

# Actuarial Interview Series – Laura Bennett, Pet Insurance Actuary

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Exp (ata)	Life Exp (Fit)	Life Exp (Mean)	Max Det	Life (DTR Method)	Life movement)
0,61	62,62	61,62	76,48	79,91	
2,33	63,61	62,97	76,68	79,90	
34,41	65,25	64,83	77,01	80,05	
64,85	65,38	65,11	76,25	79,13	
66,32	66,81	66,57	77,43	80,23	
67,47	67,70	67,59	77,54	80,23	
67,43	67,52	67,48	76,85	79,48	
67,41	67,56	67,49	76,44	79,02	
68,97	68,81	68,89	77,58	80,06	
69,48	69,44	69,46	77,59	79,99	
69,90	69,81	69,86	77,17	79,49	
70,59	70,48	70,53	77,30	79,52	
70,88	70,66	70,77	77,08	79,7	
72,01	71,75	71,88	77,83		
72,51	72,30	72,40	77,92		
72,61	72,44	72,52	77,5		
73,55	73,57	73,56	78		
73,50	73,09	73,29			
74,08	74,02	74,05			
74,39	74,30	74,34			
	74,37	74,42			
		74,16			



Laura Bennett is the CEO and Co-Founder of Embrace Pet Insurance and an Entrepreneur with a pet and coffee addiction. I had the pleasure to interview Laura over the phone and after a brief introduction we dove right into the Q&A.

**You have a very impressive LinkedIn profile, you actively Tweet and blog. What was your first foray into social media?**

When I left Canada Life in 2001, social media was just starting. I wanted to travel in Latin America for 10 weeks and my mom was worried because she wouldn't know what I was doing. That's when I started blogging. It was a time before anyone knew anything about blogging, nothing much was there. I created a simple website and that's when I started being online and being open. Of course I continued while doing my MBA at Wharton. Unfortunately my daily blog while there was accidentally deleted. They had a system crash about three years after I finished and they never put it back online. I have some if not all of the content so one day perhaps I will resurrect it for my kids. I think I was the first MBA blogger!

## **You wrote a daily blog for two years?**

Yes, yes, one of the admissions people asked me if I would be interested to do a blog of what it was like to be at Wharton and of course I said “Yes” because I had done it for my trip. I said I would do it daily and of course they laughed at the thought of me actually posting every day, but I did stick to it all the way through with the exception of holidays.

I worked for 12 years prior to going to Wharton, so for me doing the MBA was a sabbatical; it was all about me. When I was working in Canada Life I studied and worked on and off and on and off. Then I did my CFA and did the same thing all over again. The year 2000 came and I was thinking where did I want to go with my career and I thought that I’d like to run a company.

I was working for a large life and health insurance company and this is the path I was on – to run a large life and health insurance company – and I couldn’t think of anything more dreadful. I love Canada Life but it was very much command-and-control. They are pretty much like any other insurance company, you do what you are told, you don’t speak up, they are very conservative, and I’m not like that. When I realized that, I thought that I needed to do something about it. This is why I left to do my MBA – I needed to find a way to adapt insurance to something else that I wanted to do, because this is the only thing that I knew.

I love business, the marketing aspect of it, running a business and all other aspects of it. Being in actuary we think that we always know everything, but in reality we only know one small piece, something very specific. So I left to do my MBA at a top school and I thought that once I get that I would be able to put my actuarial and CFA credentials as a footnote on my resume. I would still be able to use my actuarial skills because they are very useful no matter what you do in business. I didn’t want people to see me as just an insurance person.

## **Why did you choose to become in actuary to begin with?**

Well, it was an interesting accident. My parents immigrated to Canada when I was 16, so I had this massive change in my life. I went to an all-girls boarding school prior to that. In my mind the next steps according to the UK system were all laid out. I was going to do my A-level tests and then go on to become a marine biologist. Coming to Canada, I had a bit of a culture shock because everything was so different. So I went to University of Western Ontario in Canada and you didn’t have to decide what you want to do until the second year. Biology studies were horrible there; you had to learn by listening to lectures on tapes. This put me off and I did very poorly in my first year.

