



Institute
and Faculty
of Actuaries

End of Session Report

2014/2015





Contents

Introduction	3
Community.....	4
Events and CPD	7
Education	10
Research	12
International.....	15
Regulation.....	18
Consultation and stakeholder engagement.....	20
Extra curricular activities – regional societies	22
Volunteering.....	24

The report contains detail about the work of the Practice Area Boards. Below is a snapshot of some of the highlights.

2014/2015 Highlights

CPD hours and sessions

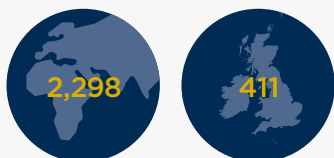


Over 800 hours of CPD delivered



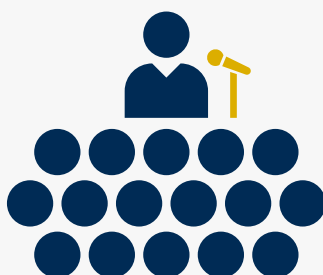
Over 100 recorded sessions

CERA certificates



There are 2,298 CERAs of which 411 are in the UK

Conferences and events



GIRO:
700+

Over 700 attendees at Giro Conference

LIFE:
1,000

Nearly 1,000 delegates and speakers at Life Conference

PENSIONS EVENTS:
1,500+

Over 1,500 people attended Pensions events

TECHNICAL EVENTS:
120



Run by 19 societies



Our Practice Boards, their sub-committees and working parties work together to support members and help the IFoA deliver its strategy. This session, there is tangible evidence that increasingly our Practice Boards are committed to working collegiately to represent their communities, no matter where they are located or what practice area they work within.

Introduction

I am delighted to present the third End of Session Report setting out the work the Practice Boards (PBs) and their sub-committees undertake.

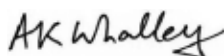
Looking at the content of the first two reports, I am aware that again, I am emphasizing just how much our PBs contribute to the work and output of the IFoA in delivering the overall objectives set out in the Corporate Plan as agreed by Council. As an organisation, we simply could not achieve the level of output without our army of volunteers.

The content this year makes it clear there is increased emphasis on cross practice collaboration. This is evidenced in education, CPD events, conference content, research initiatives, responses to consultations and regulatory change. From the perspective of the Management Board, I can, at first hand testify to the input and collaboration Management Board received in the roll-out of the IFoA's new Governance Manual.

Cross practice collaboration is a clear example of how our profession will continue to evolve in the modern world. The PBs and their sub-committees are representing their communities in more environments than ever before. We are seeing a move away from practice areas working in isolation or in the traditional "actuarial" sectors and industries, and our PBs play an instrumental role in supporting our profession and members in that transition. We have also seen an increase in regional engagement by the PBs. Coupled with an increase in the number of non-UK based members volunteering and being appointed to our PBs, their sub-committees and working parties, our PBs are making a positive shift in better representing the diversity of our membership. I would urge for that good work to continue while continuing to support members in their work within the practice area.

In a change of presentation, we have, this year, grouped our report by themes rather than by practice area in recognition of the growing cross practice nature of the PBs and the collaborative contribution all PBs have made to issues and outputs common across all practice areas.

I hope you find the report informative and of interest. Both the PBs and the Management Board are happy to receive comments if you think there are areas or issues not being appropriately addressed by our PBs and their sub-committees.



**Alan Whalley,
Chair, Management Board**

The PBs are a key instrument to support us in delivering on the important value of “community”. The PBs have become more inclusive through the appointment of a more diverse membership; they have increased the number of international volunteers and are working more collaboratively when common themes are identified.

Community

In March 2015, the IFoA conducted a Volunteer Recruitment and Engagement survey. Many respondents indicated that they benefitted from their volunteer work and that “volunteering provided the opportunity to gain a sense of belonging to a community”.

All PBs are focusing on building a sense of community as one of their overarching objectives. This is also something each Board and sub-committee has at the centre of their output. Each PB continues to develop on the results of the Constituency Wide Survey (held December, January 2013/2014). As a result, there has been a demonstrable shift to ensure this is approached from a cross practice and collegiate stance.

In this report, you will see an increased reference to the number of cross practice engagements. For example, we have inter-board representation which leverages expertise and cross practice opportunities between the practice areas; this can now be seen in research, events, conference presentations and consultation responses. This strategy has been extended to help serve our international constituents, and each of our PBs has a representative who sits and participates on the International Board. There is also increased international volunteer member representation on PBs, sub-committees and working parties.

Finance and Investment

This session, one major focus for the Board was to support members to move into senior finance and investment roles; this initiative was underpinned with the establishment of a Chief Investment Officers' (CIO) Group. In the March edition of *The Actuary* magazine, the Board published an article to help actuaries understand how to take forward career aspirations. It plans to focus on how to help promote career paths into CIO/

investment roles and to help prepare the trainees and newly qualified so that they can explore and follow this route.

The Board has continued to focus on collaboration with other PBs by establishing a cross practice working party on Risks and Returns in Infrastructure Projects with the Risk Management Board, delivering sessions at the 2015 conference and other planned fora.

The Non Executive Directors' Member Interest Group (MIG) has produced some thought-provoking events for aspiring Non Executive Directors and the Banking MIG is reinvigorating its programme to develop papers and CPD events for members working in this industry.

Through its Education, Research CPD (ECPD) sub-committee the Board has collaborated with the Pensions Board on a joint event on Investment in Pensions. This event was a cross-practice seminar providing an expert-led discussion on defined benefit and defined contribution pension fund investment policies for pensions and investment actuaries.

The ECPD sub-committee will continue to review the work of all IFoA working parties to identify those that would benefit from input from the F and I practice area.

General Insurance

As one of the fastest growing communities, the GI Board and its sub-committees are focusing on increasing their outward-facing approach, especially to the wider membership. This includes a greater emphasis on fostering engagement with regulators and key policy makers, and GI working parties and sub-committees are working alongside the IFoA Executive Policy Team to help formulate responses to direct and indirect consultations as well as technical discussion fora. →

“Inter-Board representation leverages expertise and cross practice collaboration, which can be seen in research, events, conference presentations and consultation responses.”



To support increased outward facing engagement, the Board has reviewed and updated its sub-committee structure which is now able to respond to a wider range of consultations, working with a greater emphasis on cross practice liaison whilst still emphasising practitioner focus. Over the session a number of working parties have supported the policy work of the IFoA and this is expected to increase in the next session.

