

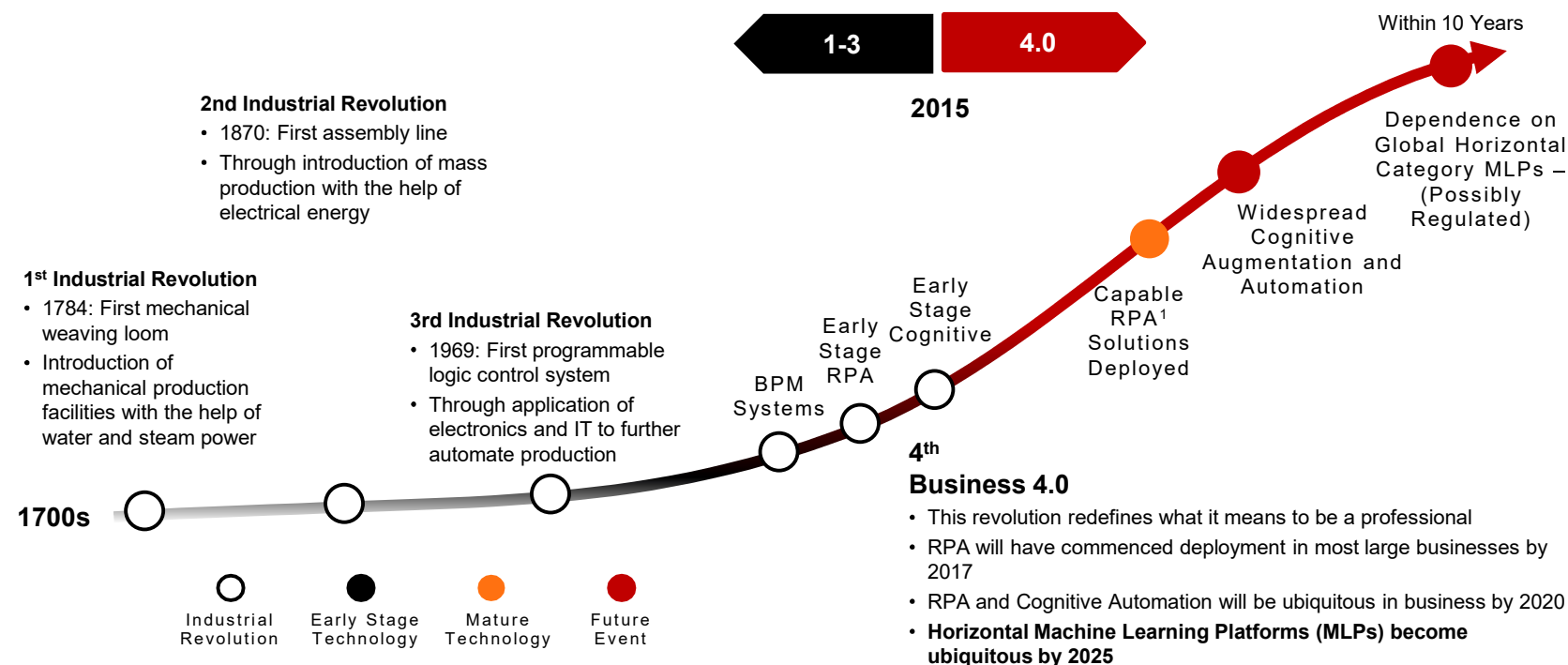


QUANTIFYING RISK, ENABLING OPPORTUNITY

The Future of Actuarial Work

Lukas Ehlers & Shuaib Ghoor
September 2018

We are on the cusp of “Business 4.0”

