



The Actuarial Profession

making financial sense of the future

The Institute and Faculty of Actuaries

Strategy

June 2011

Introduction

This paper sets out a new strategy for the Institute and Faculty of Actuaries (Institute and Faculty) to position it as a leading professional body in the field of quantitative risk management. Your Council believes we should adopt a strategy which leads to a broad, external – facing and confident role.

Major elements of the proposed new strategy are:

- A new qualification structure that is integrated with regulatory oversight to create a holistic approach for members and their employers that will be effective on a global basis;
- A step change in our member support to meet the evolving needs of a membership body which is increasingly diverse by geography and area of work;
- An international strategy of “proactive engagement” where we provide a more comprehensive overseas offering to members whilst continuing to play a prominent role in international organisations;
- A greater presence in public affairs, speaking out on issues where the Institute and Faculty can contribute, raising public awareness of the work of actuaries and the value we add to society whilst working with government and others who shape policy;
- A reinvigoration of learned society and thought leadership activities which is the life blood of our long term sustainability.

These elements will shift our strategy from positioning the Institute and Faculty as a UK body, in which non – UK members participate on UK terms, to one where our outlook is global with activities that are fit for purpose for our members, wherever they live and work. We believe that this will maximise the success of the Institute and Faculty, will benefit all our members and the Actuarial Profession globally.

