



Stephen Paines asks if CT9 'creates and captures value'

You won't be BAMboozled

Since June 2004, new student actuaries have been required to complete the business awareness module (BAM). The course sets out to give actuaries some of the 'business-savvy' they have so often been criticised for lacking. A sensible strategy, but is it one that is succeeding?

Anyone thinking BAM is an easy ride will be sorely disappointed: it is far from a bagatelle. The course requires two days of attendance at a hotel, 20 hours of pre-course reading and 10 hours of post-course reading. And the test itself takes some time, too.

A question then arises: is it worth doing? Or, to recast into the parlance of the course, does it create and capture value?

I must confess I had my doubts when first confronted with the business strategy pre-course reading. This stuff was best when giving plenty of examples with real companies, rather than listing techniques for solving problems, which sometimes felt too abstract.

Many students will know little of the fundamentals of law before BAM. This

reading was refreshing, as it was different to anything I had studied before. Detail abounds here, but even to see a term like 'trust' defined helps in day-to-day work and the

complexity of whether contracts are valid or not has implications for all actuaries.

The two-day residential builds on the pre-course reading. Fortunately, it is designed cleverly: when a topic starts to grate, you move on and consider something new.

It starts with an introduction to the financial services industry, before reviewing what you learned in the business strategy pre-reading.

A business game, where your team takes control of a furniture company, begins towards the end of the first day. Here, you really get to see the effect of your team's business decisions and begin to realise the complexity of a business. Share prices plummet and leap all over the place as you pit your wits against your contemporaries. This is a good opportunity to try to employ some of the business strategies you've learned, but the fast pace means that you cannot afford to dawdle, so perhaps you end up relying a little too much on instinct. In retrospect, I would have liked to apply my actuarial skills here and really interrogate the numbers better — just because you're doing something new, don't forget what you already know.

The business game finishes on the second day. The first day doesn't end until 20.00 and, with an early start the next morning, carousing seemed dangerous, but a few beverages in the bar were essential to digest the content so far.

After the business game, the professionalism talk introduces the Actuaries' Code. Any self-respecting member of the profession should be acquainted with the Code and know their responsibilities with respect to it. Case studies — such as the circumstances under which a gift is acceptable

— formalise issues you may have come across but not given much thought.

The residential finishes off by revising the law material you (should) have studied before the course. The tutors illuminate the material and give some extra examples. My tired brain had some trouble digesting at this stage, but you can always revise the material (indeed, it's best to) after the course and before the test stage.



Two weeks must elapse before you may take the test. Although you may look at your notes and reading material, it's not trivial — some of the questions are tricky even with the material in front of you. Best to revise thoroughly before attempting it!

Is it worth all the effort?

Students should find plenty of food for thought from the course. Having a broad understanding of the law and how businesses work should inform students for their future careers. On the other hand, actuaries are specialists, and I believe that they should not dilute their knowledge base too much: actuaries are not going to be consulted for legal advice. We add value because we specialise, but we should be aware of the environment in which we work.

Perhaps the true test of the BAM would be to see if an actuary could win BBC's *The Apprentice*... that would make for an interesting test of our business acumen.

Stephen Paines is a trainee actuary at the Government Actuary's Department.

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