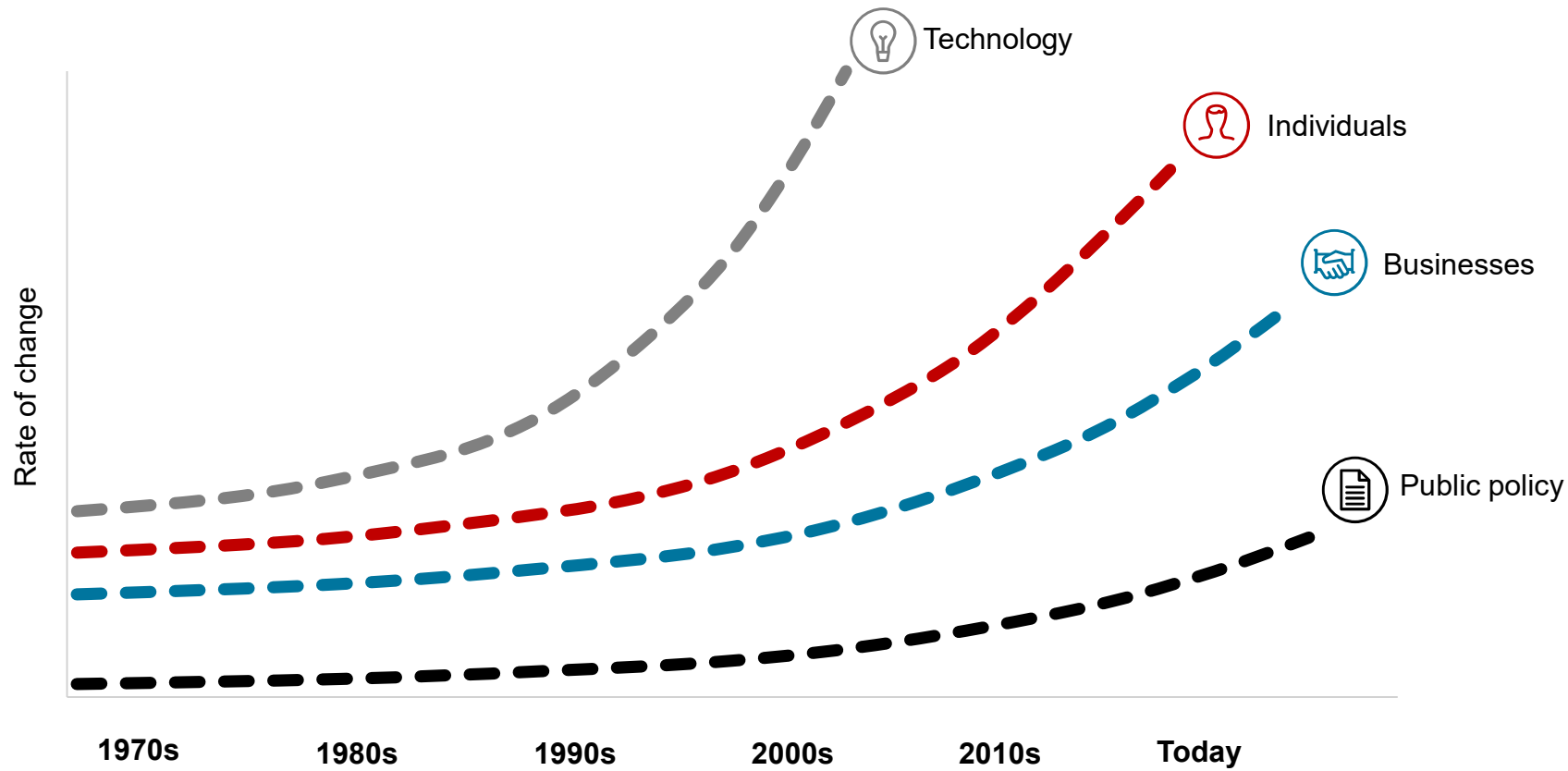


Legend

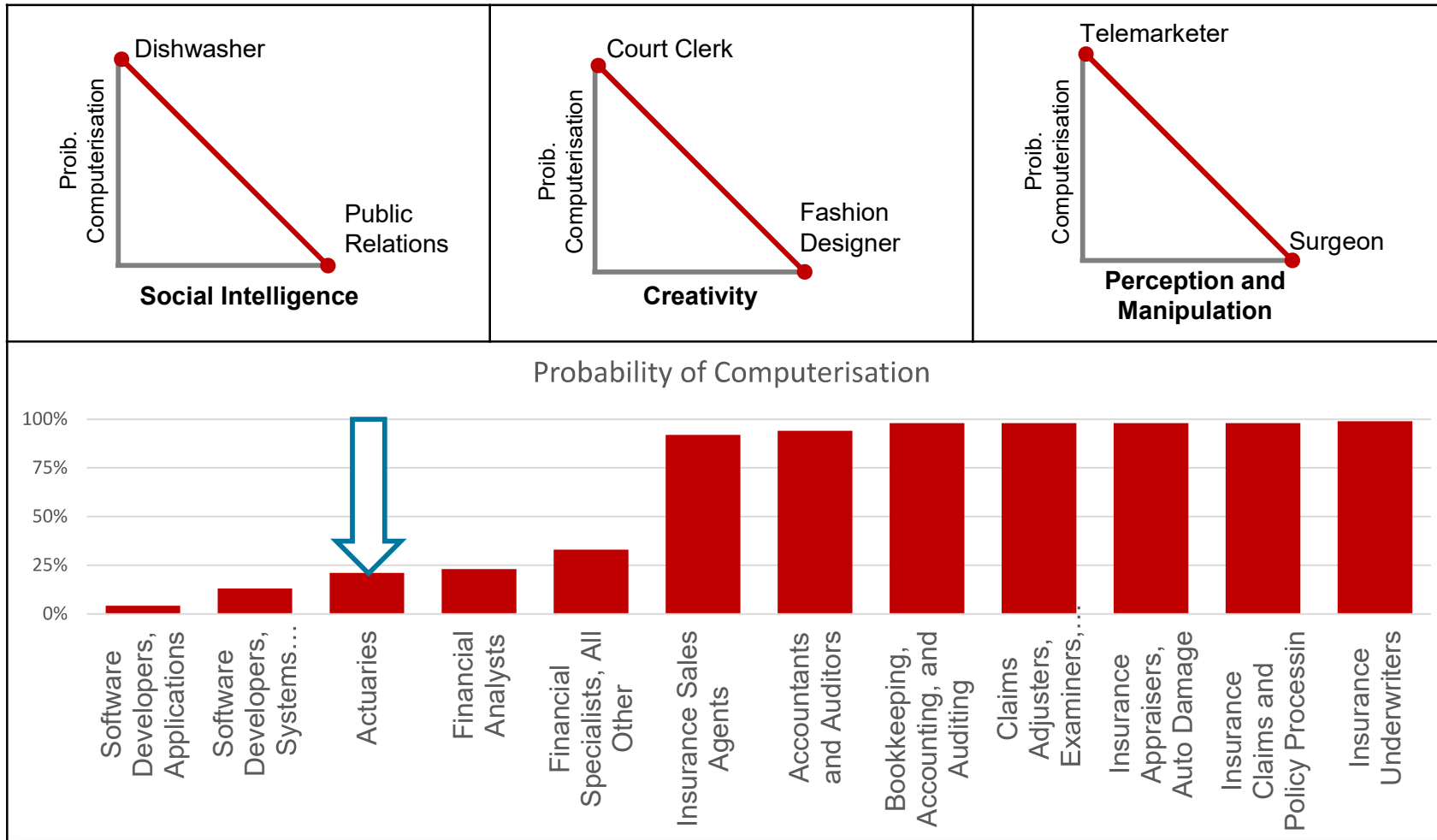
¹Robotic Process Automation

Source: Industry 4.0: Challenges and Solutions for the Digital Transformation of Exponential Technologies, Deloitte AG, 2015 and Deloitte proprietary research

