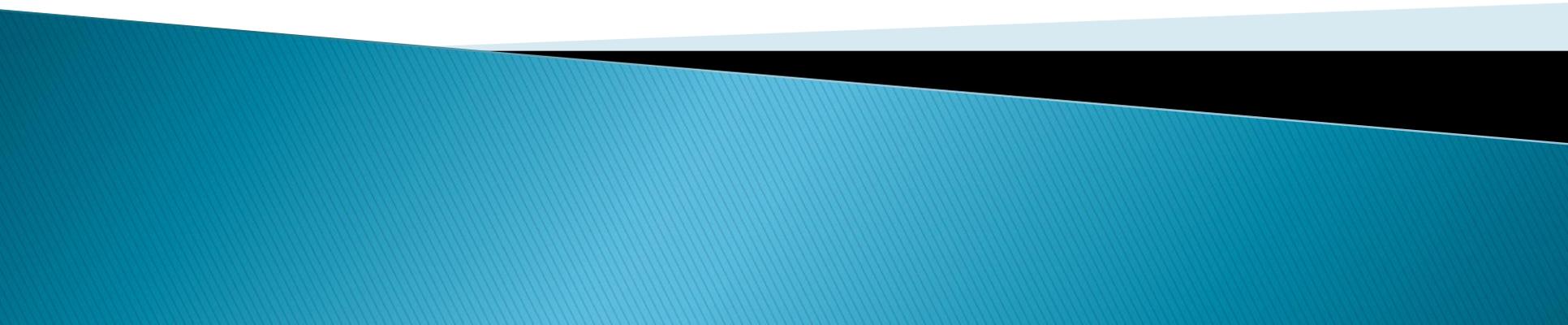


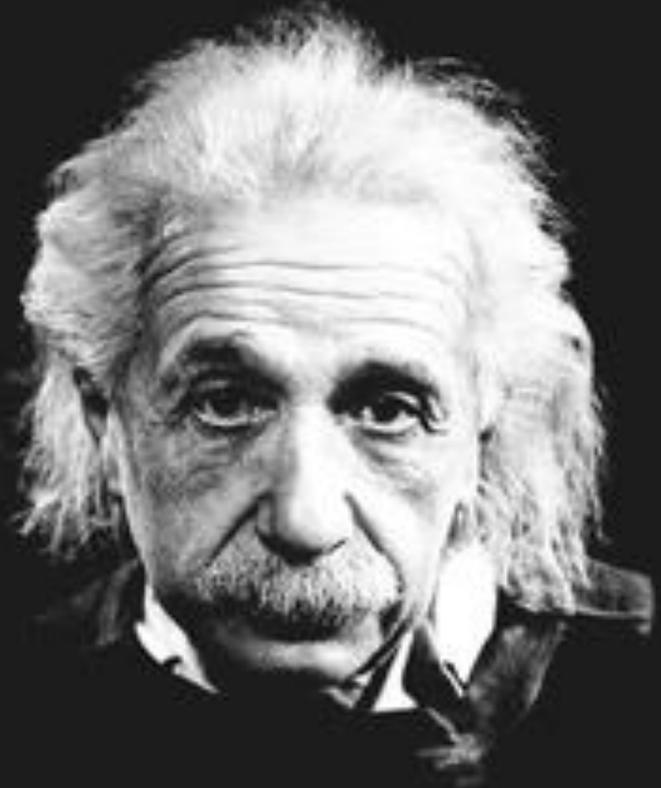
Effective Actuarial Communication: Lessons from a Global Chief Actuary

Swedish Actuarial Society
December 10, 2013



**“Not everything that
counts can be counted,
and not everything that
can be counted counts.”**

-Albert Einstein



Effective Actuarial Communication

- ▶ Two Common **Barriers**
 - Fear
 - Inflexible Communication Style

 - ▶ Two Common **Situations**
 - Discussing Uncertainty
 - Delivering “Bad” News
- 

What is the number one fear in the world?