So I switched to mathematics, because this is something that I really love and I thought that in the worst-case scenario, I would end up a tool and die maker. Seriously, this is what I thought! I knew for sure I did not want to teach.

In the summer of my final year I needed to get a job. It just so happened that Canada Life were hiring when I was looking and all they were looking for was someone pursuing a math, statistics or actuarial science degree. I knew nothing about actuarial science at that time but I knew the first exam was a math exam so I told Canada Life that I would write my first exam if they hired me and they hired me for the summer.

I spent the summer in Toronto and I worked on the most amazing project. It was group life and health project and it was on a reinsurance treaty. I got to play around with some programming and I was working on a problem where the company was threatened to be sued. Canada life had about 15 summer students so the atmosphere and the work were great. So this is how I ended up in actuarial science. After this summer they wanted to hire me but that of course meant that I needed to continue taking the exams.

Two years in of me working for Canada Life there was an opportunity to go work in Ireland and I applied for it. Looking back, going to Ireland was really an amazing experience which let me showcase my skills. I worked there for four years and qualified for my actuarial certification. It was a small operation at Canada Life, but they had the same tasks that Canada Life in Canada had. I worked my way up to the managerial position. It was great work and I could not believe that they were paying me to do it.

**I see a lot of actuaries going and getting their CFA and MBAs designations in addition to the actuarial certification, while staying in the insurance field. Do you think actuarial certification is lacking something that these additional degrees provide or is it the eternal student syndrome?**

It is a good question, only masochist would do it right? The reason I took CFA is not because I wanted to learn more. When I came back from Ireland I was in charge of creating an asset liability management group. We had a couple of analysts already calculating some monthly reporting and they wanted me to come in and actually create a department and build upon the reporting processes. As much as the investment department thought that I was great and all that, they just thought that because I was in actuary, I did not understand their world. So I thought, well I will go and show them, I will take the CFA exams. If they think that the CFA is be all and end all to their world then so be it. It was really to gain their respect! And of course I did learn some new things, but I have to admit it was not as hard as the actuarial exams. It is a huge amount of material to go through and it is time-consuming but it is not difficult. Once you've done actuarial exams, exams after that don't seem all that bad.

The MBA was different. I don't think actuarial exams give you everything you are supposed to know while being in actuary. Once you've qualified as an actuary, that's the start. You learn so much more and you gain so much more experience when you see things on the ground, that yes although you took all those exams no one is going to put you in charge of anything. I think you augment your knowledge in whatever way you see. Not everyone is going to need an MBA. I see MBA is the best gift I ever gave to myself. I chose not to go with the executive MBA route because I wanted to take a break. I do think the MBA is worthwhile doing, you learn so much about other businesses. Actuaries

are very good at insurance, yes we are very good specialists. For example marketing, there are so many ways that you can apply it. It does not hurt to stick your head above ground and see what other industries are doing. I don't think the actuarial exams are deficient, but it is up to you to add to that.

**Do you think actuaries can benefit from entrepreneurial skills and what is the best way for them to obtain the skills, aside from getting an MBA in entrepreneurial management?**

Well to start with, I don't think you get any entrepreneurial skills from getting an MBA in entrepreneurial management. You learn a lot of case studies and facts but entrepreneurial skills are learned in action. As entrepreneur, things never go as you expect. And you may say, well we know that, because as actuaries we project all these things that we know may not come true. Everything you plan about your business will be different. Everything is very fluid and you are very much alone when you are setting up a company, even if you have a business partner. So you have to think creatively because there's no option for failure. So you become quite creative in handling your problems and in reaching out to other people for help.

As actuaries, if you do not want to leave your environment but still learn entrepreneurial skills, you can certainly get them at your current workplace. For example, if your company has projects that no one wants to take on, difficult projects, either dealing with difficult people or totally skunk works, new set up. For example the asset liability management group that I was put to work in – no one really knew what was needed to be done, what the goals were or any of that sort of stuff. Volunteering for that kind of thing is a really good start. Stretching yourself and putting yourself into this uncomfortable zone of not having a clue what you're doing is excellent for developing entrepreneurial skills.

