Responding to COVID-19 by accelerating the future of work for actuaries
COVID-19 has affected people across the globe, and it continues to impact many aspects of life. Initially, businesses promptly responded to the pandemic by initiating emergency response systems to protect their people and ensure business continuity. As many communities start to recover, businesses have started reviewing their initial responses with the hopes of finding ways to emerge from the crisis stronger: the question becomes, Will these hopes translate to outcomes? Much is still unknown around the long-lasting implications and impact of COVID-19; thus, leaders should take decisive action to ensure their organizations are resilient for an uncertain future. Actuaries find themselves in a unique position. While many professions may be experiencing a reduction in workload, many actuaries find themselves busier than ever, as they are asked to help quantify the pandemic’s financial impact on insurers while continuing to implement new regulatory requirements, perform product development/pricing duties, and address other business needs.

Examples of actuaries helping businesses respond to COVID-19

1. Within personal auto, for instance, insurers are returning premiums to policyholders as either a percentage or lump-sum due to the lack of driving occurring. In many cases, actuaries are involved in quantifying the risks and amounts related to those decisions.

2. First responders and essential workers affected by COVID-19 while performing work duties may be entitled to workers’ compensation while others who are working from home are less likely to obtain an injury causing a reduction in workers’ compensation claims to some industries. In addition, personal auto claims have sharply declined this year, falling as much as 55% in April/May of 2020. However, claims have since begun to rise and as of October were only 10-20% lower than prior years. With these and other disruptions caused by COVID-19, actuaries will likely be required to predict impacts to reserves and the bottom line.

3. Pension plans can expect to see shortfalls in funding due to the low interest rate environment exacerbated by COVID-19. Actuaries may be asked to design alternate benefit plans to help reduce benefit obligations. Additionally, regulations providing regulatory relief challenge actuaries to develop cost effective contribution strategies to ease an organization’s cash requirements.

4. Health actuaries are addressing changes in disability recoveries for workers who do not have a job to return to. Further, health plans are trying to price for 2021 health benefits without knowing how currently deferred care and potential additional waves of confirmed COVID-19 cases will affect costs.

5. Actuaries in enterprise risk management have been asked to quantify mitigation strategies around cyber risk due to remote work increasing privacy risks.
The need for actuaries has likely never been greater and, as a result, employers of actuaries should consider strategies that help maximize the output and well-being of the actuarial function. Prior to COVID-19, several macroeconomic and regulatory statutes had already disrupted the actuarial profession, requiring actuaries to think about how to work differently in the future to address the implications of these regulations on their jobs. COVID-19 is accelerating the need to discover these new ways of working, and businesses can seize the opportunity to expedite future of work strategies to transform their actuarial functions and achieve strategic priorities. As this transformation occurs, a new dynamic between employees and technology is created. What new technologies will be required to expedite this transformation to a new way of working? What are the desirable behaviors, capabilities, and skills needed to leverage these tools effectively? What is the path for upskilling existing talent for innovation? These questions remain focal as leaders make decisions to improve their organization’s resilience to the rapidly changing landscape.

**Disruptors for actuaries**

1. **FASB LDTI, IFRS 17, PBR.** Sweeping regulatory changes are demanding more from actuarial departments. How can organizations learn to staff flexibly and effectively to still meet deadlines given the current and future impacts of COVID-19?

2. **COVID-19 requires actuaries to work and collaborate virtually.** How do organizations leverage the current situation to optimize the use of virtual and physical workplaces for employees? How do actuaries learn how to optimize workplace technology to work virtually and manage teams? How do actuaries learn and train without the in-person interactions that they were accustomed to?

3. **Cognitive technology is becoming more prevalent and affordable.** What are some tasks that could utilize artificial intelligence to yield new insights? Which processes can leverage technology to create capacity for actuaries to focus on higher value outcomes?

4. **Organizations are asking business units to do more with less and flexibly react to strategic priorities from leaders.** How do actuaries continue to meet expectations while managing costs?
How to pull different future-of-work levers to transform the actuarial function
Adapt to the changing work, workforce, and workplace post-COVID-19

- Redesign what work should be completed by actuaries
- Consider who performs the work, and their capabilities
- Design a resilient, innovative, and safe workplace

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**Suggested future of work lever strategies**

**Work**

*Utilize actuaries to provide frequent strategic insights.* As organizations continue to automate their operations, actuaries will double down on developing business insights and providing services that enhance value for the organization. For example, as traditional quarterly review cycles become more standardized and automated, actuaries can provide more predictive insights in advance of the close.

*Strategic review of actuarial outcomes.* Consider performing a detailed review of where actuaries spend their time and what value is created. Align with leadership and key cross-functional stakeholders (e.g., finance on the outcomes that actuaries should focus on to provide the most value. Reports and other analytics that are no longer utilized should be discontinued and existing outputs should be modified to meet stakeholder needs. As another example, if actuaries are spending large amounts of their time preparing model input files, are they being held back from performing more valuable work?

*Redeploy actuaries to strategic priorities with redesigned jobs.* Between a potential productivity decrease due to the COVID-19 environment and a general increase in the demands placed on the actuarial function, companies will likely need actuaries to do “whatever it takes” to speed up process execution. For this reason, companies should conduct job redesign and job architecture to focus actuaries on prioritized outcomes.

*Customize actuarial service delivery.* Assess how stakeholders consume and use actuarial output and tailor the communication of results with the right level of detail and proper storytelling to meet their needs. As an example, an alternative to a 50-page summary of a reserve review could be an interactive dashboard that is both desktop- and mobile-friendly, and easily digestible for timely and efficient decision-making.