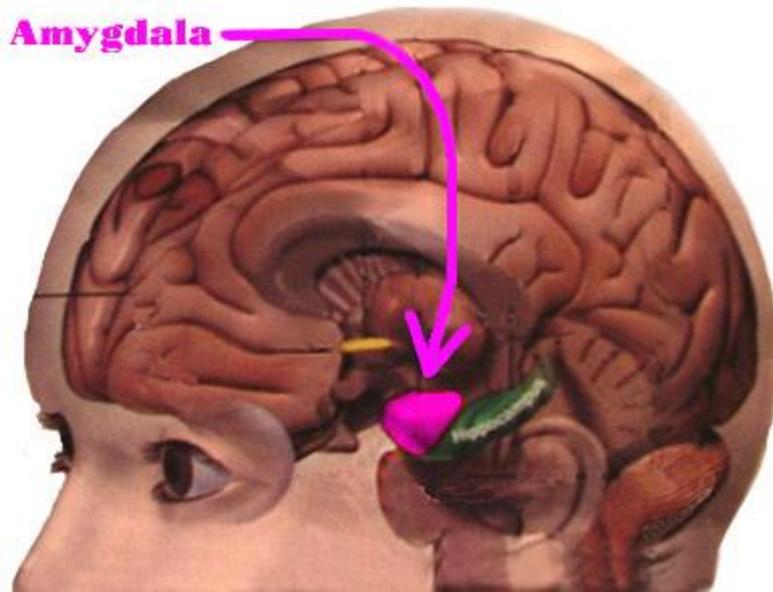
**PUBLIC
SPEAKING!!**



Why are we afraid of public speaking?

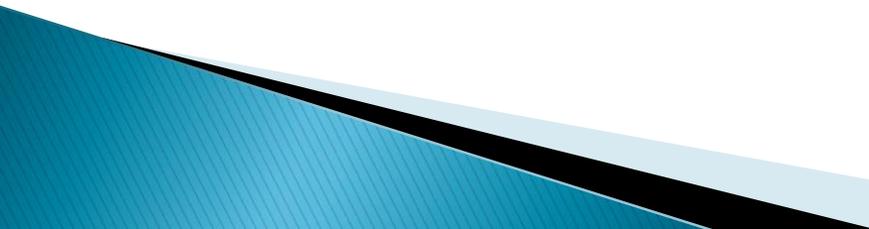


Fight or Flight ?



- ▶ The **amygdala** controls our response to change
- ▶ Active amygdala protects us in new situations
- ▶ Knowing how the amygdala works can help us understand ourselves and others

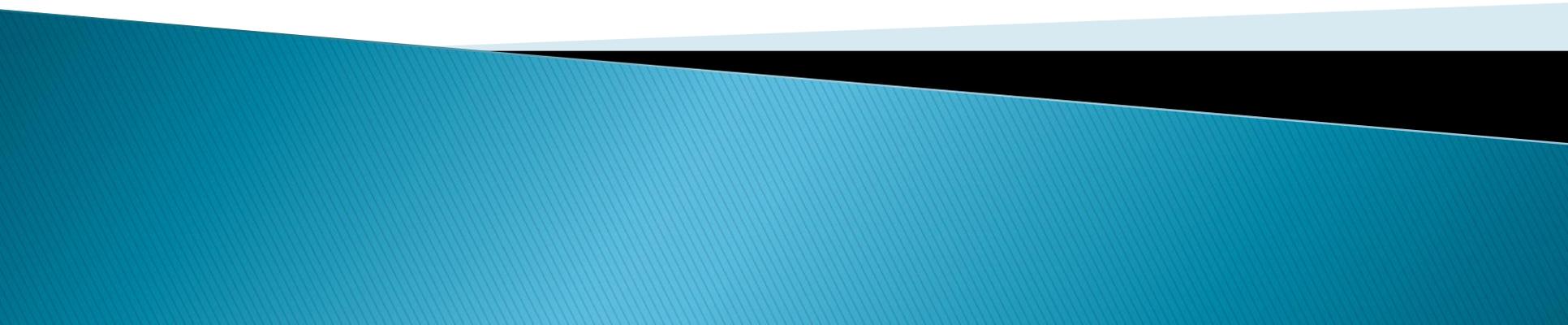
How to reduce fear?