**You were named the first pet insurance actuary in the US and you are now the chairman of the board of North American Pet Health Insurance Association. I read an interview with you for the Society of Actuaries and you mentioned that you were the only full-time pet insurance actuary in America. Is that still the case and if so why do you think that is?**

There are two companies that now have fully qualified actuaries working on pet insurance. That's pretty sad of the 12 companies that exist. There are consultants that have dabbled in pet insurance. But it seems that it is one of the many things that they have to do rather than being sole area of focus. They do seem to focus mainly on numbers and a little bit on product design but it is more focused on getting the product out that fits their numbers rather than using a more holistic approach.

Just to give you a brief background on pet insurance, it is different than life insurance and here's how it works. Embrace Pet Insurance is officially an insurance agency – I'm not taking on insurance risk. The agency is all about marketing, and yes our marketers do have their wish list of what they would like to see in the product, but it is the insurance

company that tends to have the actuarial expertise. It is always given to some poor actuarial student or someone who is low on the totem pole. It is not treated very seriously by the outsiders. I don't blame them, it is small. This is really why actuaries have not really gone into pet insurance. They have certainly dabbled in it, but it is so small that no one can really say that they are a pet insurance actuary. There are other two companies like us but they are full insurance companies and they do have their own pet insurance actuaries.

**Are these companies regulated just like regular insurance companies would?**

Yes they are. Pets are considered property and you have losses associated with this property. It is property and casualty insurance and the product is classified as Personal Inland Marine, which is ironic because this is what fur coats are listed as.

**Do you think that there are opportunities for actuarial students to enter pet insurance or is it so niche that the only way you can work on this is by being reassigned to the department that handles pet insurance?**

I would say it is probably that. There are life actuaries and property and casualty actuaries transitioning over because it's a hybrid product. It is property and casualty by law and life and health by nature. But as actuarial students you're probably better off getting into traditional disciplines for number of years and then if you are interested switching over within the company to that area because it seems to be growing.

**What I was wondering is who and how puts together pet mortality and morbidity tables? Are they readily available and done regularly? Or are they bootstrapped from the vet data?**

When I first started I was thinking of the product in the same terms as you. This is how traditionally you would do it – you would have morbidity assumption, lapse assumption, death rate and all that. In actuality it is done very differently, it is done along the lines of the property casualty product which basically ignores all of those factors. Property casualty product thinks of everything in 6 to 12 months increments. Think of auto insurance, it is in these small segments where one is independent of the other. To give you an example, pet morbidity is very similar to human morbidity. It is high in the first year and then it drops off for another four or five years and then it starts gradually increasing with age. You pay your premium in 12 months segments depending on the risk of pet that time. They don't have typical actuarial reserving, the only reserves that you have are IBNR and pending claims. It is a very short-tailed product, pardon the pun! You tend to manage this product in terms of loss ratio, claims divided by the premiums. So you have a target loss ratio for the year and you try to manage that. We do have a generalized linear model that basically says that for particular dog, particular age, particular sex, whether it's been spayed or neutered, what breed it is, where it lives and the coverage that's being chosen there is a formula that calculates the premium based on those factors. We discovered for example that sex of a cat or a dog is actually important, so the premium is actually a little bit higher for a male dog or cat and it is independent of

the spayed or neutered status. So taking all those factors into consideration you get the risk-based premium. There is no lapse assumption, it is a different way of looking at it. When I went from life to pet insurance I had to learn a whole new language because the terminology is very different and just a mentality of looking at everything in such a short timeframe was so different. That was a big challenge for me.

**I have a few lifestyle questions. A frequent complaint of actuarial students is that because the study process is so demanding they find it hard to find time for significant others and to have good study/life balance. I don't know what profession your husband is in but how did the two of you cope with your actuarial, CFA, MBA studies and how do you find balance in your life?**

Yes you do have to find someone who is tolerant. And get the exams over as quickly as you can!