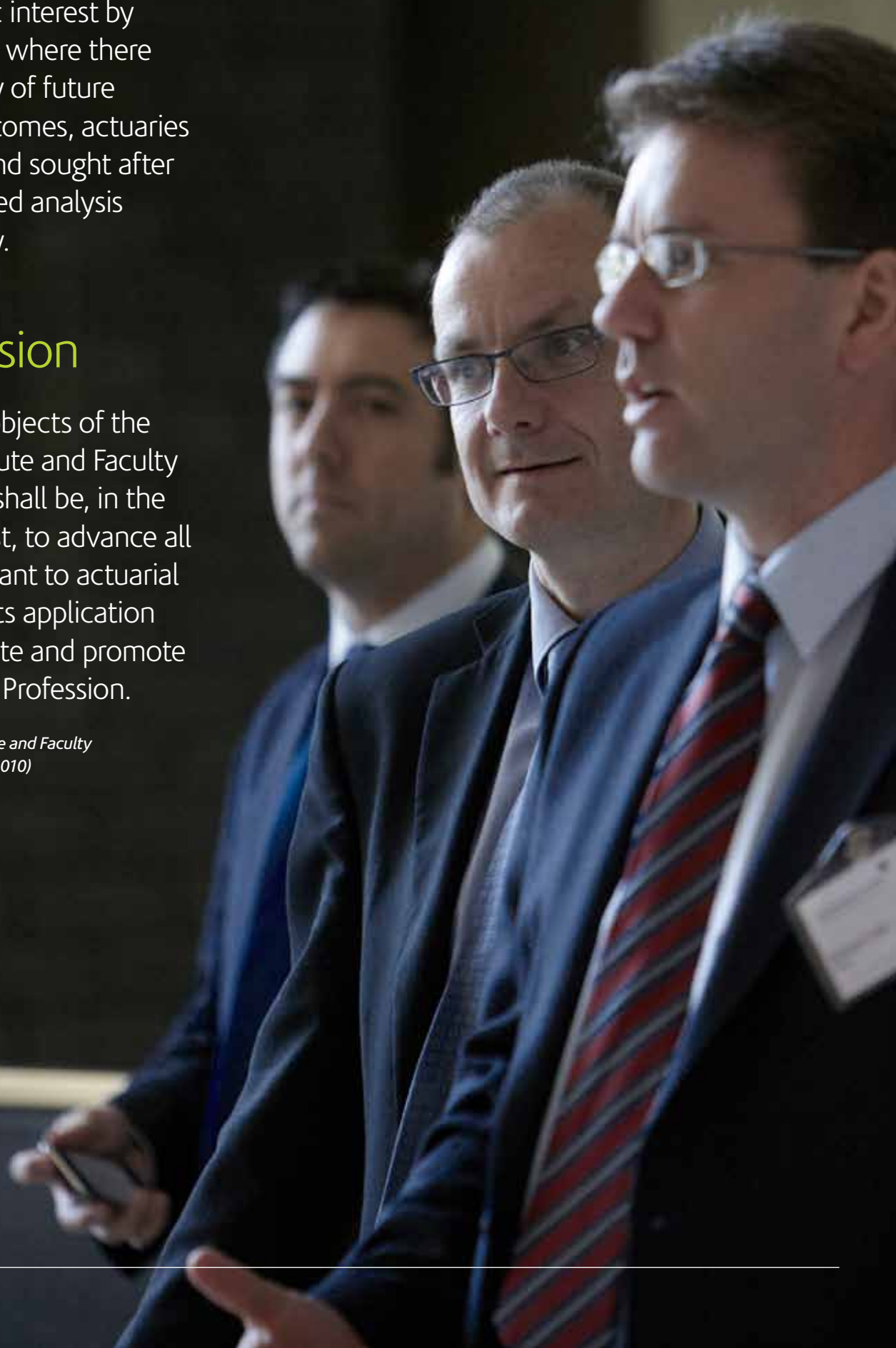
Our Vision

“ We will serve the public interest by ensuring that where there is uncertainty of future financial outcomes, actuaries are trusted and sought after for their valued analysis and authority.

Our Mission

“ The objects of the Institute and Faculty of Actuaries shall be, in the public interest, to advance all matters relevant to actuarial science and its application and to regulate and promote the Actuarial Profession.

Charter of the Institute and Faculty of Actuaries (August 2010)



Strategic Objectives

Education

To provide high quality qualifications for our students and lifelong education for our members.

Licensing and regulation

To license and regulate the members of the Institute and Faculty in such a way as to assure public confidence.

Member support

To offer excellent support that meets members' varied and evolving needs.

Public Affairs and Promotion

To speak up on relevant matters of public interest and to raise awareness of the work of actuaries and the value we add to society.

Learned Society and Thought Leadership

To advance all matters relevant to actuarial science.

Our Distinctive Role

The strategy is based on the recognition of the distinctive contribution actuaries provide as practical, mathematically skilled, rigorous and regulated risk professionals operating within a professional code as sanctioned by Royal Charter.

Values

These values are intended to describe the traits, behaviours and qualities that will characterise our members' – and by extension – the organisation's actions. They form a statement of what the organisation stands for and will form part of how we deliver the strategy.

Foundation / Core Values

Trustworthy reliable
demonstrating integrity

Professional delivering quality and consistency
evidence – based

Behavioural / Aspirational Values

Collaborative working in partnership
team player

Engaging open – minded
valuing others' opinions
insightful and challenging
transparent
accessible
confident and robust

External Environment – Key Trends

Research on other professional bodies was carried out and views on the future external environment produced which contributed to the creation of a UK and international landscape chart with key trends mapped onto a matrix with a positive / negative axis and certain / uncertain axis. This identified the trends that provided potential opportunities for the Institute and Faculty as well as those which posed threats. The key trends identified are summarised below, with the opportunities and threats which have led to many of the choices on strategy.

Overseas membership growing

The statistics on the changing profile of our membership tell us that around 40% of our members live and work outside the UK (broadly 55% of students and 30% of qualified members). There are different reasons for the change in specific countries that may be based on local factors and some of the data still needs to be explained e.g. while the number of students has increased, the proportion of international fellows has remained static. However, the overall trend of an increasing overseas membership is very clear and we expect this trend to continue. Moreover, many of our members work for multi-national organisations for whom the global picture is key and increasingly our regulations and standards will be driven by European or global entities.

This provides us with the opportunity and the platform to build our profile overseas and be a real alternative to other international actuarial bodies. We need a strategy to develop our global reputation – our challenge is to do this while not losing sight of the needs of our UK members.

Greater competition

Our conversations with students and other members show that we are facing stiff competition from other bodies, particularly where students are choosing to take similar or overlapping qualifications. This poses a real threat to the Institute and Faculty – the level of difficulty of our examinations can be a strength in terms of reputation but also poses a risk if it puts off the kind of bright graduate we wish to attract. Our proposals on a new qualification route to become an actuary have been developed to address this risk. We need to offer a real alternative to students, wherever they live and work, without losing our distinctive role.

Market changes leading to:

- A reduction in demand for actuaries (decline in defined benefit pensions / post Solvency II reduction in demand);
- New areas opening up (risk, long term care).