The GI PB has representation and engagement with the International Board and has appointed a Board member with specific international experience and responsibility. There is particular international engagement in Malaysia, outlined in the research theme page, as a key international region for the practice area.

GI led the way with the introduction of the first conference App at GIRO 2014. Life followed at its conference, and between them, the App resulted in 20,000 views. The App now makes it easier for members and delegates to communicate with each other, find papers and access sessions.

Health and Care

Members had the opportunity to engage in a wider calendar of events this year. In addition to the usual residential conference, members were offered a number of networking events and a health and care sessional presentation Adverse Selection in a Start-up Long-term Care Insurance Market. The Board has been instrumental in contributing to the IFoA policy agenda on long-term care.

The PB continues to increase the presence of the health and care voice. In particular, this session members contributed to key Solvency II consultations, and were represented on the Continuous Mortality Investigation (CMI) Committee and provided a number of cross practice CPD events for the health and care community.

At a strategic level, the Board saw one of its members appointed to Council. This appointment allows this small community to have practice representation on Council.

Life

The Life Board has made huge strides in engaging with other practice areas and the community this year, expanding liaison with key practice boards, talking to regulators regularly, engaging internationally, and linking up research through the Research and Thought Leadership Committee (RTLCL).

As Solvency II (SII) nears implementation, an area many Life actuaries are focussed on, the Life Board is helping to prepare members by providing targeted CPD opportunities, such as a workshop on the Practical Aspects of SII held in October 2014, to be re-run in September 2015. The Life Board contributed to the IFoA briefing note on SII which helps underpin dialogue with legislators and regulators.

Other initiatives include external regular face to face meetings with the Prudential Regulation Authority (PRA), and internally, closer collaboration with the Risk Management Board, the Continuous Mortality Investigation (CMI), and an increase in member-led cross-practice research.

Pensions

Significant changes have taken place to the skill-set available on the Pensions Board and its membership is now more representative of the pensions community. There is now a more significant defined contribution (DC) presence and expertise on the Board and its sub-committees which reflects the current pensions world.

Environmental impacts in the pensions world were given a key focus towards the end of the session. As a result the Pensions Board is working with the Resource and Environment Board on a range of new working parties to inform members and stimulate debate.

Senior members of the Board continue to support our Policy Team in their ongoing engagement with regulators to represent the pensions community in the UK and Europe. Internationally, the Pensions Board has been proactive in building its links with the International Actuarial Association (IAA) and European Insurance and Occupational Pensions Authority (EIOPA) to keep sight of what is happening globally and its impact on the pensions sector in the UK.

Resource and Environment

Resource and environment issues inevitably impact on all practice areas. It is not a topic that can be considered in isolation. The R and E Board has therefore taken time, to identify key inputs and strategies which support other practice areas to address environmental issues. The Board has focused on raising awareness of the importance of actuarial input into resource and environmental issues. The Chair of the R and E Board played a key role in the Chatham House event entitled Climate Change, held in November.

There has been a number of articles in our e-newsletters and *The Actuary* magazine which are contributing to the general debate on the environment and resource depletion (what might be called “finite Earth” issues).

Risk Management

Like resource and environment, risk management affects all our practice constituencies. The RM Board is tasked with delivery of the RM strategy which includes facilitating and supporting members into senior risk roles.

Regular Chief Risk Officer Group (CRO) meetings have continued, this year, with the CRO group not only acting as a support and networking facility but also inputting into the Board’s delivery of the RM strategy and educational review.

The RM Board has worked to produce a wide number of cross-practice events (conferences, sessionals, articles) and has delivered a risk management focused paper at one of our regional society events.

The RM Board sponsored the establishment of the Financial Reporting Council (FRC) and Risk Reporting working party, in response to the FRC guidance on Risk Reporting for Listed Companies, which provides exciting new opportunities for actuaries in risk management, including in wider fields, and for pensions actuaries to advise their sponsoring companies on risk reporting. □

In the 2014/2015 session, over 800 hours of CPD was delivered via workshops at conferences, with over 100 sessions being recorded.

Events and CPD

Providing challenging and relevant CPD events is a key output of all PBs and their sub-committees. The programme of events includes the six residential conferences which are increasingly offering cross practice elements to their content.

The volunteer committees develop events which are broad, challenging, interactive and cross practice. The F and I Board and Pensions Board collaborated to produce a well attended event on Investment Strategy, in May.

To respond to changing member demographics, more events are being recorded and made available to members no matter where they are based. In June, for the first time, the Thought Leadership Lecture was streamed live, attracting over 160 attendees with over 260 members signing up to live stream the event direct.

Residential conferences continue to attract high scoring plenaries, key note speakers, and workshop sessions, many of which are presented by our research member-led working parties. Conferences also offer excellent networking opportunities and reflect the increasing move to cross practice collaboration with the combined F and I and RM conference being joined by an additional pensions stream in 2016.

Increasingly content is being recorded and we have already built a considerable archive of recorded CPD material. This winter, with the launch of the Virtual Learning Environment (VLE) the PBs and their sub-committees will work to ensure more events and CPD material are available on the VLE to allow access to members globally.

Finance and Investment

From the wide range of F and I events, the Pensions Freedom Debate was a cross practice initiative which follows the launch of the much anticipated change in the UK pensions industry on 6 April. This panel debate provided members with an opportunity to discuss changes to the pensions landscape following the Budget announcements. Investment education remains core to the debate, as the new world of DC pensions puts the onus on the individual to take on and understand this risk.

The conference is cross practice and designed for actuaries working in risk, investment, life, pensions, health and general insurance. Now in its eleventh year, this well-received event covered a variety of significant wide ranging topics. There was a diverse selection of keynote speakers including Richard Werner, providing insights on the current economic situations and a panel discussion on Freedoms and Choices in Pensions with speakers from the Pensions Advisory Service and FCA.

Another innovation to this year's programme was a plenary focused on investment to enhance delegates CPD needs. This session included introductory sessions labelled as '101' in both practice areas for those delegates looking to broaden their knowledge in new areas.

In addition, a number of current working parties delivered workshop sessions to engage with and seek feedback from members.

To help understand and support the needs of actuaries in banking this session the Banking MIG was re-established and attracted much interest from members. →

General Insurance

The Pricing seminar saw leading practitioners in UK pricing presenting thought-provoking new ideas. Key sessions included fair use of customer data in pricing, Big Data analytics and management information, the threats and opportunities of driverless vehicles, the pricing impact of Flood Re., and lessons from international markets.

