



Institute
and Faculty
of Actuaries

Practice Boards End of Session Report 2014



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Welcome to our second End of Session Report that highlights the impressive and vital contribution our volunteer Practice Boards and their sub-committees make to the work of the IFoA.



**Alan Whalley,
Chair of
Management
Board**

Introduction

The Institute and Faculty of Actuaries (IFoA) is fortunate in being able to call upon large numbers of skilled member and non-member volunteers who carry out a wide range of tasks and roles that the Executive would be unable to deliver without this key support. In many ways our volunteers are the 'life blood' of the profession. In particular, we rely on a large core of volunteers who work for the Practice Boards and their sub-committees, and through their contribution allow the IFoA to maintain a high public profile in consultations and public policy discussion; keep the education syllabus relevant; provide CPD opportunities to members; review and maintain up to date standards and regulatory input; deliver six residential conferences; and support our thought leadership agenda through relevant research activity.

Each of the seven practice areas has a character and style of working of its own determined by each Board to fit with the availability of volunteers, the needs of their practice constituency and the policy and technical developments in each of the seven practice areas. All of the Practice Boards are developing cross-practice liaison and broader awareness and this is especially important as more legislation and consultation and indeed media coverage affects more than one practice area. This cross-practice awareness is also flowing into the way each Board is looking to support its members, especially our international communities and those within the UK not based in London. Geographical and cross-practice diversity

will continue to be a major driver for the Practice Boards and indeed the IFoA going forward. This will help shape the recruitment of volunteers onto our various boards, committees and working groups.

In my role as Chair of the Management Board (the primary reporting body for our Practice Boards) it has been gratifying to see just how much work our volunteers have achieved this year with relatively modest resources. The Practice Boards have not only increased their outputs this session, they have also increased their influence. This report sets out some of their achievements and I hope it gives members, colleagues and stakeholders some idea of the impact that volunteering for the profession can have. I would be keen to hear if there are areas of research, volunteering or impact you feel the Practice Boards and/or any other Boards and committees could explore to further support our member colleagues.

This year we showcase some of the work of the Practice Boards and their Sub-Committees in three distinct groupings which represents brand values: community, integrity and progress. The remainder of the report captures the broad range of outputs and contributions our volunteers make to the ongoing work of the IFoA within their own practice areas.

I hope you enjoy the report and, like me, share the enthusiasm and diverse contribution our volunteers make to our long-standing and ever-changing profession.

End of Session Report – statistics for sessional year 2013/2014*

Various volunteer areas within the Practice Executive

Practice Area	No of Sub-Committees	No of active working parties
Cross Practice	1	5
Finance and Investment	1	8
General Insurance	4	24
Health and Care	2	5
Life	5	20
Resource and Environment	0	0
Risk Management	1	9
Pensions	4	13
TOTAL	18	84

Number and breakdown of volunteers

Practice Area	No of volunteers working in the practice area	Gender of volunteers	
		Female	Male
Finance and Investment	231	49	182
General Insurance	223	58	165
Health and Care	116	35	81
Life	427	113	314
Resource and Environment	65	21	44
Risk Management	296	69	227
Pensions	256	86	170
TOTAL	1614	431	1183

(*source: Integra)

Correct at the time of print.

Over the last session the Board Chairs have regularly come together as a group, to explore common themes and issues which affect their constituency and the profession as a whole. Early in the session, the Chairs identified there was insufficient international representation within their practice areas. This has been addressed with each Board appointing a representative on the recently established International Board. This will enable practitioners to directly influence the strategic direction of the International Board and create links with the Practice Boards. This is especially important given the changing composition of our membership to a more international focused base and helps the IFoA respond appropriately as the weight of regulation from Europe increases.

We are now recording all sessional events and plenary sessions at all of the residential conferences which gives the opportunity for all members who are not able to attend, including those outside the UK, to watch the presentation and subsequent discussion. This represents an increasing pool of CPD resource for all our members wherever they are based.

This year has been even busier than last year: we have seen an increasing number of working parties being established (from 67 at the end of last session to 84 at publication). Our volunteer vacancy programme is attracting an increasing number of volunteers willing to give their valuable time and not only in working parties conducting member-led research. We have been encouraged by the sheer number of volunteers who are willing to support the IFoA in various volunteer positions within the Boards and sub-committees. As with all opportunities, some are more popular than others, and we urge current volunteers to encourage colleagues and friends to apply for roles, all of which are now advertised on the volunteer vacancy website pages.

Community, Integrity and Progress

The IFoA introduced its new brand in 2013 and as part of that process established some key values. Values which are integrated into everything we do to deliver the wider objectives of the IFoA. Our values are community, integrity and progress. Set out below are just a few cross practice and joint working initiatives which demonstrate these values within the work of our Practice Boards.

Community

Each Practice Board is keen to ensure that what they do and achieve over the session serves their individual community. As the IFoA's member constituency changes and becomes more dispersed and diverse it is important that our volunteers understand where and what the community is, and how it can support them in their development and what they need to work effectively within their fields. As a result, each of the Practice Boards issued a Constituency Wide Survey during December and January 2013/2014. The results will be used not only by the Practice Boards to help drive their objectives and outputs for the coming sessions, but also to understand what CPD requirements each constituency needs and where they need it.

