

The Actuarial Profession

The Governance of the Profession – Framework, Rules and Guidance

Chapter 5: Rules for the Scottish board and specialist committees reporting to the Management Board

Authority and general responsibilities

1. The Scottish board reports to the Management Board and comprises the members of the Council elected by the Scottish constituency. The Scottish board can co-opt others to serve on the Scottish board in order to deliver activities in Scotland, although these co-options will not be members of the Council. (See appendix 1 for a description of the role of the Scottish board.)
2. In addition to the functional executive committees which report to the Management Board (see chapter 4), there are three specialist committees which report to the Board. The Continuous Mortality Investigation (CMI) executive committee and the International committee have delegated authority from Council, through the Management Board, for the management of specific areas of the Profession's business. The Public affairs advisory committee provides specialist advice to the Management Board.
3. The terms of reference for each committee are at appendices 2-4.

Membership

Chairs and deputy chairs

4. The Management Board approves in June of each year the names of committee chairs and, if appropriate, deputy chairs for the forthcoming session – the key decisions having been taken informally as far as possible by May.
5. The chair of a committee need not be a member of Council.
6. Normal tenure for chairs and deputy chairs is two years but this may be reduced to one year or extended to a maximum of four consecutive years.
7. There is no automatic succession from deputy chair to chair.
8. The responsibilities of the chairs and deputy chairs of the CMI executive committee and the International committee are broadly in line with those of functional executive committees. The chair of the Public affairs advisory committee should be guided by the provisions of appendix 4 of chapter 4, taking account of the committee's advisory rather than executive status.

Secretaries

9. Each committee has a secretary appointed by the Chief Executive. A committee secretary is accountable to the Chief Executive, where appropriate through a head of division, for supporting the committee chair in maintaining the committee's governance and in delivering the outputs detailed in the committee's business plan, as well as managing the staff service to the committee.
10. The secretary is a full member of the committee.
11. The detailed responsibilities of a committee secretary are broadly in line with those of functional executive committees (see appendix 5 to chapter 4).

Members

12. The chair of each committee submits a list of suggested committee members for approval by the Management Board at the start of each session.
13. The chair may, at any time, decide to ask the Management Board to rescind the appointment of a committee member (excluding the committee secretary). This may be at the request of the member or as a result of a situation covered in chapter 6 (*Rules for individuals engaged in the Profession's activities*).

Meetings

Frequency

14. Committees should meet at least three times in each session but the frequency is at the discretion of the chair.

Quorum

15. A committee meeting is quorate if at least half the members are present. "Present" for this purpose includes participation by conference call or, for a 'paper' meeting (see chapter 14), sending a written response. In addition, consistent with the section on 'voting' below, where a decision is being taken on the basis of a resolution that has been clearly articulated in a paper circulated prior to the meeting, a committee member who is unable to attend the meeting and who has cast a 'postal vote' on a written resolution is deemed to have been present for quorum purposes (but see paragraph 23 below on amended resolutions).
16. A non-quorate committee meeting may continue, but any decisions made must be upheld in order to be valid. Decisions may be upheld in one of two ways. The first is by the same meeting, if it becomes quorate by the arrival of additional members (including by conference call). The second is by a post-meeting circulation of the decisions for upholding. In this case, a sufficient number of responses must be received to make up the quorum, and the rules on voting must be followed in determining whether the decision is upheld (see section on 'voting' below).

Attendance

17. Committee members are expected to attend each committee meeting. Those members unable to attend should tender their apologies to the committee secretary.
18. Someone who is not a member of a committee may be in attendance at meetings with the agreement of the committee chair. In these circumstances, the person has no voting rights (see 'voting' below).
19. If the chair is unable to attend, the deputy chair (if there is one) should be asked to act as chair. If, on the day of the meeting, neither the chair nor the deputy chair is available, those attending may appoint one of the members present to chair the meeting.

Voting

20. Agreement may be reached at meetings by general assent without a formal vote needing to be taken. This is expected to be the norm (see chapter 14 for guidance on decision-making).