The GIRO conference is one of the largest IFoA conferences with over 700 attendees, and it continues to be the corner stone of the GI CPD calendar. At Celtic Manor in September 2014, the conference saw Mark Carney, Governor of the Bank of England, deliver the keynote speech. Other notable presenters included Alain de Botton, Author and Philosopher looking at the ever changing world of work; Inge Beale, CEO, Lloyds; Barnabas Hurst-Bannister, Non Executive Director, Talbot Underwriting and Steve Frost, Head of Diversity and Inclusion at KPMG.

Health and Care

The Health and Care Education and CPD sub-committee planned an events calendar to complement the annual conference, including a Hot Topics in Health and Care Networking event, a SIAS event on The Truth, The Whole Truth and Nothing but The Truth: Under and Over Disclosure in Insurance Applications, and in September 2015, a networking event on Slave to the Machine(s); Telematics in Health Insurance.

The Health and Care ECPD sub-committee contributed two health workshops at the Momentum conference in December and is collaborating with the organising committee for this year's conference to ensure health and care is represented.

The Health and Care conference may be the smallest conference but its impact is considerable for members. The Conference took place in May in Southampton, with 180 delegates and speakers, chaired by Jonathan Hughes, of the conference programme committee. The programme featured a keynote opening plenary from Lord Robert Winston, doctor, scientist, politician and TV presenter. Also presenting was Dr Ros Altmann who is now Minister of State, Department for Works and Pensions.

Life

Like all practice areas, the Life Education and CPD sub-committee has focused on, and increased, cross practice events, engaging with health and care, risk management and pensions. In particular, the sub-committee held a joint life and health session on products and pricing, and is planning a joint life and pensions workshop in February, in conjunction with the Pensions Education and CPD Committee.

The Life Board hosted two sessional meetings this year: Opportunities and Challenges for Life Insurers in Non-traditional Assets, presented by the Non Traditional Assets working party, and Expert Judgement, presented by the Life Solvency and Capital Management working party. Both sessionals were filmed and proved popular on the website.

Three life working parties presented to regional societies, realising the committee's priorities to increase the CPD offering outside London and Edinburgh.

The Life conference is the largest of all of the IFoA's conferences. In 2014 it was held on in Birmingham with almost 1,000 delegates and speakers, and a closing keynote plenary session from Steve Webb, then Pensions Minister. All of the plenaries were filmed, together with the highest-attended workshop, and there was excellent take-up of these sessions online.

Pensions

The Pensions CPD sub-committee has continued to offer Current Highlights and Issues in Pensions (CHIPS) events with emphasis on providing these sessions outside London with events being held in Bristol, Leeds and Glasgow.

As with all practice areas, there has been increased emphasis on cross practice events. A joint event on Investment Strategy was held in May with the F and I Board. Over 1500 delegates attended pensions events this year.

The 2015 Pensions conference committee delivered an informative and varied programme, with plenary sessions covering: economics, behavioural finance, diversity and buy-outs. Workshops were both technical and non-technical and included two hours of Professional Skills CPD.

The keynote speaker for this year was Tim Harford, The Undercover Economist. Other speakers included Frances Cairncross, Economist Journalist and Academic, Nick Southgate, Behavioural Economics Consultant and Charlotte Sweeney, Change Programme Specialist, with a focus on diversity and inclusion.

Resource and Environment

The R and E Board is focused on delivering CPD events at every residential conference which reflects its cross-practice emphasis and relevance to actuarial work. Sessions were held at GIRO, Momentum, Risk and Investment and the Pensions conferences.

The R and E Board commissioned a third literature review and presented the findings to a sessional meeting in May. The review is currently "on tour" at regional societies and various cross practice conferences. The paper will be presented to the Asian Actuarial Conference (AAC) in Bangkok in November by the incoming Chair of the R and E Board.

Whilst the R and E Board does not have a dedicated annual conference, it has worked to ensure R and E topics are included on other conference agendas such as the literature review and the Actuaries Climate Index at GIRO 2014.

The Board hosted a cross practice networking event on Stranded Assets in 2014 collaborating with the F and I and Board and the Stranded Assets Programme at the University of Oxford's Smith School of Enterprise and the Environment. The event introduced the concept of stranded assets to the actuarial profession, examining the risk that over-valuation of fossil fuel assets might amount to a "carbon bubble". Possible implications for actuarial work and suggested further avenues for personal member research and CPD were outlined. This topic has also been presented at the R and I conference.

Risk Management

The CPD opportunities organised and offered continue to be diverse for all members. During the course of this session, the Board worked with the Non Executive Directors' MIG to deliver a panel discussion on pro-cyclicality.

As part of the delivery of the risk management strategy, the Board also collaborated with other risk professional bodies on a number of events. In October 2014, a joint event with Professional Risk Managers' International Association (PRMIA) was held entitled Making Sense of Insurance Linked Securities (ILS).

The RM Board delivers its conference with the F and I community and this year the key risk plenary was delivered by Andrew Hitchcox, former Board Chair, entitled ERM from the Point of View of the Investor. A plenary, At Odds: How people see 5%, was presented by Michael Blastland from the programme More or Less on BBC Radio 4.

All residential conferences have dedicated RM sessions which demonstrates how much risk management is a theme which runs through the other practice areas. □

“Live streaming of the Thought Leadership Lecture attracted over 160 attendees with over 260 viewings online.”



A major focus for all Boards this session has been the contribution to the first major strategic review of the education syllabus in ten years, overseen by the Education Board.

Education


Whilst there is an annual review of the syllabus to ensure that it reflects legislative and market changes, the strategic review covers a longer time horizon and looks at what actuaries working in each practice area will be doing in 2025 and beyond. It aims to ensure that future recently qualified actuaries are properly equipped in terms of the skills and competences they need to meet the business challenges over the next ten years, by making the syllabus future proof and relevant for students and employers alike.

The PBs, working with the Education and CPD sub-committees, have been asked to consider what they believe employers will be looking for from recently qualified actuaries in ten years' time. They have been asked to consider what skills and areas in the current syllabus could be given more emphasis, and what areas are no longer so relevant. This has been achieved by holding workshops and, in some cases, setting up separate review groups.

Each of the Boards has provided a report to the strategic review group, setting out its proposals in relation to overall syllabus changes. This has included a proposal from the F and I Board to introduce new technical material on banking and to have a single specialist application subject, both of which are being actively considered. Suggestions came from the RM Board about the possible development of alternative (non-CERA) risk management qualifications and the possibility of working more closely with other risk management professional bodies on education matters. Other comments included needing to continue to place strong emphasis on wider business skills, to ensure the syllabus reflects the increasing use of data analytical techniques within businesses, and the need to reflect emerging environmental considerations.