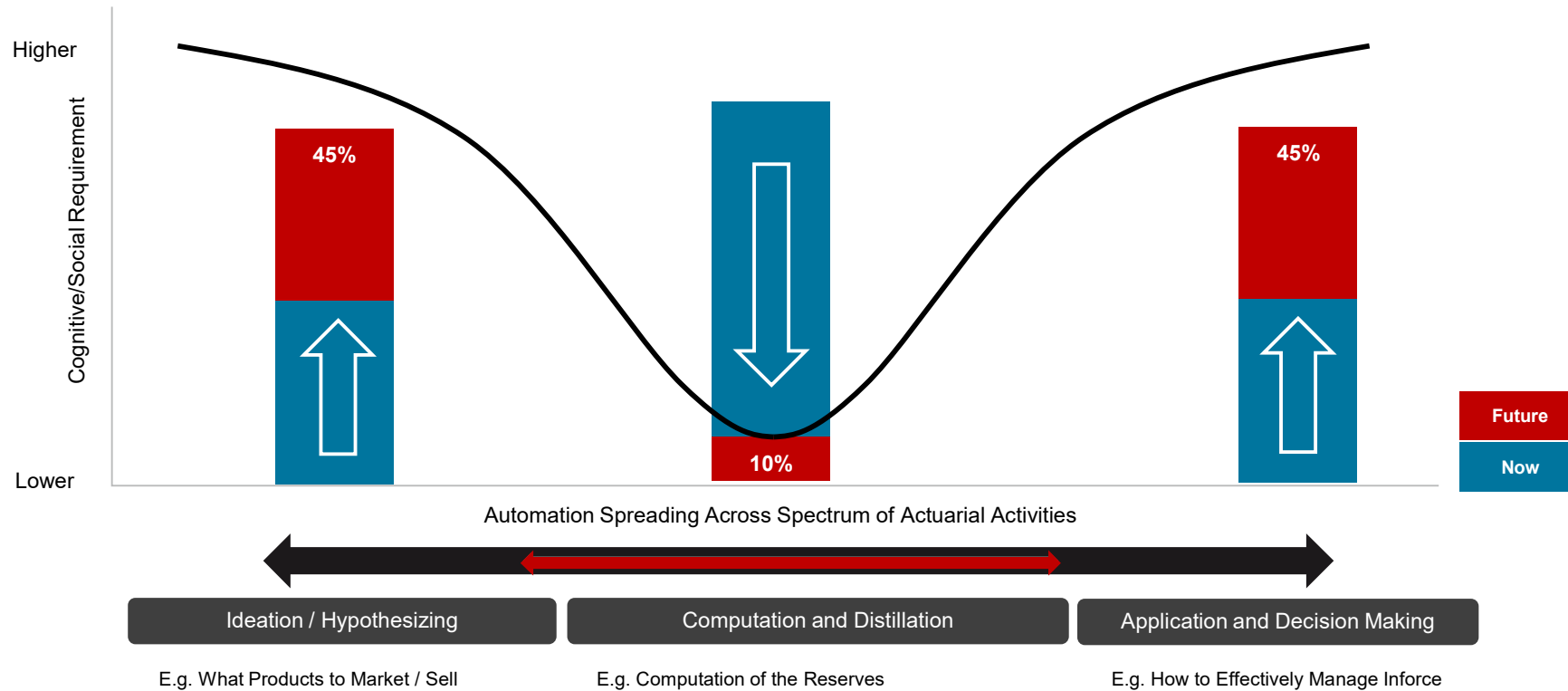
The Rate of Change



Will the Machines take our Jobs?



How Actuaries will Spend their Time



Time vs Enjoyment Reward

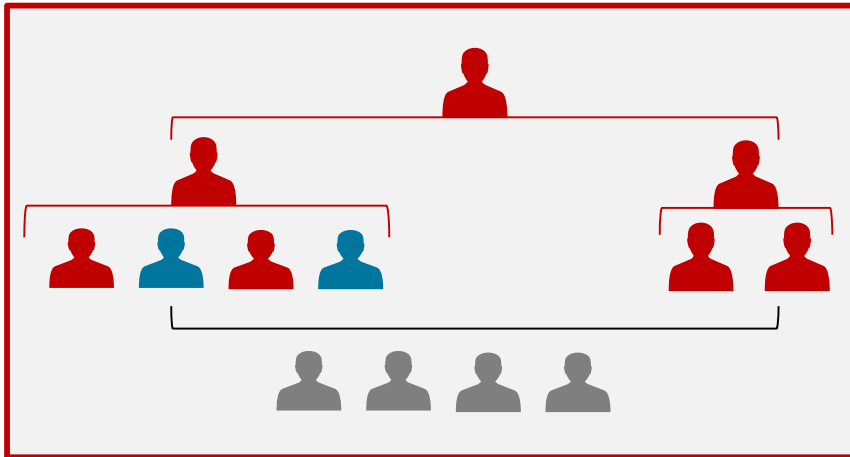
Task	Time	Average Enjoyment	
Data Extraction	4%		
Data Cleaning	12%		
Data Transformation	8%		
Initial Analysis	10%		
Modelling	18%		
Initial Result Production & Communication	6%		
Report Writing	18%		