21. As well as voting when invited to do so by the committee chair, any committee member present (including by conference call) may call for a vote at any stage of decision-making or request that his/her dissent/views be formally recorded in the minutes.
22. A staff member who acts as secretary to a committee meeting in the secretary's absence does not have voting rights.
23. Each committee member's vote is of equal standing.
24. Where a decision is being taken on the basis of a resolution that has been clearly articulated in a paper circulated prior to the meeting, a committee member unable to attend the meeting is permitted to cast a 'postal vote' (email is acceptable). However, this right is suspended if, at the meeting, the wording of the resolution is, in the judgement of the chair, materially changed (see chapter 14).
25. In the case of an equality of votes, the chair has a casting vote in addition to his/her original vote. However, the chair may choose not to exercise his/her casting vote and either refer the matter to the Management Board for decision or defer the decision to the next meeting of the committee.

Reports to the Management Board

26. Any report submitted to the Management Board for a decision must include the necessary detail to enable an informed decision to be made. Where two or more options have been considered, they must be detailed with reasons for not recommending a particular option. Reports requesting a decision from the Management Board should end with a clear recommendation(s), unless the committee is asking the Management Board to resolve an unresolved issue, in which case the report must make clear between which options the Management Board is being asked to choose.
27. Where a report is submitted to the Management Board with a recommendation based upon a motion agreed at a committee meeting, and where the minutes of that meeting record that there was formal dissent to the motion, the report to the Management Board must give details of that dissent.
28. Each year in January/February the committee chair must arrange for committee members to provide feedback on the effectiveness of committee meetings. Guidance on obtaining feedback is given in chapter 14. A summary of the feedback must be reported to the Management Board.

Appendix 1

Role of the Scottish board

The Scottish board has the role of maintaining and continuing to stimulate a robust and vibrant actuarial community in Scotland. This role is expected to include the following:

- Identifying topics of interest for meetings and events to be run in Scotland by the Institute and Faculty of Actuaries, making sure there is sufficient professional activity for members of the Scottish constituency based in Scotland and fostering and drawing attention to actuarial activity in Scotland.
- Identifying and fostering volunteers from the Scottish constituency and encouraging them to participate fully in the affairs of the Institute and Faculty of Actuaries.
- Liaison with key Scottish stakeholders such as the Scottish government, academics, business leaders, employers of actuaries and other professional bodies.
- Bringing issues particularly relevant to members of the Scottish constituency to the attention of the Management Board, the practice executive committees and other parts of professional administration, and liaising with them on these issues.
- Identifying suitable uses for the Faculty of Actuaries in Scotland Charitable Trust.

Terms of reference

These terms of reference are to be read in conjunction with the *Constitution and Rules of the Continuous Mortality Investigation (to be referred to as the "CMI")*.

1. Role of CMI executive committee

- 1.1 The executive committee shall ensure governance of the CMI in accordance with the Constitution and Rules, as set out in the attached Appendix.
- 1.2 The executive committee shall exercise oversight of the CMI (in a way similar to that of a non executive board of a company).
- 1.3 The executive committee operates under delegated authority from the Actuarial Profession and is covered, under this delegated authority, by the Actuarial Profession's professional indemnity insurance policy.
- 1.4 The executive committee will ensure that the CMI:
 - maintains quality standards in its work, and
 - operates prudent risk management policies.

2. Objects of the CMI

The objects of the CMI shall be as defined in the Constitution and Rules, as set out in the attached appendix.

3. Reporting to the Management Board

The executive committee will seek Management Board's approval to:

- 3.1 recommendations on the levels of subscriptions and/or contributions to be levied against any persons or corporations making use of the facilities afforded by the CMI.
- 3.2 recommendations on governance issues, including recommendations to amend these terms of reference, or to rescind, vary, amend or add to the Constitution and Rules of the CMI.
- 3.3 the process for the formal adoption of new tables by the Profession.

The executive committee will present to the Management Board:

- 3.4 the audited accounts of the CMI once in every year. These audited accounts will also be made available on request to members of the Council of the Institute and Faculty of Actuaries.
- 3.5 reports containing briefing issues for information to Management Board members.

4. Reports to client practice area executive committees of the Actuarial Profession

The executive committee or one of the committees reporting to the executive committee will report to client practice area executive committees of the Actuarial Profession, such as Life and Pensions, on research issues.

