

The Actuarial Profession

MINUTES

of a meeting of the
Honorary Secretaries of Local Actuarial Societies
 held on **Monday 18 June 2007**
 at **Staple Inn**

Present:	Mike Kipling Barbara Beebee Thomas Alden Narinder Basra Gemma Thompson Malcolm Slee	Chairman Secretary Birmingham Bournemouth Norwich Yorkshire
Guests:	Andrew Chamberlain Peter Dingwall Sally Grover Caroline Instance Trevor Watkins Freya Rodger	Item 5.1 Item 4.1 Item 4.1 Item 3.1 Item 6.1
Conference Calls:	Nicola Smith Jacqui Le Noury Ross Pritchard	Bristol Channel Islands SIAS
Apologies:	Lucy O'Brien Zoe Craig Andrew James Chris Baker Emma West Tariq Ashoush	Norwich (represented by Gemma Thompson) FASS Invicta Manx North West Redington (Kent) Society

Action

1. Welcome

Mike Kipling welcomed Honorary Secretaries to the annual meeting of the Liaison Group for 2007.

2. Notes of the meeting held on 21 June 2006 and actions arising

2.1 Notes of the meeting held on 21 June 2006

The notes of the meeting held on 21 June 2006 were approved as a correct record, subject to one typographical amendment, and signed.

2.2 Actions arising

Minute 2.1 Council link people

Barbara Beebee reported that it made sense to allow the arrangements for the new structure to take effect before looking at ways of reinforcing links between Councils and regional bodies.

Minute 2.2.1 Local Society memberships

Barbara Beebee confirmed that local societies web pages were updated and changes in appointments amended on an ongoing basis.

Minute 2.2.2 Staple Inn Actuarial Society

A number of regions had run repeat presentations of SIAS papers. For information about events go to the SIAS website. Ross Pritchard reported that there were more oral presentations made at SIAS meetings than there were formal papers being presented. However SIAS had agreed that, when formal papers were published, it would issue hard copy to all members who had indicated a desire to receive papers via their profile on the Profession's web site.

Minute 2.2.3 Sessional Meetings

The Regional Sessional meeting in 2007 had taken place in the North West and had been well attended. If any Society wished to offer a venue for the Regional Sessional meeting in 2008 it should contact the Secretary.

All

Minute 5 Professional Conduct Standards (PCS) – Raising Profile

A number of regions had received a session on the PCS conducted by Louise Pryor. These had been well attended.

Minute 6.3 Student Consultative Committee

Background information on membership and terms of reference had been circulated to regional representatives for information. Malcolm Slee confirmed that the present arrangements in terms of liaising with the Student Consultative Committee were working much better.

Minute 7.4 Regional Events

Regions were encouraged to advertise their regional events in The Actuary magazine and submit comments on the events and photographic material where appropriate.

ALL

3 Strategic Implementation Programme

Caroline Instance gave a presentation on implementing the Profession's post Morris strategy.

Caroline reported that following the report of the Morris Review, which recommended that the Profession's regulatory role should be overseen by the FRC, the Profession had consulted members on its possible future role. The feedback indicated that the large majority of members endorsed a strategy for the Professional body that primarily focused on supporting members throughout their careers so that they had the attributes and knowledge appropriate for the evolving needs of the UK financial sector, primarily as quantitative risk professionals. The Profession saw careers support as essential in order to increase the value actuaries added for their employers and their clients.

The Profession had since embarked on a detailed planning and implementation phase and had set up seven work streams to be managed as separate projects in a co-ordinated programme.

The projects were as follows:

- Knowledge Services: to share knowledge and develop skills – careers support
- Increase university provision of qualification subjects
- Qualifications and Branding: re-branding the two tier actuarial qualifications (currently "Fellow" and "Associate") in order to increase the supply of actuaries
- Regulatory Liaison: developing means by which the Profession can work proactively with all regulators
- Overseas: reviewing the UK Profession's existing services to overseas members and students
- Fair Financing: reducing cross subsidies
- Structure: reorganise the structures of the professional body to suit the new strategy.

Caroline provided more detail on two of these work streams in which she had been directly and more closely involved.

3.1 Overseas

This work stream had looked at:

- Services to overseas members
- Influence in Groupe Consultatif and IAA activities
- Effective regulation of overseas members.