- ▶ Be prepared in your message
 - Allow time to develop a clear communication plan
 - Write it out if it helps
 - ▶ Breathe slowly and deeply
 - ▶ Practice delivery/answering tough questions
 - ▶ Seek formal training/opportunities to speak
- 

Visualize your audience as accepting individuals



Inflexible Communication Style



We our numbers people!

- ▶ Most people know the next three numbers:
 - 1, 2, 3, 4, 5.....
- ▶ Some people know the next three numbers:
 - 1, 3, 5, 7, 11.....
- ▶ A few people know the next three numbers:
 - 1, 8, 27, 64.....

But actuaries don't stop there!

- ▶ We add **LETTERS** for numbers
 - $X + 3 = 106$
- ▶ We have *imaginary* numbers
 - $\sqrt{-1} = i$
- ▶ Sometimes we don't even use letters or numbers
 - $\infty, \geq, \Sigma, \Delta, \pi \dots$

Our audience does not understand our language



Identifying Your Comfort Zone

- | | |
|--------------------------------|--------------------|
| 1. Reserved (0) | Outgoing (10) |
| 2. Not Easily Bored (0) | Easily Bored (10) |
| 3. Pessimistic (0) | Optimistic (10) |
| 4. Thin-skinned (0) | Thick-skinned (10) |
| 5. Diplomatic (0) | Blunt (10) |
| 6. Low Excitement Need(0) | High (10) |
| 7. Slow Paced (0) | Fast Paced (10) |
| 8. Low Social Contact Need (0) | High (10) |
| 9. Planner (0) | Spontaneous (10) |
| 10. Introvert (0) | Extrovert (10) |

Communication Style

- ▶ Dimension of Extroversion
 - Score of 60 or higher → Extrovert
 - Score of 54 or less → Introvert
 - Score of 55 to 59 → Ambivert

“QUIET: The Power of Introverts in a World That Can’t Stop Talking” by Susan Cain

- Carl Jung introduced concept of introvert vs extrovert
 - Jerome Kagan studied “reactivity” in a group of four month olds through their adulthood
 - The amygdala plays a critical role in how we perceive our world and react to it (nature)
 - We live in an extrovert dominant world, so experience is also an important component (nurture)
- 

Qualities of an Introvert

- ▶ Prefer to work independently, solitude can be a catalyst to innovation
 - ▶ Aroused more by sensory stimuli in all senses
 - ▶ Better at making a plan and staying with it
 - ▶ Better at delaying gratification
 - ▶ Tend to downplay rewards and scan for problems
 - ▶ Can become overloaded with information
 - ▶ Like people in friendly contexts (extroverts prefer competitors)
 - ▶ Being an introvert does not mean: shy, afraid of people, more task-oriented, more intelligent.
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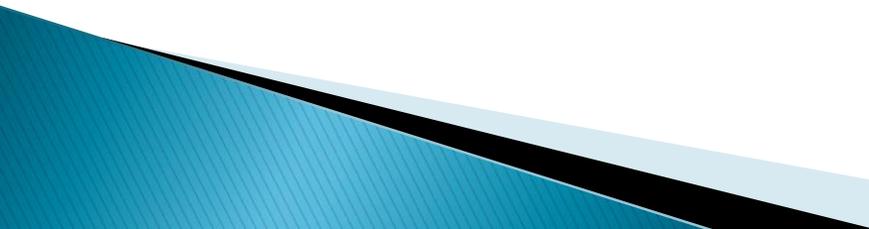
Communication Style of Your Cultural Audience

- ▶ **US Americans** live in a “Extrovert Ideal” value system centered around the individual.
 - Value boldness and verbal skill, traits that promote individuality.
 - Only 50% of Americans are true extroverts; the others are just pretending.
- ▶ **Asian** cultures are team-oriented, but not in the way that Westerners think of teams.
 - Individuals in Asia see themselves as part of a greater whole – and place value on harmony within the group.
 - Asians prize quiet, humility, and sensitivity, which foster group cohesion

Flexing Your Communication Style

- ▶ You cannot change others, only yourself.
- ▶ “Prepare a face to meet the faces that you meet.”
- ▶ But stay true to yourself.
 - We can stretch our personalities, but only up to a point.
 - A professional is genuine.