*Use machine learning algorithms and automation options now.* With the downturn in the economy and a looming recession, COVID-19 leaves companies with no choice but to become leaner and more effective. Companies should continue to leverage robotics and cognitive automation to automate and augment actuarial work, so actuaries can transition away from being data custodians. For example, machine learning algorithms can take a first pass at reviewing historical trends of reserve balances to pinpoint where actuaries should spend their review time. This saves time and, in some cases, identifies anomalies that an actuary may miss. As an added benefit, adopting innovative solutions often helps retain top talent by enabling them to exercise their tech savvy skills.
Workforce

**Leverage alternative workforce options.** Where a shortfall in resource capacity exists due to an increase in demands on the actuarial function, consider the full talent spectrum to achieve goals while keeping costs low. Leverage the gig economy and contractors to obtain short-term support. Consider managed service solutions to flexibly adjust staffing to meet changing demands.

**Invest in reskilling and/or upskilling existing actuaries.** Team with the human resources (HR) function to develop reskilling/upskilling opportunities as part of the company’s learning and development strategy to help current actuaries stay resilient, as well as to be prepared for redesigned jobs based on prioritized outcomes. Leverage the appropriate learning platform and approach to help actuaries master attributes and capabilities such as creativity, critical thinking, emotional intelligence, conflict resolution, and resilience, as well as technical skills and knowledge for navigating the virtual workplace while collaborating with technology. Ensure that once these skills are learned, the actuaries have an opportunity to deploy the skills in their day-to-day work.

**Refresh the people strategy.** Companies will likely refresh their overall people strategy in response to COVID-19 to guide the workforce reintegration. Actuarial functions should proactively team with their HR business partners to conduct workforce planning and to forecast both the short- and long-term talent supply and demand for actuaries post-COVID-19. Assess talent models and identify needs in talent acquisition, training and development, and retention.

**Create an internal job market platform for short-term and outcome-based roles.** To promote flexibility and help maximize the human capital at hand, companies should look at agile ways to align their talent to areas of strategic priorities using a gig approach to talent deployment. Internal job market platforms can efficiently connect team leaders with available and capable staff thereby breaking functional silos and looking at actuaries through the lens of capabilities.

**Understand the employee mindset.** No one-size-fits-all plan exists for who, where, when, what, and how an organization should bring its workforce back to its physical offices. Take time to understand the return-to-workplace attitudes, expectations, and concerns of employees.

**Tailor rewards programs to support employee well-being.** Post-crisis, the workforce will face new challenges in health and overall well-being. A strategic review and recurring assessment of existing compensation and benefits programs may be required to determine even greater flexibility. Provide tools and resources to help people manage many aspects of well-being and empower managers and leaders to create teams that prioritize well-being for everyone.

**Consider the talent pipeline.** Take this situation as an opportunity to modify and improve internship programs and job rotational programs. As the boundaries for hiring based on office location become more fluid, companies have an opportunity to attract talent without the constraints of geographic boundaries. Top talent may be sourced without pressure for relocation, and actuarial students can more easily rotate through roles and functions that were previously in different office locations.
Incorporate well-being into actuary job design. Physical boundaries of work and home are diminishing, and many people are wearing multiple hats during their work hours to take care of work as well as life. Use data to understand actuaries' attributes, needs, and preferences to institutionalize flexibility and predictability into the job design, to help improve employee productivity and inform decisions around jobs that can and should remain virtual post-COVID-19. Consider offering options for voluntary reduced work hours for those in need at partial pay to empower people while saving cost.

Enhance technology infrastructure to help maximize virtual work effectiveness. Currently, many companies have built the capacity to support some virtual work. Going forward, the need for a more flexible digital and virtual workplace will likely increase. Continue to assess existing IT hardware and software, and understand areas of innovation to establish long-term virtual work capabilities to support the actuarial function and actuaries' new roles in the organization. Consider tools and platforms to support remote communication, teaming and enterprise collaboration, file-sharing, and task management. Most importantly, ensure that actuaries have the proper training to effectively use virtual technology to truly collaborate using virtual flip-charts, breakout rooms, and other key functionalities.

Integrate culture into workplace design. The workplace post-COVID-19 will be a different working dynamic where different types of employees work together in a hybrid workplace that is both physical and virtual. Understand desired organizational culture and the set of values, beliefs, and in-person and virtual behaviors that represent an agile culture where people feel that they belong, are valued, and are treated fairly with equal opportunities to grow and contribute in meaningful ways.

Promote inclusivity through workplace design. Fostering a strong sense of community will become more important when organizations transition to a more digital workplace. Promote a safe space within the organization to have open dialogs on diversity, equity, and inclusion. From leaders to individual contributors, each person should be empowered to own their voices and individual needs with the support of different communities and networks.

Develop networks. In an increasingly virtual workplace, employees will likely have a harder time developing their networks. Not meeting new coworkers by bumping into each other at the water cooler or at happy hours will likely reduce the number of connections employees make. Weakened networks can mean a reduction in commitment to the organization and to each other, and, potentially, a decrease in performance, according to one MIT study. Organizations may consider launching new programs (e.g., virtual networking sessions, fitness challenges, investment competitions) to bring employees from different teams together with incentives to keep the communication channels open.
Conclusion

COVID-19 has changed the way people work and, the longer the pandemic lasts, the more important it is to make investments in long-term strategies. The pandemic creates a unique opportunity for businesses to reflect and plan for an uncertain future. By transitioning from respond to recover, organizations can continue to innovate and transform their actuarial functions. By leveraging the future-of-work framework, actuarial functions can assess and prioritize initiatives in work, workforce, and workplace. By pulling a chosen set of future-of-work levers, organizations can find a tailored approach to building resilience and agility.

For more information on our actuarial consulting services, visit: www.deloitte.com/us/exponential-actuary

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