Insurance and pension market trends over the next 2–3 years are likely to see a reduction in reserved roles as the decline in defined benefit pensions and consolidation of the UK life sector continues. We also expect the boom in Solvency II work to die down. Further regulatory change could create additional work for actuaries, but the increase in reserved roles over the last 4–5 years is likely to slow. To balance this decline, we see potential growth in new areas, such as risk and long term care where actuarial skills and strengths could make a real difference.

We see it as vital that our core qualification strategy can deal with the developing needs of employers for actuaries and the desire of many actuaries to re-train at different stages of their careers. At the same time, our public affairs strategy should aim to broaden the perceptions of key influencers about how we can contribute in these areas.

Our Priorities

We need to re-engage with all our members following the merger, consult with them on their needs and demonstrate clearly the value of their membership through all stages – and whatever the course – of their careers. Our member support needs to be delivered effectively through different channels, balancing our traditions with new ways of communicating and engaging with younger members.

We believe we should adopt a strategy of “proactive engagement” for all our members:

- Our services need to be accessible to all and be relevant according to our members’ needs;
- It is important for all our members, their multi-national clients and employers that the Institute and Faculty is seen as a global brand;
- In time we wish to foster an international grouping of mature national actuarial associations which collaborate to support the members of each association, build the profession’s capabilities and reputation globally and in which we play a full and influential part.

We believe that this strategy will not only be of benefit to our members based overseas but also to our UK members as it will protect the future of the Institute and Faculty in an increasingly competitive global environment.

This will be supported by a step change in promotion of our image and UK public affairs activity, where the Institute and Faculty will seek to do more to inform debate on issues where it can contribute to the quality of public debate and meet its public interest duties.

We also believe we need to design a qualification structure to respond to change in the UK market which will be effective on a global basis. The qualification structure needs to support the Institute and Faculty’s overarching vision and be aligned as closely as possible with the regulatory structure to create an integrated approach for members and their employers.

Core Strategies

Education

To provide high quality qualifications for our students and lifelong education for our members.

In addition to the core activities to attract and support students, we intend to work up the three level qualification model set out here, on which member feedback in the survey was supportive, to develop detailed proposals:

The detailed work on the qualification model will cover the following areas:

- Greater definition of each level;
- Understanding of how the career paths of different groups of actuaries would develop in the model;
- Detail on the mix of examination content, work based experience and nature and content of CPD for each level;
- Determining the list of specialisms;
- Names and language;
- Transition arrangements for existing members.

Further consultation on the detailed proposals will be carried out with members, employers and other stakeholder groups once proposals have been developed.

Level 1: Technician level

- Passed technical exams but not required to do higher level, practical exams or “softer skills”. Professionalism required.
- Meet demand for lower cost, technical skills for more “number crunching” type roles.
- Attractive to those interested in technical actuarial skills, less time and cost to get to recognised level.

Level 2: Qualification level – Actuary/Fellow

- Generic qualification – no UK specific material.
- The qualification level would be in line with Groupe Consultatif requirements for being fully qualified.
- Obtain an annual update on professionalism matters and anything else of relevance.
- Work-based experience requirements to continue to apply broadly as at present.

Level 3: Practising/Specialist Fellow

- Through exams or CPD (entry through exams or transitional experience applications or through senior actuary endorsement under an approved ‘regulation through firms’ process).
- In order to act as an adviser on one of the five specific areas, the individual has to be qualified in the relevant speciality. Adviser can mean in-house within employer or external consultant.
- Five specialisms and one general advisor “specialism”.
- Any reserved role would be treated as an extra specialism for the purpose of CPD.
- Meet minimum CPD requirements which should be broadly no more onerous than at present.

Licensing and Regulation

To license and regulate the members of the Institute and Faculty in such a way as to maintain public confidence.

Regulation aims to provide an assurance of quality and where necessary a means of redress to users of the services of actuaries and to sustain the confidence of a wider public. Regulation must also operate proportionately, in a way which ensures that actuarial services are provided to a level sufficient to satisfy demand and are perceived by users as offering reasonable value.

Development in regulation in recent years is seen to have improved confidence in professional actuarial services particularly in the UK, and the growth in membership of the Institute and Faculty has been healthy both in the UK and internationally – particularly in emerging markets. Good progress has been made in developing a new regulatory framework. However, the modern public is more sceptical of the professions than once may have been the case. The appropriate strategy for professional bodies should be one of ‘active transparency’ in which the professional body seeks actively to explain regulatory policy and operations in dialogue with stakeholders (including those regulated) and their proxies.