Possible Advice for Communicating with Extroverts

- ▶ Be prepared. Know your main points/subject matter and speak with conviction.
 - ▶ A friendly smile when speaking and straight posture, even on a teleconference, makes one seem confident.
 - ▶ Decisiveness inspires confidence, while wavering can threaten morale.
 - ▶ Ensure you have a “restorative niche” in your daily life.
- 

Possible Advice for Communicating with US Americans

- ▶ **Directness:**
 - “American speakers come to the main point quickly”
 - “The US is known for the use of the executive summary...’just give me the bottom line”

- ▶ **Informality:**
 - “The use of first names is common. Individuals from a more formal culture are surprised by the ease with which people use first names with superiors”
 - “Another part of this informality is a tendency to feel comfortable discussing private issues with a variety of individuals”

- ▶ **Avoid Ambiguity:**
 - “Many people in the US see issues in black and white”

- ▶ **Practicality/logic:**
 - “Action-oriented Americans prefer the practical and specific and lack patience with the abstract and general”

- ▶ **Use of Emotions and Humor:**
 - “It is common to show a some anger or pleasure...In addition, Americans use humor often. It is common to begin a speech with a joke.”

- ▶ **Visual:**
 - “Americans generally enjoy presentations with charts, graphs, and other visuals.”

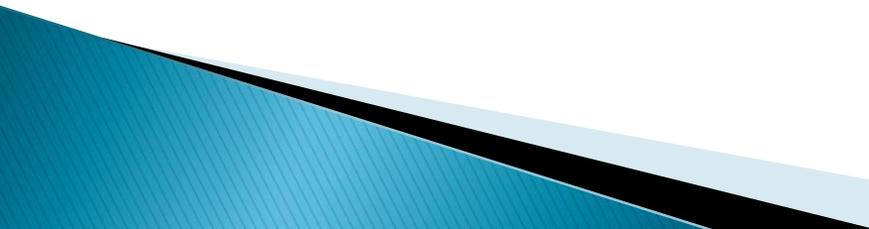
Possible Advice for Communicating with Introverts

- ▶ Be prepared.
 - ▶ Ask for opinions of those who are quiet.
 - Don't assume that everyone agrees or understands.
 - Challenge the assumption that the person who speaks most eloquently is the most intelligent.
 - ▶ Encourage individual work, reduce team meetings.
 - Studies have shown that performance gets worse as group size increases.
 - ▶ When making group decisions, listen to the introverts.
- 

Discussing Uncertainty

- ▶ People look to us for “the” answer about something that is going to happen in the future.
 - ▶ Problem: We know that whatever point estimate we give has a low chance of actually happening.
 - ▶ There is really a range of estimates.
- 

Discussing Uncertainty

- ▶ Be prepared. Understand what information is the most critical for your audience.
 - ▶ Start with giving them your best point estimate (ROUNDED) based on the information you have and your analysis.
 - ▶ Discuss potential volatility, both good and bad, in business terms. Use examples.
 - ▶ Avoid statistical and financial jargon unless your dealing with statistical and financial people.
 - ▶ Provide appendix of details if people want more information.
- 

Delivering “Bad” News

- Discuss plan and 2–3 possible outcomes including “what if” action steps

Before
Analysis

During
Analysis

- Keep audience informed of progress
- Unpleasant news is better delivered early than late

Future
Monitoring

After
Analysis

- What needs to be monitored going forward

- Stay objective
- Remember action plan

If you can't explain it **simply**, you don't understand it well enough.

– Albert Einstein