Possible Solutions

Task	Average Enjoyment		Resources
Data Extraction			
Data Cleaning			
Data Transformation			
Initial Analysis			
Modelling			
Initial Result Production & Communication			
Report Writing			

Team Construction

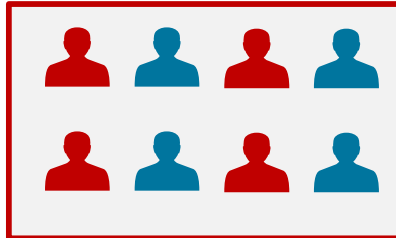
Structure of the Future



Crowd



Consultants



Analytics Team Construction

Analytics Team

	Actuarial Resources	Statisticians / Data Scientists
Advantages	• Good business understanding • Better softer skills • Can learn new technical skills	• Less Expensive • Better Technical Knowledge • Larger talent pool
Disadvantages	• More Costly • Scarce at senior levels • Knows enough to be dangerous	• Lack business understanding and practical application • Struggles to learn business skills

Crowdsourcing

Crowdsourcing Model

Crowd
Collaboration

Crowd
Competition

Crowd Labour

Microtasks

Mesotasks

Macrotasks

Benefits

- Access to an array of talent from different backgrounds
- Flexibility: Increase capacity without long term commitments
- Synergies through Collaboration

Detractions

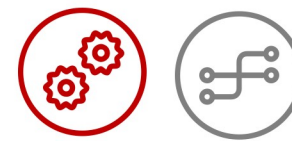
- No standards across platforms and varying degrees of quality assurance
- Constant management is still needed
- Potential impact on existing workforce

Technological Disruptions

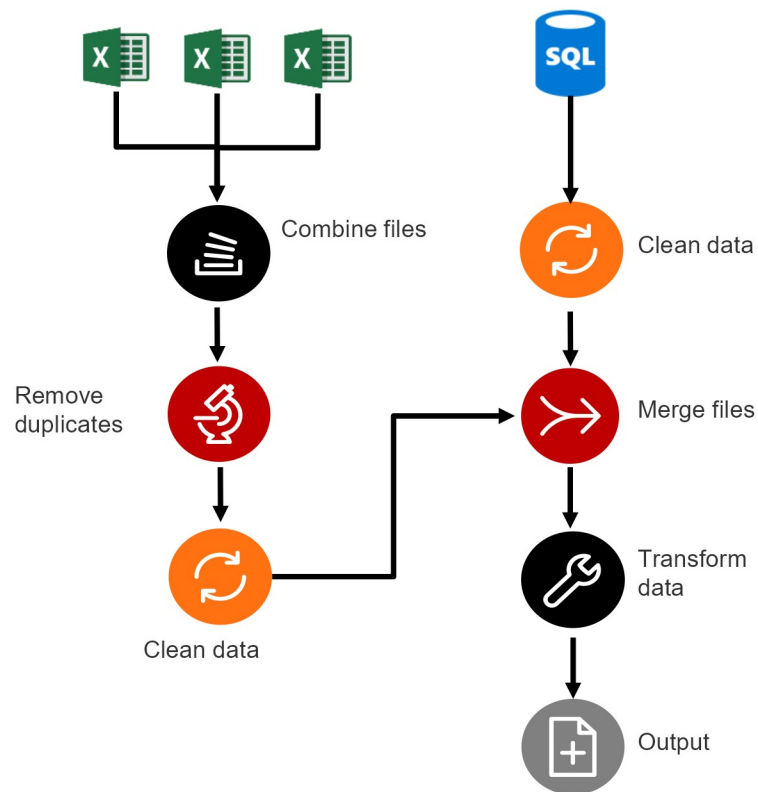
Possible Solutions

 Alternative Resources  Crowds  RPA  Data Wranglers  NLP  NLG  Machine Learning			
Task	Average Enjoyment		Possible Technologies
Data Extraction			    
Data Cleaning			   
Data Transformation			   
Initial Analysis			  
Modelling			  
Initial Result Production & Communication			 
Report Writing			  

