



**ACTUARIES STARTING A BUSINESS: AN INTERVIEW WITH MICHAEL FRANK, PRESIDENT OF AQUARIUS CAPITAL**

Interview by Nick Ortner

The Entrepreneurial Actuaries Section (EAS) has sponsored sessions on starting a business, featuring entrepreneurs who tell their own stories. We are following up with a series of interviews, this time with Michael Frank, president of Aquarius Capital.

**Please briefly describe your background.**

I am a graduate of the University of Michigan's actuarial program and a health and life actuary, with 25 years of experience working for a variety of companies, including insurance companies (Prudential), HMOs (Physicians Health Services), reinsurers (Transamerica Reinsurance), managing general underwriters (Management Facilities Corporation) and consulting houses (Coopers & Lybrand, The Segal Company). I am also a licensed insurance broker and reinsurance intermediary.

Ten years ago, I formed our company—Aquarius Capital—and I'm currently president of the organization. Aquarius Capital provides consulting services in insurance, reinsurance and employee benefits in the life, accident and health insurance field. Services include actuarial, underwriting, broker/consulting, and mergers and acquisitions. Clients are organizations purchasing insurance, selling insurance (e.g., insurance companies, HMOs, wellness companies, reinsurers, etc.) and investing in insurance/reinsurance (e.g., private equity, hedge funds). Our organization has developed a wide range of consulting disciplines as a life and health actuary, as well as an underwriting consultant and broker/reinsurance intermediary.

In addition to my role at Aquarius, I have served as president of the Actuarial Society of Greater New York (elected president in 2011), and I currently teach as an adjunct professor at Columbia University for Master's in Actuarial Science. I have also served on SOA section councils for Actuary of the Future, Entrepreneurial Actuaries and Reinsurance.

**How would you describe yourself? As a risk taker, or something else?**

At times, I'm risk-averse; while I'm a risk taker at other times, as well as a workaholic (working on a solution for that problem). I am not afraid to pick up a phone to "take a risk" to develop business opportunities, but prudent when it comes to financials, both my company's and my clients' financials.

**Please describe a significant turning point (or two) for your business.**

Sometimes it is better to be lucky than good. When we started our business 10 years ago, we were fortunate to have landed four clients in our first month, so luck can be an important element. However, I'm primarily a believer that hard work helps generate your own luck.

From a career direction point of view, my job path in 1991 had a big influence on my career direction. When Exxon's corporate office relocated from New York City to Texas, Coopers & Lybrand (my employer at the time) sent a team to go with them. My role on the team was as a life and health consulting actuary, and also as a Fortran programmer for the company's pension and retirement business. As a consultant both seeing clients and serving as a backroom programmer, my project work and roles were very diverse.

At that same time, I was a consulting actuary helping hospitals build themselves into HMOs, assisting insurance companies to grow and purchase reinsurance, while also working as a computer programmer doing pension and retiree health valuations. Today, those skills are proving particularly valuable, as our firm helps hospitals become HMOs, guides organizations in building and managing insurance companies, and performs retiree health valuation work (e.g., GASB45).

**What do you envision as the most significant emerging threats or opportunities?**

1. **GLOBALIZATION:** Globalization has created the most opportunities for our firm since we are able to consult on business outside of our office. We have clients throughout the United States, as well as internationally. At the same time, globalization has also created a threat for many businesses, as other organizations are similarly able to quote on business outside of their location. As an example, we bid on a government contract, and we saw bids from 28 actuarial firms. So while globalization creates opportunities, it also creates the risk of commoditizing services in all professions, including our own.
2. **CHANGING ROLES:** The role of the actuary is ever changing. More actuaries are involved in putting deals together as underwriters (especially in reinsurance) and as intermediaries. Our firm became a licensed broker (life and health) in 2002, and later a reinsurance intermediary in addition to the services provided as an actuary. Actuaries working as brokers and intermediaries were a rare commodity only 10 years ago, but not so much anymore. When speaking to people in the insurance business, some feel that we have "crossed over to the dark side" as actuaries, while others feel we have crossed over FROM the dark side. In the profession, I see more

a result. The balancing act is that we have to remind ourselves that this is a people business, so we don't want to downplay the importance of face-to-face meetings and networking to get business or become too reliant on the power of social media.

**What are your key values/values that you feel entrepreneurs should follow?**

Patience and fortitude are important. It's particularly important to be able to be your own psychologist to manage the highs and lows in business, which could come daily, or even hourly. Entrepreneurs need to have a vision on what they want to accomplish and also need to be proactive in finding business, since it's rare that the business is going to just find you. Part of my career included working as an underwriter, and this has also been beneficial, since we have to underwrite our own clients to assess things such as who is a quality company to partner with and what companies may be willing to ultimately pay for services.

As an entrepreneur, there are many opportunities to network and volunteer in our profession. Networking creates the opportunity to not only expand your business opportunities, but also give back to the profession. Our profession creates a lot of opportunities for public speaking, which in turn can lead to further business generation. Strong business communication skills are increasingly important for actuaries who want to work as consultants or to have executive-level positions.

An entrepreneur is not only someone who's independent, but could also be someone who's part of a larger company or business unit in a company. The term is very broad and will have different meanings depending on the individual and his/her employer's openness to entrepreneurship.

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