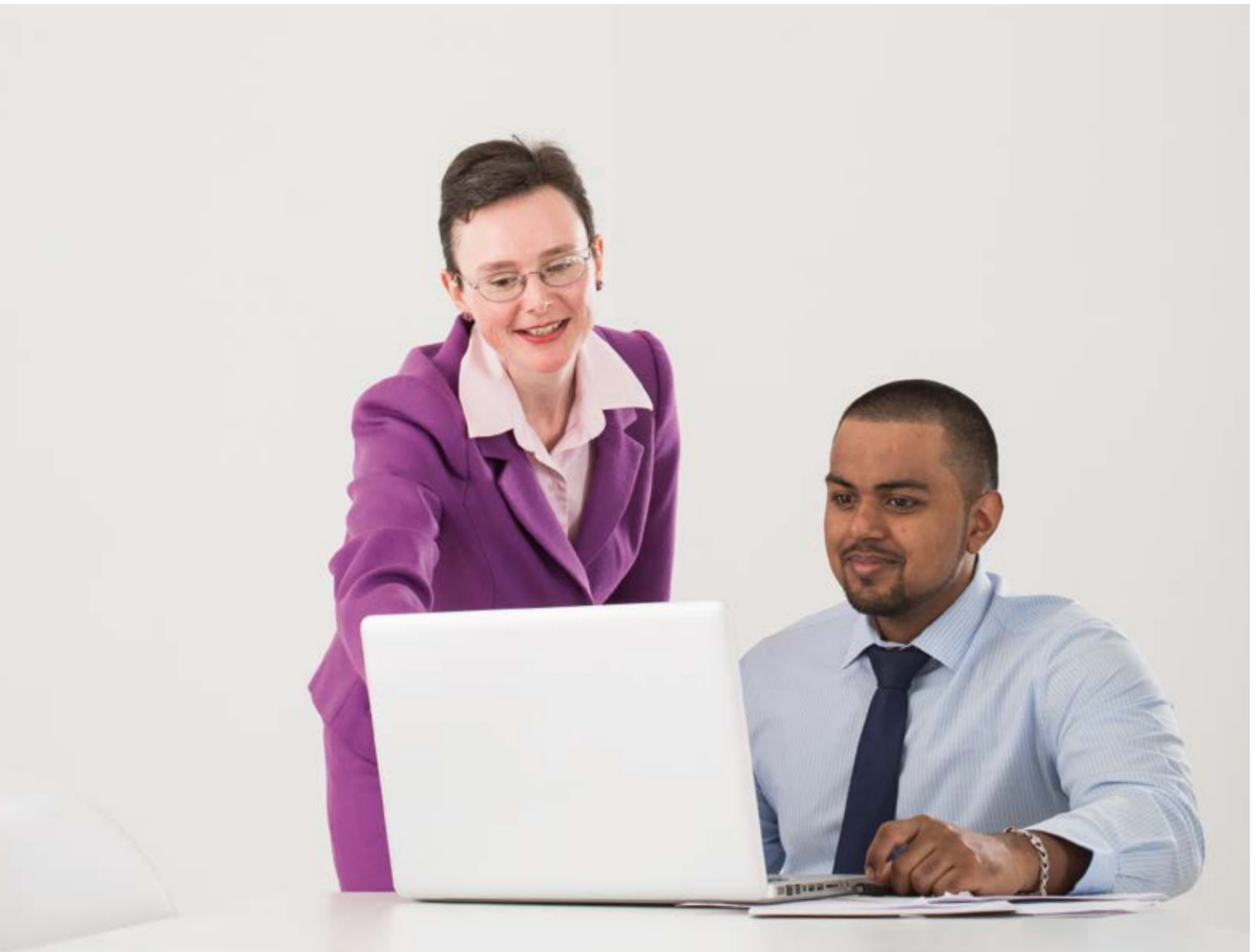
The Boards have also composed questions about the syllabus review to put to employers within their practice areas, in order to gain their buy-in and insights.

All of this work is in addition to the ongoing reviews of the core reading material and syllabus that the Boards and sub-committees undertake on a regular basis, with the support of our Education Actuaries.

Our regional societies also contribute to development of our education services. Each regional society committee has a student member on the Student Consultative Forum which acts as communication link to the Education Directorate. We will replicate this in the expanding international regional society network. Already the newly established Gulf Actuarial Society is represented on the International Student Consultative Forum. 

“We have worked together to ensure that future generations of actuaries are properly equipped in terms of the skills and competences they need to meet the business challenges of the next ten years, whatever practice area they work in.”

Tim Birse,
Chair Education Board



Member-led research outputs continue to inform practitioners and underpin the CPD programme through conference workshop sessions, sessional events and regional events. Last year, around 50 research papers and 60 presentations were delivered by over 80 IFoA working parties.

Research

Member-led research underpins our thought leadership output as a learned society. The research programme is developing further with the establishment of the Research and Thought Leadership Committee (RTLCL), chaired by Mark Cross.

The PBs contribute to the RTLCL by aligning member-led research with commissioned research to increase the footprint of the IFoA in policy and public interest terms. All Boards work together to identify key research areas for the profession in the long term.

At a practice-specific level, actuarial developments demand greater cross-practice research and knowledge for and by practitioners. This session, there has been a tangible increase in cross practice research initiatives, participation and presentation.

During the session we drew on the resource of our increasing volunteer community with around 80 working parties, of which seven were cross practice. This will continue during the next session and indeed, is expected to increase as the focus of the RTLCL turns to better supporting the member-led and commissioned research programmes.

Finance and Investment

The Board identified four major themes as a basis for its research programme, consumer approach to investment; regulation of investment and investment decision making; economic impacts of climate change; and long term investment.

The F and I Board established a cross practice working party with the RM Board on Risks and Returns in Infrastructure Projects, to address financial institutions' lack of knowledge about infrastructure investment. The Risks and Return in Infrastructure working party delivered a workshop at the annual conference looking into the suitability of infrastructure as an investment for financial institutions. The Social Finance and

Impact working party is comprised of international members, focusing its research with supported case studies from South Asia, Singapore, South Africa and the UK.

Following a request from members, the Board established the Investment Performance Standard working party to look at the inadequacy of current practices of calculating investment risk and relative return and to propose a radical but intuitively correct methodology. This research is being put together for the FCA and IFA's but principally individual members of the investing public.

