

22 February 2008

Joint statement on merger recommendation from the President of the Faculty of Actuaries and the President of the Institute of Actuaries

The Councils of the Faculty and the Institute have agreed to recommend a merger of the two bodies to their memberships. This joint statement, from the Presidents on behalf of their respective Councils, sets out the background to the recommendation and the reasons why the merger is being recommended to you.

The benefits of a merger

Like many professional bodies, we must look to the future to ensure we provide the support and service our members require and deserve. While we are a relatively small profession, we bring a distinct perspective to a wide range of issues. In order to maximise this, we need to develop our ability to influence opinion and decision makers effectively. We believe that having a clear identity and speaking with a unified voice is a critical part of our strategy to increase the influence of our profession.

Over the years we have developed a way of working together under the banner of the Actuarial Profession. There is no difference between Faculty and Institute Fellows in terms of where they can work, what they can do and in the services they receive. We have restructured the workings of our Boards and Committees below the Faculty and the Institute Councils to reflect our joint working relationship and to deliver the Profession's new strategy. We now need to take the next logical step and streamline our governance arrangements into one body elected by the membership and have a single brand identity that captures the needs and aspirations of our members – today and in the future.

The key benefits that a merger offers to each of us include an opportunity to:

- move forward in the 21st century as a vibrant, vital and relevant organisation. The proposed merger would create a single, powerful voice representing the views and interests of our members, and enable us to punch above our weight as we develop our public affairs activities and seek to influence legislators and others at Westminster, Holyrood, Brussels and beyond.
- review public perceptions of actuaries and develop and clarify the role and objectives for the new body. This would allow us to reposition the new body as the public and professional face of actuaries, rekindle interest in actuarial practice, and raise the profile of actuaries and our contribution to business and society. The fact that we are undertaking a merger would indicate to external audiences that actuaries are dynamic, positive and solution-focused – we are looking to the future, embracing fresh approaches

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and new directions. This would be a very strong message to take forward and would sit well with our aim to grow the representation of actuaries in the risk management field.

- review relationships with external partners, identify any gaps, develop relationships with new partners and revisit/renew existing relationships. As a new body we would need to let others know how a merger would impact on their relationship with us and this would give us the opportunity to promote the new body – speaking at events, conferences etc.

Background

More than 150 years ago the Faculty and the Institute separated for reasons which have no relevance to the century in which we now live and work. Over the years the Faculty and the Institute have visited and considered the concept of merger a number of times, most recently in 1995 when the decision was made for the two bodies to work more closely together. As a result, many functions now operate on a joint basis, for example:

- all major strategic decisions are taken jointly by the two Councils
- all staff are employed on joint activities
- nearly all committees are joint
- subscription levels are common
- examination and exemption criteria are common
- disciplinary schemes are identical
- the new structures adopted following the strategy review further increase integration of operations
- both bodies are subject to the same oversight, standard setting and disciplinary arrangements from the FRC through its operating bodies
- we endeavour to provide a unified voice when dealing with Government and regulators.

The Faculty President raised the issue again in his presidential address and, at the end of 2006, the Faculty conducted a survey of its members to gauge attitudes towards a possible merger. A ratio of roughly 2:1 were in favour of a merger, but many respondents raised concerns about preserving national and regional identities and maintaining the thriving activities of the Profession in Scotland and the best aspects of the Faculty's culture and tradition.

The Faculty Council then set up a task force to consider options for change. The task force reported back to the Faculty Council in October 2007 which then instructed its President's Committee (the senior office-bearers) to open discussions with the leadership of the Institute with a view to developing clear and sustainable recommendations. Representatives of the Faculty and the Institute have been meeting to discuss and negotiate a proposal for outline merger arrangements – the proposal that the Councils of the Faculty and the Institute have agreed to recommend to you.

Our recommendation

We have no hesitation in recommending the merger proposal to you, and urge you to support it. It is important that the way forward for the actuarial profession is seen to be widely endorsed and supported by the membership of each body.

The time is right to relaunch our profession with confidence and vision. The time is right to take this opportunity to build on the history and tradition of the Faculty and the Institute and carry us forward in the 21st century.



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On behalf of Faculty Council



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On behalf of Institute Council