5. Treasurer

The Treasurer of the CMI shall normally be the current Honorary Treasurer of the Institute and Faculty of Actuaries, and will be a member of the executive committee. The Treasurer need only attend meetings of the executive committee where financial input is required.

6. Quorum of meetings

- 6.1 An executive committee meeting is quorate if there are at least three Fellows in attendance.
- 6.2 A non-quorate executive committee meeting may meet or continue to meet but any decisions made must be approved by the full executive committee before the minutes are formally approved.

7. Voting rights

- 7.1 For significant issues each executive committee member should be able to vote or record views (including by correspondence or telephone). Each executive committee member's vote carries equal standing.
- 7.2 Non-executive committee members who may be in attendance have no voting rights.
- 7.3 If the executive committee is divided on an issue it should be referred to Management Board.

8. Frequency of meetings

There will normally be three meetings per annum of the executive committee, with the majority likely to take place in London.

9. Dates of meetings

The executive committee should agree and publicise well in advance the dates of its meetings.

10. Agenda for meetings

The agenda and supporting papers are normally circulated to executive committee members seven days prior to the meeting.

11. Minutes

Draft minutes are normally produced within two working days of an executive committee meeting and passed to the chair for comment. The minutes are then circulated to executive committee members and members of the Management Board within one week of the meeting.

12. Confidentiality

Matters discussed in meetings are normally considered confidential unless they are specified otherwise. Confidential matters must not be discussed with anyone not involved.

13. Constitution and Rules of the CMI

The executive committee is to comply with the Constitution and Rules.

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CONSTITUTION AND RULES OF THE CONTINUOUS MORTALITY INVESTIGATION (CMI)

1. The objects of the CMI shall be:-
 - (a) to carry out research into the mortality and morbidity experience of various classes of insured lives, annuitants and pensioners;
 - (b) to collect statistics relating to the mortality and morbidity of such lives;
 - (c) to analyse such statistics and prepare reports for publication;
 - (d) to construct tables of mortality and morbidity functions and of actuarial functions dependent thereon to be available primarily for use by members of the actuarial profession and by insurance companies;
 - (e) to make estimates of future developments in mortality and morbidity rates and to carry out other statistical investigations such as may be useful to the conduct of long term assurance, annuity and pension business and of sickness and related insurances.
2. The organisation and administration of the CMI shall be in the hands of an executive committee consisting of not less than six members appointed by the Management Board. At least six members of the executive committee shall be Fellows of the Institute and Faculty of Actuaries.
3. The chair and deputy chair of the executive committee shall be appointed from the members of the executive committee by the Management Board.
4. The executive committee shall appoint a secretary and one or more assistant secretaries of the CMI on such terms as to service and remuneration as it shall think fit but such appointments shall be subject to the prior approval in writing of the Management Board.
5. The Treasurer of the CMI shall normally be the current Honorary Treasurer of the Institute and Faculty of Actuaries. All property of the CMI shall be vested in the Institute and Faculty of Actuaries on behalf of the CMI. The financial year of the CMI shall run from the first of March to the last day of February and once in every year the audited accounts of the CMI shall be presented to the Management Board.
6. A member of the executive committee shall hold office either until required by the Management Board to resign or until the resignation of the member is tendered in writing to the Management Board.
7. The executive committee may set up committees and may appoint persons to serve on such committees who are not members of the executive committee; provided always that responsibility for the conduct of all the activities of the CMI shall remain with the executive committee.
8. The Management Board may invite subscriptions from persons or corporations making use of the facilities afforded by the CMI of such amounts and calculated in such a manner as the executive committee of the CMI may recommend.