There are a total of five working parties in the Finance and Investment community.

General Insurance

GIRO working parties continue to be the backbone of IFoA research in general insurance matters. This year we had 18 official research topics ranging from the highly mathematical through the practical and into the behavioural.

Some of our groups focus is on open sharing of data, supporting insights into key types of claims, including deafness, disease, asbestosis and bodily injury. These are deeply practical contributors to actuarial technical provisioning. An aligned topic has been building a knowledge base about flood risks and their management which will also feed into IFoA public policy matters.

The biggest item in most general insurance company balance sheets is their technical provisions and the General Insurance Reserve Oversight committee (GIROC) has had a dynamic year progressing a wide range of topics. The interest of both the Prudential Regulatory Authority (PRA) and the FRC both of whom have (or are having) deep dives into the topic, has further highlighted the importance of this research. Topics covered include measuring uncertainty qualitatively, peril based reserving,

pragmatic stochastic reserving, designing the optimal reserving process and 'the good actuarial report'. One other work stream has been understanding 'the herd mentality' which also links to groups outside GIROC looking at better judgement and how to manage uncertainty with professionalism. These are at the heart of actuarial contributions to better managing general insurance companies. Dealing with uncertainty when communicating issues and considering risk management is crucial.

Pricing and underwriting are topics of both commercial and technical interest. One group has been investigating the ethical issues around 'fair pricing' and how this interplays with optimising financial performance. Another has been looking at exploiting new predictive techniques (sometime referred to as data science). A third concerns the pricing of international reinsurance contracts.

No research programme would be complete today without a reference to Solvency II. In the general insurance world, a new role in the UK is that of Chief Actuary and a paper has just been published on the 'Actuarial Function Holder' and how to fulfil the requirements of Article 48 of the underlying European Directive. The IFoA Solvency II Steering Group has reached the end of its natural life. We would though like to acknowledge

the contribution of all members and in particular its chair, Richard Bulmer, who has made a magnificent contribution into the developing role of actuaries in general insurance over many years.

Finally we have continued our research into periodical payment orders (PPOs), the ever growing means for compensating victims of accident with significant injuries and ensuing paralyses. The PPO working party has provided significant insights for actuaries, and we will be building on their work by looking at more deep seated challenges, including what is the right asset/investment strategy for making sure payments incorporating allowance for medical inflation which may stretch over 80 or 90 years (in extreme cases), are adequately funded.

Health and Care

The Health and Care Research sub-committee spent its first year outlining its key research priorities and engaging with external research bodies to understand the gaps in health and care research, and where working parties could access much-needed data. An initiative with the Department of Health emerged to compose data templates to allow both groups to take forward various pieces of research later this year. →



The sub-committee was pleased to host a Health and Care Hot Topics Networking event in June, where four short research papers, commissioned and peer reviewed by the sub-committee, were presented. The sub-committee planned the event to launch a new style of research, to avoid the long term commitment of a working party, and to get more people involved in health and care.

The 2014 Critical Illness working party was awarded best paper presentation for its February 2014 SIAS presentation: Extending the Critical Path.

There are now five active working parties in the health and care community.

Life

The Life Research sub-committee continues to drive appropriate research which benefits members. At the end of the session, there were 19 working parties.

The Extreme Events working party was awarded the Peter Clark Prize for its Difficult Risks and Capital Models paper.

Nine working parties presented at the 2014 Life conference. The Expert Judgement and Non-Traditional Assets working parties attracted much interest, with over 200 people attending. Their sessions were filmed and are available online, to support the wider life community.

The Recovery and Resolution Plans working group presented in December in London, and in February in Edinburgh. A web page has also been created to give easy access to the material on this topic.

Pensions

A sessional meeting was delivered by the State Age Pension working party in Edinburgh. It summarised Government proposals and the results of the working party's investigations, and included the potential results of adopting the proposals, their sensitivity, the wider factors that should be considered and possible alternative approaches. Attendees had the opportunity to discuss the issues around setting a State Pension Age in future and how actuaries can be involved.

The Pensions Board increased the number of its working parties and is developing areas of research, with particular emphasis on cross practice, tangible outputs for practitioners.

A number of these delivered workshop sessions at the 2015 Pensions conference.

The Rationale for Retirement Behaviour working party has developed its initial research to mitigate the risk of poverty by avoiding suboptimal choices, which was an interactive session at the 2015 Pensions conference. The General working party presented two short pieces of topical research carried out for actuaries working in the pensions field. These discussed the effect on members and defined benefit (DB) schemes of the freedoms introduced by the Taxation of Pensions Act 2015, together with an overview of inflation in UK pensions, recent changes and methods for pricing future inflation.

There are a total of eight working parties in the Pensions community.

Resource and Environment

The Resource and Environment Board continues to pursue cross practice initiatives and collaborations with other PBs. The R and E Board has been identifying priorities and research gaps to set the foundation for future research. The impact of resource and environment issues on the financial system is an under-researched area and the actuarial profession can take a lead here.

In 2014, a joint Climate Change working party with general insurance was proposed and established. The range of topics being investigated covers all practice areas due to the effects and impact climate change has on actuarial modelling. The Climate Change working party will be presenting at the GIRO conference 2015, and contributing to the IFoA Commentary on the COP 21 Paris Climate Change negotiations in December 2015.

A working party is being established to investigate the relevance of R and E issues to pensions actuaries. It aims to identify the main R and E implications for their work, practical steps that could be taken to manage those implications, and topics for further research and development. The Board identified that resource and environment issues have the potential to change significantly the economic and social landscape in which pension schemes operate, with implications for the advice that actuaries are giving today. There are however, few resources currently available to pensions actuaries to help them explain how these issues are relevant to pensions schemes and the associated actuarial advice. Over the next session, the R and E Board will continue to establish working parties with other practice areas to investigate the relevance of R and E issues.

The IFoA cosponsored and contributed to the Foreign and Commonwealth Office's Climate Change Risk Assessment Report in 2015. The R and E Board provided input into the risk assessment principles that underpin the report, which provides a comprehensive assessment of the direct and systemic risks posed by climate change.

One of the key outputs for the R and E Board will be working alongside our Executive Policy Team to develop policy outputs based on relevant resource and environment research.

Risk Management

The RM Board supports an active programme of member-led research that enables practitioners to search out and share new developments and best practice in developing areas. A range of working parties presented on qualitative topics, such as operational risk and on quantitative topics, such as model risk, at a sessional event in March this year.