As part of the strategic discussions, we have examined in particular the implications of a growing overseas membership and our proposals are intended to strike a reasonable balance between the level of risk to the Institute and Faculty from a more diverse constituency and a practical approach to regulating our members, whatever their location.

Key principles of the proposed regulatory framework should be:

- To align with the global qualification structure as described above and thereby set a high qualification standard for actuaries wherever they are based;
- To take a proportionate approach to member regulation overseas and rely on members meeting the necessary local requirements in their own country;
- To keep under constant review the policing of actuaries and amend proposals where required, particularly as regulation will increasingly be at a European or international level.

This will mean in practice that:

- All qualified actuaries and students should comply with the Actuaries’ Code, with no shorter “contract” type agreement for students;
- The CPD for actuaries will focus on their continued ability to perform their roles, with the qualification level two – including UK actuaries not in practice – only requiring an annual update on professional matters;
- We should encourage overseas members to join their local association and, where members submit to regulation by their local IAA member, we apply a lesser degree of regulation;
- Members practising in a given country should comply with local technical standards and revert to UK standards if required (in line with the guidance on technical standards).

Employers of actuaries have a key influence over the professional approaches adopted by their actuaries and provide significant support on education, training and CPD. We will therefore, in the public interest, actively explore opportunities and ways to work with and through some or all employers in a number of such areas for the benefit of all.

Member Support

To offer excellent support that meets members' varied and evolving needs.

We recognise that the priorities for developing member support activities need to be guided by the whole membership through regular consultation and two-way communication. The 2011 membership survey was carried out in May 2011 to aid the prioritisation of the different potential activities. We also recognise that the major challenge in this area is ensuring improved delivery of service in an efficient and cost effective way.

The broad areas we are seeking to develop over the next few years are:

1. Improving communications with our members creating a more comprehensive 'membership journey';
2. Engaging in a more effective way with our international members and making our services more accessible to all members wherever they are based;
3. Ensuring that improvements in the web and the new Customer Relationship Management roll out delivers customer satisfaction;
4. Enhancing the delivery of results of research to the membership;
5. Providing members with appropriate opportunities for volunteering;
6. Reviewing and enhancing the working relationship between volunteers and staff members – helping all groups progress agendas and deliver projects smarter and faster.

Activities for our qualified members will be targeted to different member groups in the following core areas:

- **Events** (including online) to allow members to exchange ideas on current issues / developments in the market place, to encourage discussion and contribution by and between different actuary groups and wider relevant audiences;
- **CPD** to provide clear and accessible information as to new requirements and provide sufficient opportunities to get enough CPD remotely (online), provide new syllabus for professionalism courses including role-play / case study discussions, e-learning modules and seminars;
- Provide guidance / raise awareness of **UK statutory requirements**;
- Provide a broad range of opportunities for those who wish to become involved in **research** through working parties, debates, round table discussions;
- Foster **greater involvement** of younger actuaries with education, examinations and the operations of the Institute and Faculty;
- Work with **other Professions**, with **local associations** on a bilateral basis and with our growing **international community**;
- Utilise **technology** appropriate to members' needs;
- Encourage and support more **country-based Member Interest Groups**;
- Increased **international focus** for central support areas and volunteer bodies.

Promotion

To speak up on relevant matters of public interest and to raise awareness of the work of actuaries and the value we add to society.

Our strategic objective splits into two distinct areas:

Public interest

To speak out and facilitate an informed debate on relevant matters of public interest where the Institute and Faculty's expertise can add value

- To inform and influence existing public policy development, with contributions based on evidence and our expertise;
- To identify areas where further public policy development is needed through the use of evidence based analysis and research.

This remit excludes lobbying for specific solutions on public policy change as public affairs activity is representing the Institute and Faculty and its wide base rather than a commercial body or special interest group.

Promotion

To raise public awareness of the work of actuaries and the value they add to society

- To promote the integrity, independence and professional standards of actuaries;
- To promote the benefits actuaries bring in existing areas of work and, where appropriate, protect the Institute and Faculty's reputation when under challenge;
- To extend the franchise by promoting the benefits of the actuarial discipline in new sectors;
- To support the retention and recruitment of new talent to the Institute and Faculty.

To help achieve these, we will need to establish a clear sense of direction in the key public policy priorities on which we wish to focus.