As a result of a major survey of overseas members, conducted in December 2006, and further soundings, the following recommendations had been put forward:

- Overseas members could nominate another IAA body to be his or her primary professional regulator and would pay a lower subscription because the UK would not have the costs of regulating them
- The aim was to have "world-class" qualification priced economically with the support of developing countries via the IAA
- Re-focused role for an international committee in the new structure
- Services and CPD opportunities to be developed regardless of location:
 - New Member Support Executive Committee will ensure delivery

- Development of Knowledge Access Network (KAN) and member Interest areas (MIAs), which could have a geographic basis, would help.

3.2 Structure

Caroline Instance explained the main changes proposed by the Structure work stream:

- The new structure would provide a different type of support for the professional community from the “command and control” decision/rule making governance structures of Professional Administration
- A Management Board would replace FIMC: the Board would delegate more to three functional Executive Committees and so would have more time to develop policy and strategy and deal with public affairs
- There would be an Advisory Committee on public affairs reporting to the Management Board
- There would be a change of name to signify a change of role from the current Practice Boards to Executive Committees
- Functional Executive Committees would cover professional regulation, qualifications and member support
- The Member Support Executive Committee was a key new body with responsibility to ensure that membership had access to knowledge and services which supported them in their careers
- There would be Practice Executive Committees to support the practice areas which featured in examinations
- More flexible structures would exist to support MIAs. These might have committees or simply email groups reflecting e.g. areas of practice, wider interest areas, or geographic locations
- Members could opt to join one or all of the MIAs
- Membership did not have a price tag but there could be a charge for specific services
- There would be central support in terms of administration, web pages, the establishment of wikis, blogs etc.

The work stream would be interested to know what Regional Societies would require to decide if they wanted to become a MIA.

The following points arose in discussion:

- The common theme with regional societies was locality/employer. It was noted however that member interest areas could be geographic or could be aligned to a special interest
- In terms of how the new structure would work to support regions it was noted that central support could be provided in terms of email target groupings, web pages, running events etc. It would be possible to increase awareness of local activity through the central website and the professional body would look at how that might be supported
- Currently much of the cost of regional society activity was met by companies. How was the new structure likely to impact on this?
- Caroline Instance explained that activities could be funded centrally but it was hoped that employers would continue to offer their support to local

initiatives

- Was the new arrangement contextual or was it likely to be implemented? Caroline Instance confirmed that the programme would be implemented. The Professional Administration structure would be in place by March 2008. Practice Executive Committees and MIAs would follow.

Caroline welcomed any questions on the new structural arrangements from regional societies.

ALL

4. Knowledge Services

Peter Dingwall gave a presentation on the proposals of WS 1 on Knowledge Services. The general objectives were as follows:

- Increased resources to supporting member's knowledge development
- Increase avenues for members and employers to influence support provided by the Profession
- More activities organised at a high level on a cross-profession basis
- More support to emerging areas of practice
- More co-ordinated and relevant research.

The proposals from the work stream had resulted in four work strands as follows:

- KAN
- Open Forums
- Research Process
- Career Counselling Services.

4.1 Knowledge Access Network

The Knowledge Access Network comprised:

- Development of web-enabled resources
- Formal discussion forums for members and interested third parties via blogs and wikis
- Digital catalogue and recovery services for books, papers and relevant knowledge held by others

A prototype was being developed – key issues being addressed:

- Rules of engagement
- Resourcing.

A demonstration of the KAN was conducted at the end of the meeting.

4.2 Open Forums

Peter Dingwall explained that these were new physical or web-based gatherings considering topics generated by members and employers using the KAN or relevant academic and commercial topics. The Forums would compliment other professional gatherings and research working parties. A task force had been set up to trial an Open Forum based on a sessional meeting paper *Modelling and Managing Risk*. It was also proposed to develop an Open Forum to be held in early 2008 on current hedging approaches.

4.3 Research Process

He explained that the current processes had been well documented but that the work stream's final recommendations had yet to be presented to Joint Councils. The aim was to develop a new approach to research and its role in the Profession's services to members, in particular looking at allocation of funding and support for working parties.

4.4 Career Counselling Service

This would comprise interactive facilities online, supplementing general career guidance with additional support including job searching, career management, and learning and skills. The service was subject to further testing with members as regards face-to-face discussions with a careers counsellor.

Peter emphasised that members of regional societies were welcome to be represented on the task force looking at work of Open Forums. Notice would be given of forthcoming events via email.