When I went to Ireland I was doing the Society of Actuaries exams and I had to have a special exam center set up. I didn't have to fly anywhere because my boss was a Canadian actuary and he could be my examiner. Before writing my exam he asked me how many hours I studied for that exam. And I said that I did not know, I did not track it. And that's when he gave me the best advice – to count my hours. So for each exam that you are going to write you work out how many hours they need to study. For example, for every hour of exam you need 100 hours of study. So I set myself out the schedule down to the minute – I have this paid study off, then I would have a dinner break from 6 to 7, then I would study from 7 to 9:30 and then take a bath and go to bed. This would stop me from feeling guilty because I would know exactly how much I studied. And second, because I liked to take Friday off to have a mental break, I never felt guilty about it. But yes it was seven hours on Saturdays and seven hours on Sundays of study. Once I got that advice I did not fail one exam.

**What is your best time-saving trick? Do you use sticky notes or do you have a to-do manager? How do you stay on top of projects?**

I like keeping things in my head but I don't rely on that. I did pick up a good skill when I was working with investments people. They all have these notebooks that look like schoolbooks and they religiously take notes. So I have a similar notebook and once you write things down it helps to keep it in your head. And I keep a to-do list on one of my pages and I also use my email and my calendar extensively. I color code things, although I am not as obsessive about it as some are. But it helps me to keep track of things – I keep track of every contact I make and everything else I do on a daily basis. I have records going way back. My inbox is almost like a to-do list. I don't keep anything that does not need to be done in there and I archive the rest. And I don't bother with categories because the search feature in Outlook is quite advanced these days. Don't bother wasting your time putting things in categories if you can find it in a second or two.

**How do you unwind from work? What you do in spare time?**

When I was in my 20s I used to do weight training quite regularly. Then I had my kids and then I started Embrace and the time and mental energy just disappeared. So about three years ago I took up running. You can literally do it half an hour a day before work this is all you need. This is funny because I hate running but I needed to get into shape and this seemed to be the best way. And then in January of this year I started doing the P90X program. And now I feel really amazing and I feel like I'm back in my 20s in terms of my health and it's a great feeling.

Apart from that, I am a mother and I spend time with my kids and we have fun. I'm also the handy one and I like doing stuff around the house. And I like to cook and I like to eat – I like eating more than I like cooking!

**If you were to host “What Really Grinds My Gears” show related to your work, what would be the subject that you would dedicate most of airtime to?**

I think for me it is when people say that they are going to do something and they don't. It is really basic customer service. That sets me off and I can go on for hours about bad customer service. Because we spend a lot of time here at Embrace trying to have an amazing customer service and so I am hypersensitive to something that is small but you can taint your attitude towards the company or product.

**I read somewhere that you like to call up your customers on weekends and have chats with them. Do you think that this is something they can translate into regular insurance products? Is a practical or advisable?**

I think it has to come from the culture of the company and quite frankly I don't know of any other insurance company that has the culture that would support that. I think the customers would freak out if for example the health insurer calls them on the weekend and says “Hey, how's it going?” In our case, I call because people would get regular emails from me and there is constant communication. It's not just because we are small, it's how we interact with our customers. We do not talk with them as if they are clients, we talk to them as if they are friends who have pets. We want them to have the best experience possible and we feel let down if we let them down this way. And that's something that can be scaled. It is something that is part of our culture – this customer fixation. I don't do call so much anymore, I'm on email more. But if something goes wrong I get on the phone and apologize for something. People are amazed that the CEO would get on the phone and have a chat with a real human being and admit that we made a mistake and what were are going to do to make it better.

**What would be your general advice to actuarial students, whether they want to pursue pet insurance or not?**

I had a discussion with myself where I thought what I was going to do when I grow up. I think every actuarial student should have that discussion with themselves regularly. At the beginning you wouldn't know what it is, but you need to actively make the effort to have that self analysis. So have a long-term goal, realize that there's no straight line and

don't worry about what is going to happen in the short-term, as long as the long-term goal stays the same.

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Laura's company is [Embrace Pet Insurance](#) and she blogs at [Embrace Pet Insurance Blog](#). She is also on [Twitter](#) and [LinkedIn](#).