The RM Board sponsored a working party in response to the FRC consultation paper on Risk Reporting for Listed Companies which commissioned external research to identify the needs of the listed companies.

The Board also has representatives on a joint project steering group with the Global Challenges Foundation and it has agreed to host a series of expert workshops to examine the merits of applying actuarial science to assessing major global risks.

There are now ten active working parties in the RM community. □

To help facilitate greater integration of international considerations across the IFoA and its volunteer committees, we have restructured the International Board so that each PB is represented.

International

This restructure has been supported by the International Board Secretariat, which serves as an information hub between PBs and our international representatives on committees of the International Actuarial Association (IAA) and the Actuarial Association of Europe (AAE).

In future, as well as providing input into strategy development and planning, the International Board will provide assistance in identifying emerging international issues in which the IFoA should engage.

With 43% of our members living and working outside the UK the PBs are focusing their outputs and strategic themes to serve the needs of members globally.

All of the Boards, sub-committees and working parties welcome support from volunteers who are based outside the UK and we are seeing an increase in international volunteer representatives. We would encourage you and colleagues to apply for any volunteering opportunities wherever you are located.

Finance and Investment

The F and I Board assessed key locations of their community internationally in order to determine how best to deliver support to F and I members. Two non-UK Board members were appointed so that F and I communities in South Africa and India are now represented. This benefits the surrounding countries as both volunteers work across these regions.

There are a number of working parties with international representation which has increased involvement of our international members in taking forward the research agenda. One of these, the Accounting for Intangible Assets working party delivered an event at Staple Inn in March of 2015.

The F and I newsletter circulated monthly, reaches a membership of up to 2,900 members globally and the Board is developing an enhanced communication approach to members to provide a sense of community, networking and career opportunities.

General Insurance

The GI Board has focussed this session on how best to deliver support to international members. GI members are located in 70 countries. Over 200 people passed their GI Fellowship exam last year. In the last three years international members increased 60% and GI membership in China and South East Asia has almost doubled.

The Board has composed a list of GI 'hot topics' which impact insurance markets internationally. These include a large number of risk and solvency capital reforms, enhanced actuarial reserving peer review requirements and contribution to wider 'financial condition reports'; pricing de-tarrification; and recent natural catastrophes, such as flooding and wave surge, which call for better understanding and modelling capability.

The Board is aiming to create stronger links between cross border working parties and discussion groups. An example of this is where the GI Board has provided a link between the UK Flood working party and the Actuarial Society of Malaysia which are facing similar issues. The insight likely to be gained, in both directions, could enhance working party findings and provide actuarial viewpoints that were not previously considered. There are also opportunities to link working parties with those in China, Singapore and Hong Kong. Other topics could include ERM and the ORSA, actuarial reporting and the communication of uncertainty.

In addition, the GI Board is an active participant in the General Insurance Property Casualty Actuarial Alliance (GIPCAA) cross-actuarial body working party, where we are initially working towards facilitating a pilot of a global GI actuarial web-search capability, such that actuaries are able to search for GI content across borders. →

Health and Care

With health and care having the highest proportion of international representation of all practice areas, the Board has focused its approach to CPD provision with greater emphasis on alternative delivery methods. The Education and CPD sub-committee has promoted filming more workshops and conference sessions which are made available online to members.

This session, the Chair and Deputy Chair of the Health and Care Board represented the IFoA at the IAA Health Committee meeting in October in London, where they discussed using IAA resources to help engage more with internationally-based health actuaries.

The Board is also planning to recruit an internationally-based Board member in autumn 2015.

Life

Like most of the PBs with an increasing international member base, the Life Board has directed its research programme to address international members' needs.

There are two working parties with a largely international membership, the Takaful working party whose Chair is based in Kuala Lumpur, and the Life Reinsurance working party whose Chair is based in Hong Kong. The Expert Judgement working party presented at the Colloquium of the IAA in Oslo in June.

To reinforce international presence on the Life Board, a new Board member was appointed based in Beijing, to represent international members' needs.

The Life Board is also represented at meetings of the IAA and AAE, and regularly advocates for Life members' needs at international level.

Pensions

The Board has developed links with the IAA and AAE to foster a closer relationship with both associations. The Board receives regular updates from its contacts on the IAA and EIOPA which informs the Board of emerging issues for discussion and enables the Board to provide a UK view.

The Pensions Board is keen to increase the value of its monthly newsletters which reaches about 4,700 members globally. In the last few months the Executive, in consultation with Boards, sub-committees and volunteers, has been looking at ways to make news featured more interesting members based locally.

Resource and Environment

Through one of its members, the Board has been closely engaged with the Actuaries Climate Index (ACI) a project developed by a consortium of North American actuarial bodies, including – the Casualty Actuarial Society, the Canadian Institute of Actuaries, the Society of Actuaries, and the American Academy of Actuaries' Property/Casualty Extreme Events committee. The ACI is intended to be a resource for actuaries and others in developing predictive models for potential climate change-related losses or opportunities and for risk management strategies. The international project the R and E Board has engaged with is to assess the transferability of the ACI to Europe to benefit actuarial science.

The R and E Board is represented on the IAA with one Board member chairing the IAA's Resource and Environment working group.

The Board has also been involved with a US/UK taskforce on developing plausible disaster scenarios for food shortage, with consequential impacts (a version of which has recently been published by Lloyd's of London for stress test purposes), and with the Research Institute for a Sustainable Environment (RiSE), a United Nations International Strategy for Disaster Reduction (UNISDR) initiative, seeking to embed catastrophe risk modelling and resilience planning in corporate boardrooms.

The Board has one member based in Bermuda.

Risk Management: Chartered Enterprise Risk Actuary (CERA)

One key initiative and success story is the global risk management qualification CERA which 16 IAA Member Associations are eligible to accredit.

"No other single qualification comprehensively meets the global needs in risk management" says Andrew Hitchcox, former RM Board Chair.