PCD

5. Professional Conduct Standards

5.1 Fundamental Review of the PCS: The Actuaries Code

Andrew Chamberlain gave a presentation on the intention to revise the PCS. Discussion at Joint Councils in March had focused on the need for brevity; a principles-based approach; flexible; and the need for the any new approach to be memorable. The new PCS would be termed the *Actuaries Code*. It would be re-branded and differentiated to become more outward facing. The Code would be principles-based – based on eight 'Cs' as follows:

- **Conduct** – Actuaries act with integrity, objectivity, honesty and candour, undertaking their duties in the best interests of their clients at all times
- **Common Good** – Actuaries are aware of and consider the common good. They conduct themselves in a manner that promotes confidence in the Profession and that shows proper consideration for others the wider public interest
- **Competence** – Actuaries undertake all their professional duties with skill and objectivity derived from their qualification, training, continuing professional development and experience
- **Compliance** – Actuaries conform to all relevant standards and regulations as required and seek to uphold those by whistle-blowing where lawful and appropriate
- **Conflicts** – Actuaries take all reasonable steps to avoid the creation of conflicts of interest. Where conflicts arise they manage these in a professional manner including the disclosure of those conflicts to all effected clients
- **Confidentiality** – Actuaries respect the legitimate confidentiality requirements of their clients
- **Commencing Appointments** – Actuaries take reasonable steps to verify that it is appropriate for them to act for a client before accepting an appointment
- **Communications** – Actuaries communicate their advice, whether

written or oral, in a clear, complete and effective fashion to ensure the recipient of that advice can gain a proper understanding.

Joint Councils had given initial consideration to these principles at their meeting on 11 June 2007 and had generally agreed the framework. The next step was a pre-consultation phase during which the task force would be gathering stakeholders' views with further proposals to be put to FIMC in July. There would then follow a two months' consultation period. The aim was to launch the *Actuaries Code* on 1 January 2008.

Other work would involve the development of standards on issues such as Conflict of Interest and more guidance to be supplied on the role of Information Assistance Notes (IANS).

Comments in discussion included:

- The principles seemed to be directed towards consultants rather than to actuaries who were employed
- Andrew Chamberlain explained that this was a valid point. It was difficult to relate issues to employed situations but in an employed position the employer was seen as "client"
- Andrew Chamberlain encouraged Regional Societies to become engaged in the process and offered support to Regional Societies wishing to stage presentations locally. Currently consultation meetings were planned in London and in Edinburgh
- A campaign of awareness would be staged in 2008 and Regional Societies had an important role to play in terms of encouraging their membership to attend promotional meetings. These would qualify for CPD requirements
- The taskforce would listen to all opinions and would try to address comments on terminology
- There was a suggestion that the new framework would appeal to those emerging from education. Under *Competence* consideration might be giving to including a definition "having knowledge from experience".

**Andrew
Chamberlain**

Members from Regional Societies generally supported the framework put forward.

6. Education and CPD

Trevor Watkins gave a brief rundown of current activities:

6.1 Associate Qualification

Trevor Watkins reported that the 2005 education strategy had envisaged that the Associate qualification should be promoted as a "gateway to the city". To achieve this aim, as part of the Profession's strategy review, work continued to identify potential new employers of actuarial trainees and promote the Associate qualification to them in terms of the skill set that the qualification develops. In addition, the qualification had been promoted to existing employers and to students, in particular to the 1100 students with the

necessary examination passes to take up Associate membership. The Associate re-branding had led to around 200 expressions of interest - more than half from the UK. Four one-day Associate professionalism courses were being offered in June and July at Staple Inn for those wishing to become Associates. Further mail-outs would be made after each diet of examinations for those who had the necessary exam passes to become Associates. A list of Associate qualifiers would be issued after each diet to enhance the profile of Associates in the collective consciousness. 2008 would see the roll-out of a marketing campaign to employers in non traditional areas.

6.2 Accreditation Scheme with Universities

The new accreditation scheme for universities had led to a successful first year of operation. New routes to qualification had been opened for employers and their actuarial trainees, along side the ActED route which had continued to run successfully. Examples of accredited courses included the part time MSc in Actuarial Science at Tanaka Business School, Imperial College and a MSc in Actuarial Science by distance learning at Leicester University. Both these providers were new to the Profession and offered alternative options to employers and actuarial trainees. Accreditation submissions from other universities were expected to add to those that had been accredited so far. An application from the LSE was in process. Further interest in accreditation was expected, in addition to exemption arrangements currently under discussion with Leeds, Bristol, Nottingham, UEA and Keele Universities.

A full quality assurance system had been put in place to ensure the “equivalence” of these qualifications to those operated by the Profession.

6.3 Syllabus Update

Various initiatives were underway including:

- A fundamental review of Core Applications 1 aimed at consolidating material on enterprise risk management
- A fundamental review of the communications elements of the qualification with a particular focus on the need to assess presentation skills
- The development of distance learning versions of the business awareness and modelling subjects for overseas students unable to attend the successful face-to-face versions
- The progression of specialist technical and specialist applications developments in general insurance and in enterprise risk management
- The introduction of online, on demand, examinations in the UK practice modules.