Automation: RPA & Data Wranglers



Data Import Process



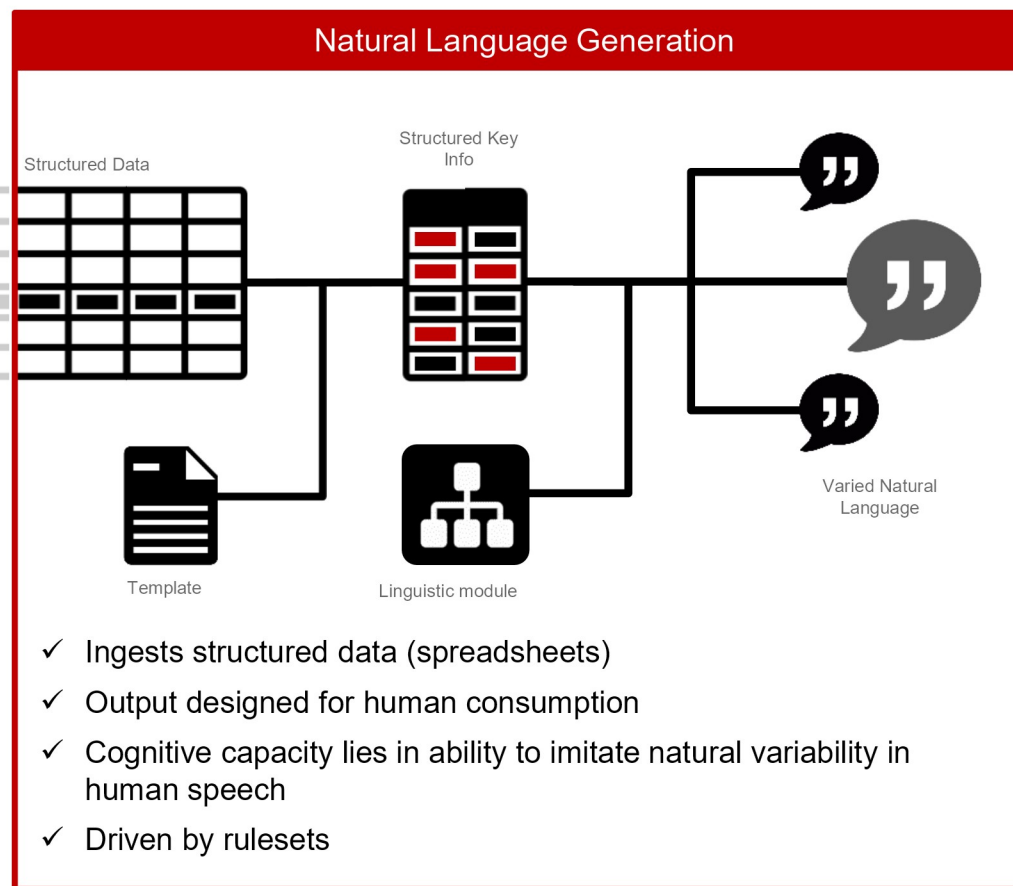
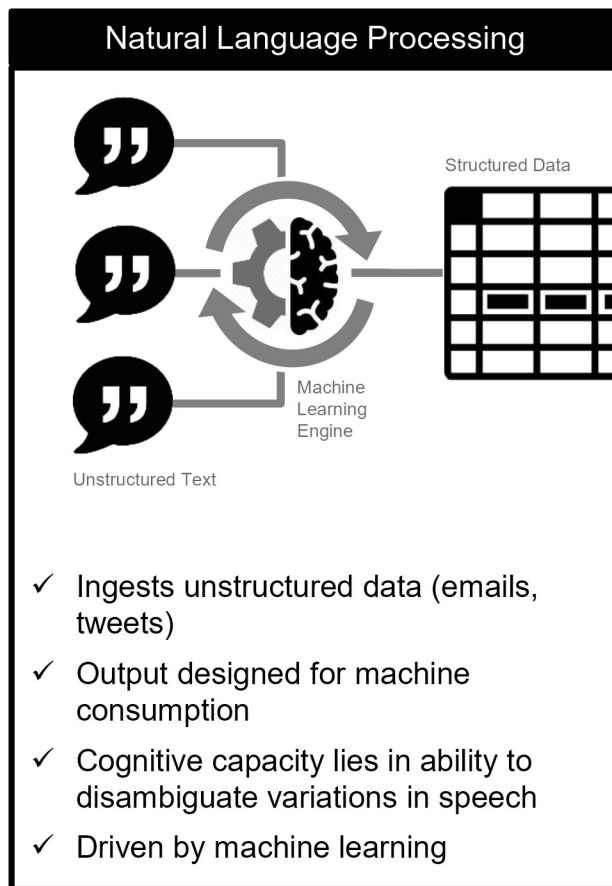
What it can do:

- Run models and programs
- Open emails and attachments
- Move files and folders
- Extract structured data from documents
- Scrape data from the web
- Connect to system APIs
- Collect social media statistics
- Follow “if/then” decisions/rules

What it cannot do:

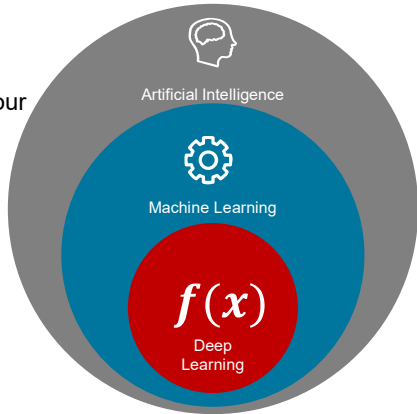
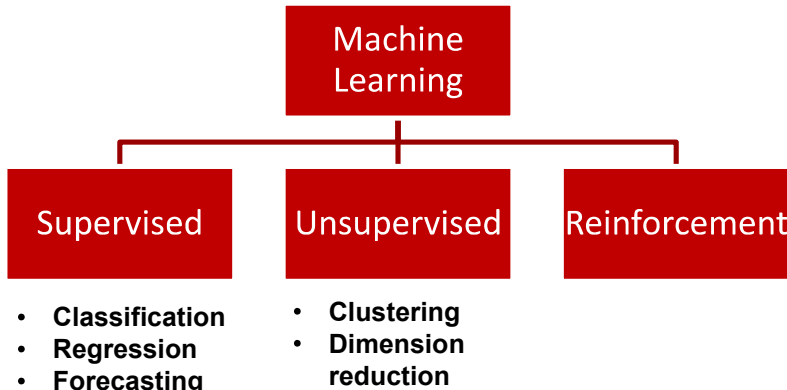
- It won't work with unclearly defined processes
- Handle unstructured data
- Adjust on the fly
- Manage unpredictable processes
- Make judgments and decisions

Natural Language Processing & Generation



Machine Learning



AI Hierarchy		Types of Machine Learning	
Artificial Intelligence: Any technique which enables computers to mimic human behaviour Machine Learning: Subset of AI techniques which use statistical methods to enable machines to improve with experience Deep Learning: Subset of ML which make the composition of multi-layer neural networks feasible 			
Statistical Model		Machine Learning	
Interpretation	Results need to be interpretable	“Black box” approach	
Signal to Noise Ratio	Low	High	
Number of Variables	Low with limited or no interactions	High with various interactions	
Data	Low volumes needed	High volumes needed	
Results	Uncertainty of the results is important	Uncertainty in results can be ignored	

Getting Started

Think Big



**Immerse Yourself in
Innovation**



**Find Some
Friends**

Start Small



**Assess the
Landscape**



**Pick One or
Two Plays**

Act Fast



**Test if it Works
(Quickly)**



**Market Your
Own Success**

Key Takeaways



Things are already changing and our jobs will change



Luckily, technological improvements will ***reduce the time we spend on tasks we don't enjoy*** and give us ***new tools to do the tasks we enjoy***



Think Big, Start Small and Act Fast

Questions?



Lukas Ehlers
Senior Manager
Deloitte Actuarial and Insurance Solutions
lehlers@deloitte.co.za



Shuaib Ghoor
Manager
Deloitte Actuarial and Insurance Solutions
sghoor@deloitte.co.za