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# How do mutuals know they are operating in the interests of the membership?

Christopher Critchlow, OAC

03 October 2016



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## Contents

- What are the key member interests?
- Benchmarking and monitoring
- Good governance in a mutual world
- Best practice
- Issues

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## Member interests – what are they?

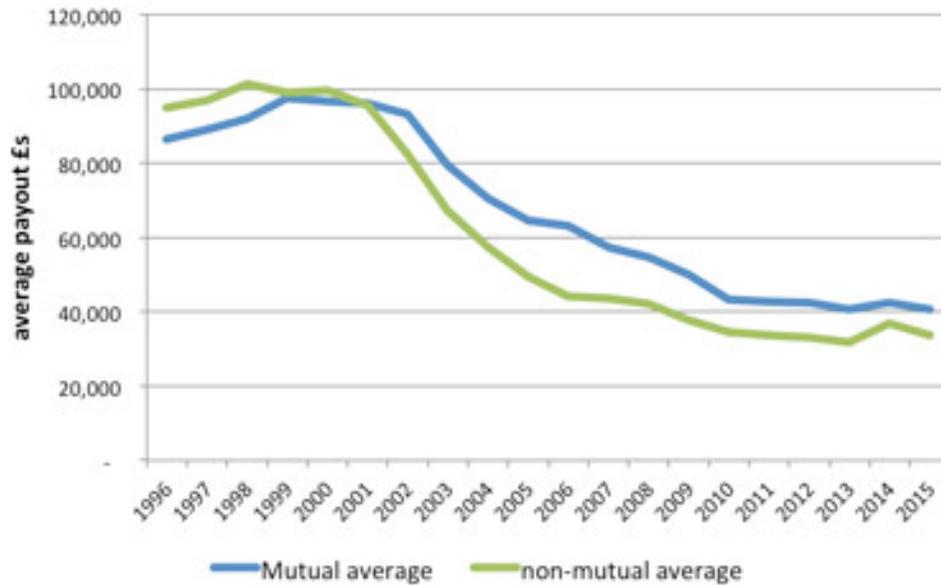




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# Benchmarking payouts

Average payouts over the last 20 years



Source: Mutuels With-  
Profits Performance  
Review 2015 (AFM)

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## Benchmarking investment performance

- Risk vs reward
- Mix
- Returns
- Bonuses



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## Benchmarking expenses

- smaller vs larger firms
- expenses declining as % premium income
- or getting larger.....at what point is the mutual not operating in members' best interests?

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## Monitoring

- Customer service
- Persistency
- Compliance with PPFM



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## What is good governance?

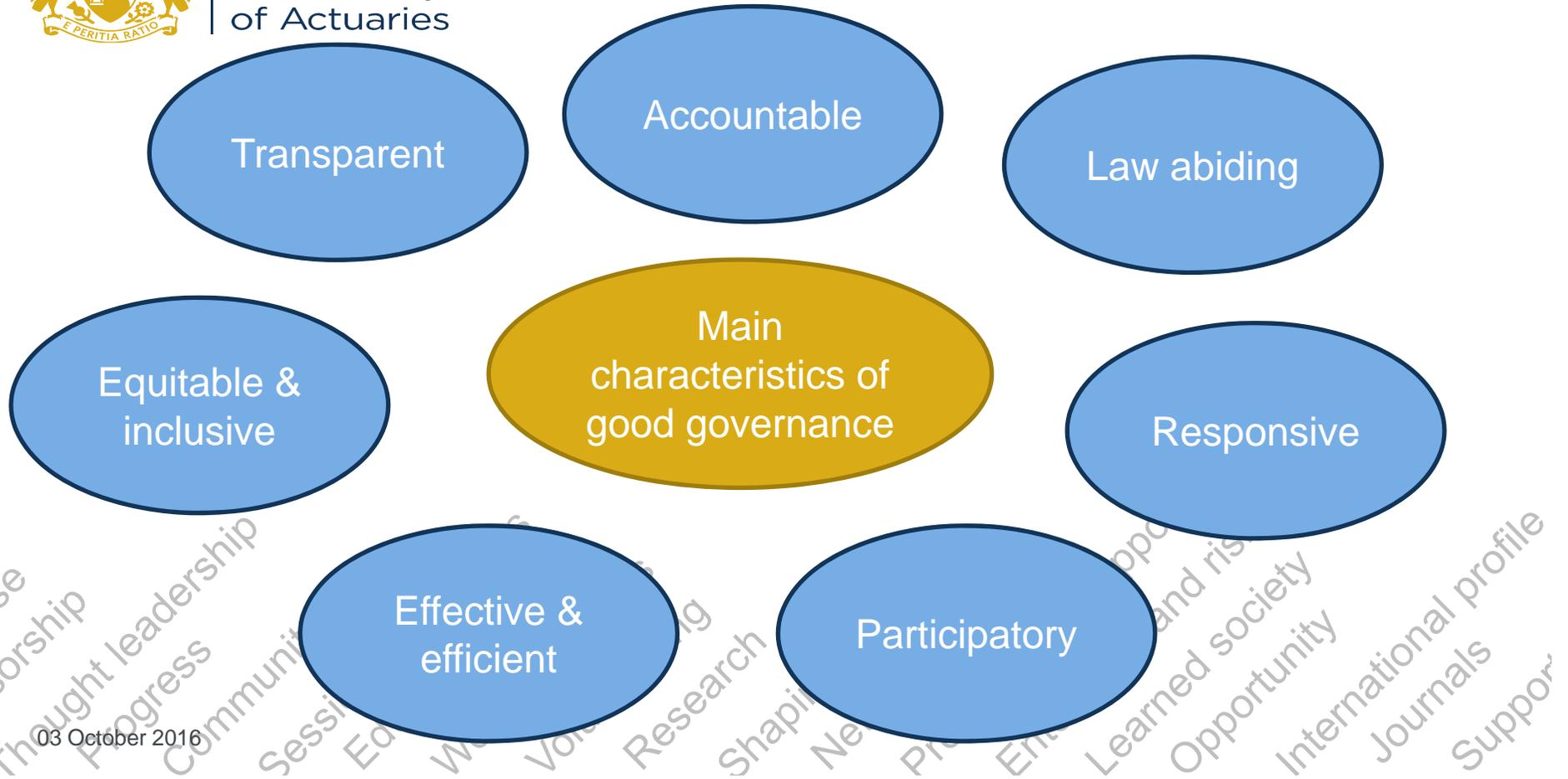
Good governance is about the processes for making and implementing decisions. It's not about making 'correct' decisions, but about the best possible process for making those decisions.

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## How does this fit for mutuals?

- Practical issues – eg documentation overload
- Regulator perception - participation of members and accountability of the Board



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## Examples of good practice?

- Proxy voting
- Tracking gone-aways
- Innovative ways to engage with the membership  
– particularly the younger generation



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## Social media



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## Other models



**John Lewis**



Massachusetts Mutual  
New York Life  
MetLife  
Northwestern Mutual

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## Other issues...

- Board composition and knowledge
- Internal structures
- Culture
- Surplus distribution



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**Questions**

**Comments**

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.



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