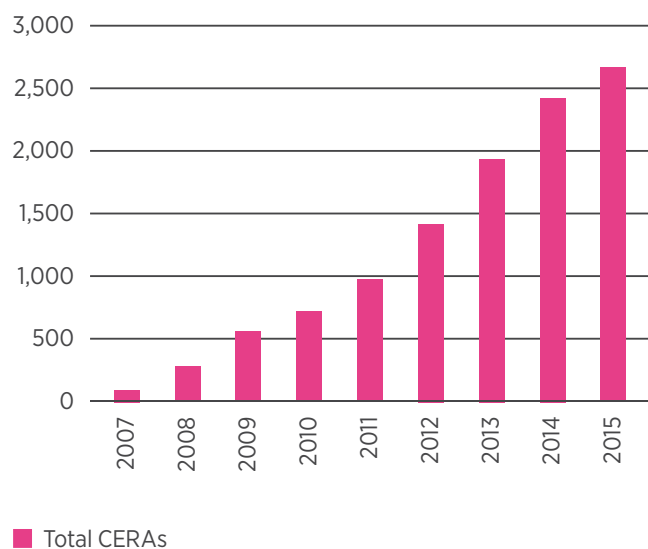
There are now over 2600 CERAs globally, 400 in the UK. The growth in numbers is shown below. The UK has seen a growth of 42% since mid 2014. The CERA Global Association (GCA) looked to member associations for help with marketing and branding the CGA and the IFoA was responsible for delivering this project.

On 17 July, we launched a new CERA Global Association website.

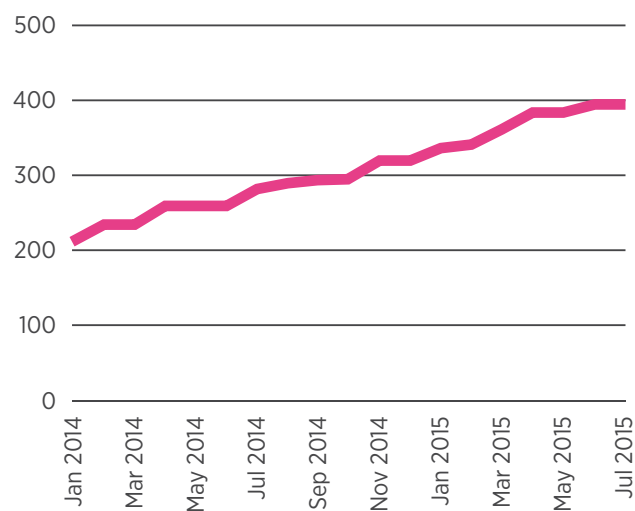
In addition to this international risk management initiative, the Board is also supporting international or European-based knowledge sharing arrangements such as the proposed IAA ERM Knowledge Base.

The Board has also supported UK-sourced ERM research to present at international meetings. An example is the Model Risk working party which presented its output at the IAA EFR committee in London in September. We also encourage members, to join research working parties and of course our annual R and I conference is being run jointly with AFIR in 2016. □

CERAs through the years



IFoA CERAs 2014/2015



The Regulation Board has seen an increased interest shown by the PBs in regulatory developments and a number of the Board's working parties have benefitted from contributions from the PBs.

Regulation

There has been productive engagement with the Life and GI Boards on development of the Practising Certificates regime for Chief Actuary roles under Solvency II. This has kept the needs and voice of practitioners at the forefront of developments in the scheme.

The Regulation Board's Standards Framework Review working party welcomed the opportunity to engage with the PBs in the development of high level principles on Standard setting and proposals on the shape and presentation of the Standards Framework. All PBs allocated discussion time at meetings and provided helpful input as appropriate. The PBs will continue to influence this project as the outputs of the working party are shared.

All the PBs engaged in the FRC's Joint Forum for Actuarial Regulation (JFAR) Risk Perspective discussion paper which sought to identify risks to the public interest where actuarial work is relevant. As a result of the feedback, JFAR will focus on three areas in 2015/2016 to help determine if the risks are being appropriately mitigated and if additional coordinated response is needed.

Most of the PBs continue to build influence with regulators and policy makers, working with the Executive teams in General Counsel and Policy and Public Affairs. Those Boards who have specific responsibility for standards and guidance materials have continued to shape outputs for their communities. In particular the Life and GI Standards and Consultations Committees worked on the revised APS L1 and APS G1 which gave effect to the revised Practising Certificates Scheme under the Solvency II regime. ☐

“PBs build influence with regulators and policy makers working with the Executive teams in General Counsel and Policy and Public Affairs.”



Most of the public affairs work undertaken by the PBs during the 2014/2015 session focussed on our four key policy priorities. The Public Affairs work has benefitted from joint working with Boards. Discussions at stakeholder meetings have been enhanced by presenting a view that represents the IFoA as a whole, rather than an individual practice area.

Consultations and stakeholder engagement

Ageing Population

Unprecedented change in the pensions regulatory regime has offered many opportunities for our members to engage with regulators and legislators. These include:

- The Chairs of the Life and Pensions Boards presenting to the All-Party Parliamentary Group on Insurance and Financial Services
- Regular meetings of Life, Pensions and F and I Boards with the Department for Work and Pensions (DWP) and HM Treasury (HMT) about the introduction of pension freedoms
- Significant consultation responses from the DC sub-committee of Pensions Board.

The Pensions Board contributed to a number of meetings with DWP, HMT and FCA officials about on-going pensions matters, including the abolition of contracting-out and the future of pensions in Europe. The Health and Care Board continued its work with the Department of Health in relation to the care cost cap. Both the Life and Pensions Boards provided input to the HMT/ DWP Consultation on Proposals for a Secondary Annuity Market.

Regulatory Policy

The implementation of Solvency II has been the biggest area of regulatory policy affecting the IFoA. EIOPA and the Pensions Regulator (PRA) issued a large number of consultations during the session that affected the insurance Boards. While some of the consultations affected only one PB, all Boards contributed to the number of high quality consultation responses, which the Solvency II Steering Group oversaw. This group will continue its cross-practice focus on insurance regulation as Solvency II is implemented.

The Life Solvency II Current Issues sub-committee played an important role in developing the IFoA Policy Briefing on Solvency II published in March 2015.

The Boards also contributed to the discussion at the many regular bi-lateral meetings with the PRA.

The GI Board played a key role in establishing stronger relationships with the FCA's Policy Team.

The IFoA Policy Team undertook an exercise during the session to identify how IFoA working parties could contribute intellectual capital to the IFoA's discussions with regulators and legislators. While this remains on-going, there have been opportunities to point external stakeholders to the work published by working parties.

Resource and Environment

Our newest Board has given impetus to this policy priority. The Board has raised the IFoA's external profile through its involvement at major conferences such as the Climate Change event at Chatham House where the Board Chair provided an actuarial perspective on climate change risk. The Board has also supported the IFoA's work with the Foreign and Commonwealth Office (FCO), contributing to a project which assessed the scale of the risks of climate change in a way that will assist policy responses. The FCO's final report, co-sponsored by the IFoA, received widespread domestic and global media coverage. The IFoA hosted a roundtable with the PRA which discussed the implications of climate change for UK financial markets, with a particular focus on insurance and the role of regulation in supporting adaptation to climate change.