9. Subject to any guidelines which the Management Board may wish to impose, the executive committee shall have power to apply the funds of the CMI in promoting, furthering or protecting the objects for which the CMI has been established and without prejudice to the generality of the foregoing:
 - (a) in acquiring whether by letting or otherwise premises for use as offices or otherwise for any purposes of the CMI;
 - (b) in maintaining an official library;
 - (c) in paying remuneration to officers and servants of the CMI or pensions or gratuities to former officers and servants or to their dependants or in making other provision for the payment of pensions or gratuities to former officers and servants or their dependants provided that rates of remuneration, pension or gratuity shall be subject to the approval in writing of the Management Board;
 - (d) in paying such reasonable sums for the expenses of officers of the CMI or members of the executive committee as may from time to time be thought desirable or for the expenses reasonably incurred by any persons who may have rendered special services to the CMI and for meeting all other expenses incurred in the running of the CMI, including payments to third parties for administrative, technical or clerical services rendered in connection with the ongoing work of the CMI;
 - (e) in making grants to research establishments or other organisations where the executive committee is of the opinion that such grants will promote or further the objects for which the CMI has been established;
 - (f) in distributing or causing to be published or distributed through any medium whatsoever information relating to the activities of the CMI or promoting or furthering the usefulness or efficiency of the CMI.
10. No person or corporation making use of the facilities afforded by the CMI shall be entitled to any direct or indirect payment or transfer of all or any part of the income or property of the CMI whether by way of dividend, gift, division, bonus or otherwise howsoever by way of profit.
11. The executive committee may at any time with the approval of the Management Board rescind, vary, amend or add to any of these Rules.

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International committee

Terms of reference

Reports to: Management Board

Purpose: Manages the Profession's international activities in line with the attached policy.

Key responsibilities:

1. *Dealing with supranational bodies*

Recommends to the Management Board on which committees of the IAA and Groupe Consultatif the UK Actuarial Profession (UKAP) should be represented, taking account of the dealings of those committees with supranational bodies.

2. *Learning from and collaborating with other overseas associations*

2.1. Co-ordinates the maintenance of existing and the development of new mutual recognition agreements as appropriate.

2.2. Recommends to the Management Board the key actuarial associations with which the UKAP should develop a collaborative relationship and manages the relationships with the relevant associations.

2.3. Recommends to the Management Board which meetings (whether, bilateral, trilateral or multilateral) should be held between the UKAP leadership and the leadership of other associations; and co-ordinates the arrangements for specific meetings.

3. *Supporting the development of the actuarial profession globally*

3.1. Recommends to the Management Board on which committees of the IAA and Groupe Consultatif the UKAP should be represented, taking account of the responsibilities of those committees for developing the actuarial profession globally.

3.2. Promotes membership of IAA sections by UKAP members.

3.3. Co-ordinates any UK input to an International Congress.

4. *Governance and advisory*

4.1. Co-ordinates all UKAP input to the IAA and the Groupe Consultatif, including voting, surveys and general requests for information, consulting the functional and practice area executive committees as appropriate.

4.2. Recommends to the Management Board for its approval specific UKAP representative appointments to the IAA and Groupe Consultatif, paying due regard to succession planning.

4.3. Manages UKAP representatives, including their appointment, induction, and representative activity, reporting to the Management Board any activity which indicates the need for a review of any element of UKAP policy. The terms of reference for representatives should constrain their authority in respect of UKAP policy.

4.4. Oversees the arrangements of the Joint Office in Hong Kong.

- 4.5. Agrees with the Management Board criteria for overseas visits and, in November each year (to coincide with the planning and budgeting cycle) recommends to the Board which visits should take place in the following financial year.
- 4.6. Approves volunteers' expense claims in respect of overseas visits in accordance with the overseas representative visit guidelines.
- 4.7. Recommends to the Management Board donations – to international bodies, to other associations, or in other appropriate circumstances.
- 4.8. Proffers advice to the functional and practice area executive committees on the international aspects of their business and on the regulation and provision of support to members overseas.
- 4.9. Recommends to the Council nominations for Honorary Fellows based overseas.
- 4.10. Explains the UKAP's approach to international activity and the role of the International committee.
- 4.11. Complies with the governance manual.

International Policy

The principal aim of the international policy of the UK Actuarial Profession (UKAP) is to enhance the interests of its members, insofar as these interests have an international or overseas dimension or are affected by international activities. In this document reference is made to both UK-based members of UKAP ("UK members") and to overseas-based members of UKAP ("overseas members").

The relevant interests of UKAP members include:

- the regulatory environment of the firms that UK and overseas members work for, including the roles of actuaries;
- the professional environment of overseas members; and
- the overseas career opportunities for UK and overseas members.

1. Regulatory environment

The aims under this heading are to achieve a regulatory environment in which

- actuaries are recognised;
- the roles of actuaries are enhanced; and
- actuaries are able to exercise their professional judgment in carrying out their work.