6.4 Mandatory CPD

The end of June 2007 would mark the end of the first year of the mandatory CPD Scheme for all actuaries who were not fully retired. A key objective of the Scheme was to ensure that practicing actuaries remained fit for purpose the scheme aimed to be output-focused with actuaries able to demonstrate

that their CPD was relevant and included a variety of technical, managerial and professional developmental activities. An online form had been developed to enable members to update their CPD records. As at the present date some 2600 members had not declared their CPD category and some 3000 members had not populated the online forms. In discussion it was noted:

- Electing to become an associate member of the Profession did not mean discontinuing studies for the Fellowship examination
- In the case of work based skills the production of evidence to demonstrate the exercising of professionalism was proving challenging to some members
- The introduction of 30% course work in accredited courses was an area in which the Profession was looking to the universities to provide evidence of equivalence with its own examinations.

7. News from the Societies

7.1 Channel Islands Actuarial Society

The Channel Islands Actuarial Society had around 40 members including 14 students and five non-residential members. An average of between 26 and 30 members attended meetings mostly held in lunchtime sessions. Six meetings had been held during the current session including topics such as Solvency II, current issues in life assurance, current issues in general assurance, education and CPD matters, and derivatives. The Society had held its annual dinner in February 2007 where Nick Dumbreck had been the guest speaker. It had been well attended by 57 members and guests. Other events included the AGM and Christmas get together.

7.2 Bristol Actuarial Society

The Bristol Society has some 400 members. It had held five meetings during the previous session, including a talk on Credit Suisse demographics and education and CPD topics. Members attending averaged between 40 and 60. Six social events had been held during the year, including a quiz night, football night, and a wine tasting session. Challenges for the Society included the difficulty in encouraging a volunteer to become President of the Society. Any advice from any other Societies in this regard would be welcome. All

7.3 Staple Inn Actuarial Society (SIAS)

SIAS had conducted a full programme of events, including some ten sessional meetings during the year. Notable among these were the Jubilee Lecture with guest speaker Christine Farnish, a session on embedded values and a session involving members of the DWP, which had been chaired by Alan Pickering. Social events included an annual supper and summer boat trip. Further details could be found on the SIAS website.

7.4 Bournemouth Actuarial Society

The Bournemouth Society covered a wide geographical spread with members

close to 100. The Society was focusing on rebuilding links with Southampton University Students Society. Five meetings had been held during the year including presentations from Caroline Instance and Trevor Watkins, papers from two consultancies and a presentation from CASS Business School on pricing with profits stochastically. Bournemouth had also experienced difficulties in identifying volunteers for various rolls. There was also some split in views between members on the value of industry talks versus technical sessions.

7.5 Norwich Actuarial Society

Norwich had held seven sessions during the year including discussions on avian flu and pay as you drive. Social events had included a Christmas debate and annual dinner attend by Stewart Ritchie as guest speaker.

7.6 Yorkshire Actuarial Society

A number of events had been held jointly between Yorkshire and Leeds. Events included question time; a session on closed pension schemes; a session on commercial mortgages; climate change; and management of financial assets in later life. Social events included the annual dinner, a summer walk, a pub quiz, autumn dinner and a talk to Bradford University School of Management, Finance and Investment Society on actuarial matters.

7.7 Birmingham Actuarial Society

Birmingham had around 100 members. Presentations had included talks from Caroline Instance and Trevor Watkins on the new strategy and CPD requirements. Social events had included a bowling evening, a football evening, pub quiz and annual dinner.

7.8 North West Actuarial Society (formerly Manchester Actuarial Society)

Mike Kipling reported that the Society had held a number of social events and technical sessions including a presentation from Caroline Instance and the annual dinner.

7.9 Redington Society (Student Society Kent University)

Tariq Ashoush had submitted the following comments on the activities of the Redington Society:

- The Society had 50 members
- Meetings were held weekly
- Events included guest speakers on current issues in the actuarial field, an actuarial fair involving outside companies and *Inside Careers*, a Christmas challenge.

The Society was most appreciative of the Profession's support during the year.

[Notes had been received from the Faculty of Actuaries Students Society (FASS) on their events and these would be appended to these minutes]

8. Any other business

Date of next meeting

The Secretary would arrange the next annual meeting of the local Actuarial Societies in June 2008.

Barbara
Beebee

Barbara Beebee
20 June 2007