Future of Investment Policy

We have worked closely with the Deputy Chair of the Bank of England's Working Group on Pro-cyclicality. This co-operation over the session will result in a high profile event in autumn 2015. □

“Implementing Solvency II is the biggest area of regulatory policy affecting the IFoA. All Boards contributed to quality consultation responses under the guidance of the Solvency II Steering Group.”



During the 2014/2015 sessional year the network of 19 regional societies ran over 120 technical events providing over 4500 hours of CPD for IFoA members. These include sessions delivered by our working parties, and updates on the Technical Actuarial Standards from the FRC.

Extra curricular activities – regional societies

We are seeing a greater awareness and interaction between the PBs and the regional societies. Regional societies are at the core of the actuarial community, and engagement and increasing Board interaction will improve the sense of involvement in their communities.

During the year, sessions provided members with access to professional skills CPD as well as technical updates. The regional actuarial society network is a perfect platform for the dissemination of both commissioned and member-led research. A number of working parties presented at regional actuarial society events during the 2014/2015 sessional year.

Having an international network of regional actuarial societies is a new initiative for us. During the 2014/2015 session we launched the Gulf Actuarial Society which spans the six Gulf States. The establishment of this society has raised our profile in the area with two high profile events hosted by both the IFoA Chief Executive and President.

Discussions are taking place to establish groups in Toronto, the Netherlands, Gibraltar and Kenya, with the countries in South East Asia to follow.

An increasing number of working parties are presenting their findings to regional societies. These include presentations from the Role of Actuaries in Life Offices and Model Risk working parties. The feedback from the societies in relation to accessing working party outputs has been overwhelming and plans are in place for much greater engagement between the societies and working parties in future.

The Scottish Board, who act as a regional actuarial society for Scotland has provided, via its Endowment Fund, the majority of funding for number of PhD students sponsored by the Actuarial Research Centre (ARC).

The first two of these ARC PhD students are now ready to present their research and will deliver sessions through the Knowledge Sharing Scotland (KSS) programme in early autumn 2015. □

“An international network of regional actuarial societies is a new initiative. 2014/2015 saw the launch of the Gulf Actuarial Society.”



Over 80 volunteers have given their time and expertise as members of the IFoA's seven Practice Boards. They, plus the volunteer members of each of their sub-committees and working parties, work in partnership with the Executive staff to deliver tangible benefits for members of the IFoA. The backgrounds and operational style of volunteers and staff are wide ranging and this diversity and multi-disciplinary approach is a strength.

Volunteering

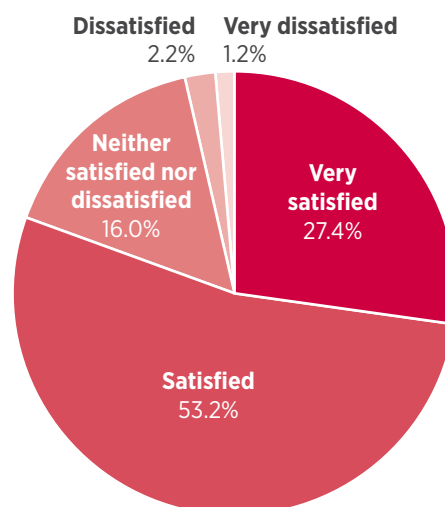
Our volunteering is structured to ensure we deliver on the IFoA's strategy: to provide appropriate opportunities for members to volunteer.

In the last year, over 400 members responded to a call for expressions of interest and offered to support a Practice Executive Board; sub-committee; or working party. This response provides valuable support to our existing volunteers. In the last year we have been pleased to record an increasing number of members expressing an interest in volunteering from outside the UK. This has resulted in a 403% increase in this area.

In March 2015 the IFoA conducted a Volunteer Recruitment and Engagement survey. This survey was designed to identify what volunteers felt was going well and areas for future development. Over 3,000 of our current volunteers were sent an invitation to take part in this online survey and over 20 volunteers also provided feed-back to our external research assistant by telephone. Of those respondents, 97% said that they enjoyed volunteering for the IFoA; and 99% said the volunteer vacancies process is now more transparent and was a positive step forward. We are grateful to the Practice Boards who have worked to refine the open, fair and transparent volunteer recruitment process. They have helped to raise awareness of volunteering opportunities, have adopted succession plans to retain appropriate skill sets on each of the various Boards and sub-committees and have actively sought to encourage diversion of views and experience.

It is important to us that our volunteers gain from the experience and the chart opposite illustrates the response to a benchmarking question within the survey, where we asked "Overall, how satisfied do you feel in terms of your volunteer engagement within the IFoA?" 1,555 individuals responded to this question and 80% said they were either very satisfied or satisfied.

How satisfied are volunteers with their engagement with the IFoA



An area where further work is required, with the support of the Boards and sub-committees, is the promotion and embedding of the Volunteer Induction Pack (VIP). Much has been done already and the survey has given us a clear remit to develop this further encouraging members to explore this important resource and to contribute to the ongoing update and expansion of the VIP. □

41 working parties advertised for volunteers last sessional year, with 241 expressions of interest.

39 volunteer calls for Boards, committees and sub-committees last sessional year, with 172 expressions of interest.





Institute
and Faculty
of Actuaries

London

7th Floor · Holborn Gate · 326-330 High Holborn · London · WC1V 7PP
Tel: +44 (0) 20 7632 2100 · Fax: +44 (0) 20 7632 2111

Edinburgh

Level 2 · Exchange Crescent · 7 Conference Square · Edinburgh · EH3 8RA
Tel: +44 (0) 131 240 1300 · Fax: +44 (0) 131 240 1313

Oxford

1st Floor · Park Central · 40/41 Park End Street · Oxford · OX1 1JD
Tel: +44 (0) 1865 268 200 · Fax: +44 (0) 1865 268 211

Beijing

6/F · Tower 2 · Prosper Centre · 5 Guanghua Road · Chaoyang District · Beijing China 100020
Tel: + 86 (10) 8573 1522

Hong Kong

2202 Tower Two · Lippo Centre · 89 Queensway · Hong Kong
Tel: +11 (0) 852 2147 9418

Singapore

163 Tras Street · #07-05 Lian Huat Building · Singapore 079024
Tel: +65 (0) 6717 2955

www.actuaries.org.uk

© 2015 Institute and Faculty of Actuaries