We will then need to deliver the following programme elements:

1. An integrated plan to fully leverage relevant research, events, consultation responses and Presidential meetings;
2. An active and effective engagement programme for key external stakeholders including regulators, Government, politicians and advisers, special interest groups, think tanks, peer actuarial and other professional bodies and the media;
3. A newsflow of comment and thought leadership from the Institute and Faculty that external audiences find accessible and of interest;
4. A co-ordinated programme of professional events that act as thought leadership platforms to generate external interest;
5. A 'fit for purpose' approach to consultation responses;
6. A pool of authorised and trained spokespeople confident of what lines to take;
7. An effective political and media monitoring / early warning process;
8. An effective rapid response approach to breaking issues in priority areas;
9. Agreed performance measures.

At an international level, we will define the boundaries of the strategy in each geographical area, working with local associations and international bodies as appropriate.

Learned Society and Thought Leadership

To advance all matters relevant to actuarial science

This overall strategic objective breaks down into the following key areas:

- To develop the role and enhance the reputation and recognition of the Institute and Faculty and individual actuaries throughout the world;
- To promote high standards of professionalism and technical competence among actuaries throughout the world to ensure that the public interest is served;
- To advance the body of knowledge of actuarial science and its applications;
- To further the education and personal professional development of actuaries throughout the world;
- To provide a forum for discussion among actuaries throughout the world.

It is our aim to promote thought leadership in actuarial science and risk management, through working collaboratively with those in wider fields, and upholding impartiality and objectivity in the work of the learned society. This will support and develop our members throughout their careers and help actuaries speak out publically with authority in matters relevant to our profession and where actuaries can make a difference.

There are three main strands to the learned society strategy:

Research and knowledge transfer

The Institute and Faculty needs to support and promote not only **new research** (innovative work and research supporting best practice and furthering understanding) but also **knowledge transfer**, where we make the best of what is already out there by getting existing research out to those who will use it and develop it.

This will involve identifying needs for research and transfer, sustaining and building research communities, building external links to enable collaborative work with a wide range of bodies, breaking down barriers between practice areas, strengthening academic/practitioner relationships and making research accessible through improved communication.

Programme of learned papers and discussions

We will:

- Arrange a high quality and varied programme of research and thought leadership meetings, workshops and seminars stimulating the production of papers and other material for presentation;
- Engage with individuals and groups outwith the Institute and Faculty;
- Recommend how the output from each meeting should be written up and disseminated.

Publication of journals

We aim to raise the profile of the journals, increase the number and quality of submissions and break into new markets to widen the subscriber base.



Next Steps

The strategy for the Institute and Faculty was approved by Council in June 2011. There are a number of important next steps which Council has delegated to the Management Board, Executive and relevant practice committees to progress through autumn 2011 and into 2012. Council's focus will now turn to ensuring delivery of the overall strategy including a number of specific actions as set out here:

1. Agreement of the appropriate delegation of tasks to the right people, setting deliverables and timetables and establishing mechanisms for monitoring progress on all aspects of the strategy;
2. The key principles of the core qualification proposal to be developed in detail over summer 2011 and the detailed proposal to form the basis of consultation with members and other stakeholder groups, such as employers, through autumn 2011. Council to make a decision on the core qualification proposal by spring/summer 2012. This will also include any amendments needed to the licensing and regulation strategy;
3. Further detailed work to clarify the different strands of the international strategy in terms of a) the nature of our role in supranational bodies b) our bilateral relationship with local associations and c) services to members, followed by the prioritisation of international activities in the different geographical areas;
4. The momentum on the development of member support activities and public affairs work is maintained, all activities meet agreed operational standards and are delivered within existing financial constraints;
5. To refine and articulate what success looks like for the Institute and Faculty and develop success measures on the basis of the current list for each strategic objective through 2011 and 2012;
6. To work on the values and behaviours for the Institute and Faculty so that members and the organisation build a common understanding of what they mean;
7. To undertake a review of branding for the Institute and Faculty;
8. To review the "Learned Society and Thought Leadership" title to see if a better name can be found;
9. To review the approach to risk management for the Institute and Faculty, including the broader issue of environmental and corporate social responsibility. To carry out a risk assessment of the strategy in 2011;
10. To review our committee structure to ensure that we take forward and deliver the strategy in the most effective way with the right mix of executive and volunteer resource.

Council would like to thank all members for their feedback on the strategy through the focus groups and in the responses to the survey. There will be updates on next steps throughout the next year and we would like to hear from any members keen to contribute to sessions on any of the items listed.

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