In order to enhance (and, if necessary, protect) the interests of UKAP members, wherever they are located, it is essential that UKAP plays an influential role in the activities of the International Actuarial Association (IAA) and the Groupe Consultatif (GC). This influence should be used to further the following aims:

- to increase the world-wide recognition of the role of actuaries by legislators, regulators and standard setters; and
- to encourage the adoption of practical, principles-based regulation that supports the development of the financial services sector world-wide; and
- to ensure the portability of the UKAP actuarial qualification world-wide.

UKAP should support measures to make the IAA and GC more effective organisations, capable of being pro-active for the benefit of the world-wide actuarial community, while taking a robust stance if UKAP members' interests are threatened in any way, and, at the same time, recognising the need to balance these aims with the desire amongst member associations of the IAA and GC for consensus-based decision-making. UKAP should seek to ensure that the roles of the IAA and GC are complementary and that the GC does not duplicate IAA activities.

The ways in which we can influence the IAA and GC are:

- by having UK actuaries in senior positions;
- by our active involvement in committees, taskforces, etc of these bodies and again by effective succession planning for UK representatives; and
- by supporting both organisations through participation in their operations, including membership of committees which do not interface with supranational bodies.

In addition, we can achieve more by collaborating with other associations who are like-minded than by ploughing a lonely furrow. We should be prepared to form alliances with different countries on different issues, but not align ourselves too closely with any particular 'bloc'.

2. Professional environment

The aims under this heading are:

- to provide a highly valued actuarial qualification, available internationally
- to provide world class services to overseas members, including CPD opportunities
- to supervise the professional activities of UKAP's overseas members

The primary role in achieving these three aims rests, respectively, with the three functional executive committees: Qualifications, Member support, and Professional regulation. The International committee has an advisory role in all three categories.

Again, collaboration with other actuarial associations, either on a bilateral/multilateral basis or through the IAA and GC, has the potential to significantly improve our qualification, our level of member services, and our professional supervision for overseas members, whether fully or partially regulated by UKAP.

3. Career opportunities

The aims under this heading are:

- to assist in the growth of the numbers of actuaries worldwide;
- to assist in the development of viable actuarial bodies in developing countries; and
- to extend the range of activities pursued by actuaries in their work (eg the move into risk management).

On the first two of the above aims, our strategy should be, whenever possible, to work through the IAA and GC, thereby sharing the burden of the associated development work. Where this route is not possible, we should, as an alternative, look to collaborate with other actuarial associations. If we are to carry out any development work on our own, we should seek funding from international development funds (eg EU funding for projects in Eastern Europe). Only if all these avenues fail should we consider doing any development work using only our own resources.

On the third aim, international collaboration is likely to enhance our chances of success.

Public affairs advisory committee

Terms of reference

Reports to: Management Board

Purpose: Advises the Management Board on its public affairs role, giving priority to the public interest concerns articulated in the corporate plan and consistent with agreed strategy.

Key responsibilities:

1. Collaborates with other parts of the professional administration and the professional community in identifying issues of public interest.
2. Scans the horizon, particularly in respect of the media, publications of financial bodies and academic publications, for issues of public interest, public policy and social change.
3. Maintains a liaison with the Communications division on the public interest aspects of comment on news items where the Profession has a contribution to make.
4. Identifies rapidly emerging issues of importance to the Profession and advises Management Board on possible courses of action to take and/or public statements to make in response.
5. Develops, maintains and agrees with Management Board a framework for deciding whether a response to an issue is required or not.
6. With the agreement of the Management Board, initiates and responds to opportunities for collaboration with external bodies engaged in public interest activities.
7. Proposes to the Management Board position statements which have the potential to strengthen the Profession's public interest role or profile.
8. With the agreement of the Management Board, proposes and/or fosters the promulgation of research papers with a public interest theme.
9. Advises the Management Board when the committee considers that a government or other consultation raises public interest issues to which the Profession should respond and, where appropriate, contributes to the production of a response.
10. Proposes to the Management Board events for the Profession and external participants on public interest and social policy issues.
11. Proposes to the Management Board additional members of the Public affairs advisory committee.
12. Seeks approval and resources from the Management Board for specific projects which the Public affairs advisory committee plans to undertake.
13. Complies with the governance manual.

August 2010