. Actuaries are the necessary risk professionals. With our understanding of the nature of uncertainty we can add value to any business enterprise.

And to inject some comedy into *Future Fellows*, here are the top humorous responses.

16. Actuaries ARE NOT like the guy from *Along Came Polly*.
17. The actuary sits in the passenger seat and tells the blind driver how to drive the car by looking in the rearview mirror.
18. Someone who brings you a solution you don't understand to a problem you never knew you had.
19. Actuaries tell insurance companies how much they should have charged for insurance last year.

Future Fellows would like your feedback. When asked by an average person in a social situation what actuaries do, how do you respond? Like the ones above, we are looking for answers that are two short sentences or less and are easy to understand. Please use the [Candidate Liaison Committee feedback form](#) to submit your best response(s).

Sound Off is expected to be an occasional feature in *Future Fellows*. Your submissions about "what is an actuary" will be reviewed and our favorite responses will appear in an upcoming issue.

© 2018 Casualty Actuarial Society. All Rights Reserved.