This is such a valuable tool that the Boards will look to issue a survey on an annual basis to help formulate their objectives for the next session and establish where and how their community needs various support, perhaps taking surveys to conferences to get immediate feedback. This will improve their outputs in response to feedback and help further build and foster a sense of community. If you did not respond to a survey this time, please take the opportunity to do so later in the year to help all of the Practice Boards set their objectives for the next session.

The surveys showed that each of the Boards need to respond differently and provide CPD content, newsletters and other output which meets the needs of an increasing international membership. The upgrade and launch of the new website in 2014 will assist our volunteers to create a wider range of CPD delivery methods and information to members wherever they are based.

Integrity

This year all of the Boards met with representatives from the Financial Reporting Council (FRC) to assist with a significant FRC project. This joint project with the IFoA, was established to review and identify risks involved in actuarial work which impacts on the public. This was a frank and open process involving broad ranging discussions with both parties finding the engagement very worthwhile and positive. This process was so successful that the FRC and the IFoA plan to repeat the process on a regular basis.

This kind of collaboration is an excellent example of the focus and input our Practice Boards have to the increasing presence of the IFoA and the environment in which the IFoA operates. In the Annual Report for the IFoA 2013/2014 you will see further evidence of the impact of volunteers in forming public policy, responding to consultations and engaging pro-actively in matters of public debate.

Progress

The IFoA is working closely with regulators to ensure our response to regulation and legislation is objective and appropriate. During the session, volunteers from our Life and General Insurance (GI) Boards worked in partnership to identify options for the regulation of actuarial roles under Solvency II. Their input from the practitioner's perspective is particularly valuable. This also involved key input from the Risk Management community as the regulatory world will impact on evolving practice areas.

The Pensions Board has worked closely to support the IFoA in its regular and increasing consultation responses, ongoing high level interaction with policy decision makers and in providing background and objective support for various government departments.

These interactions allow the Boards to represent their constituencies, they also help our regulatory team formulate policy which is appropriate and proportionate and is responsive to regulators expectations.

Life Insurance



The Life Board continues to represent its community as it prepares for the implementation of Solvency II and the key regulatory changes coming into force. The Board works with the IFoA to engage British and European regulators, policymakers and stakeholders at a high level, and as work commences on the development of global capital standards for insurers.



From above:
Alastair Clarkson,
Chair with
James Crispin,
Deputy

Solvency II and Global Capital Standards

The Board is playing a crucial role, along with Public Affairs and the Practices Team, in ensuring our members are well informed about how the new regime will affect them. In 2013/2014, the Solvency II Transition Working Party published its report with high-level recommendations across the IFoA. In addition, the Solvency II Current Issues Committee met regularly to advise on consultation responses, and the Education and Continuing Professional Development (ECPD) Committee planned two workshops on Solvency II, as well as a session at Current Issues in Life Assurance (CILA) in May.

The Life Board is collaborating to establish a mechanism to influence the development of global capital standards, identifying in March that this issue will likely grow in importance and profile. To this end, a cross practice working group of experts has been set up to take this forward in the next year.

Interaction with Regulators

In the past year, the Life Board has striven to enhance relationships with the regulators. Senior volunteers from Life continue to work with GI colleagues and the Presidential team to regularly attend meetings with senior representatives from the Prudential Regulation Authority (PRA) on key topics, notably the role of the Actuarial Function Holder in a post-Solvency II world.

Preparations for Solvency II also include work with the regulator on Early Warning Indicators and on Recovery and Resolution Plans. A subgroup was established to ensure IFoA input on this topic and they have responded to multiple consultations, holding a well-attended open forum in November that reviewed the impacts on UK insurers. Dialogue is also ongoing with the Financial Conduct Authority (FCA) on a regular basis. Representatives from the FCA joined the March Board meeting to discuss the thematic review of annuities and unit linked governance, and with profits regulation.

Working with Public Affairs, the Board is establishing a policy framework on annuities to help clarify the IFoA's position on this changing issue and respond to future issues. Following the Budget announcement, it has been involved in cross practice liaison to respond to the changes to the pensions environment.

Standards

The Life Standards and Consultations Sub-Committee has been active in updating standards due for review and in responding to both Life-specific and cross practice consultations. This session it has updated APS L1 and L2 with the help of General Counsel, and has responded to an increasing number of key consultations. In collaboration with the FRC, the Committee will be investigating the possibility of developing some additional technical but non-mandatory guidance, perhaps drawing to some extent on material previously issued by in the form of Guidance Notes. The Chairman of this Committee is the IFoA's representative on the International Board and International Actuarial Association (IAA).

Member-led research

The research output from member-led research working parties has increased in the past year. In total, there are 19 active working parties, with recently launched working parties in simulation and aggregation techniques and unit-linked fund structures. Interest in joining working parties has also increased, with many working parties recruiting more members spread across the globe, including in India and Malaysia. In September, the Extreme Events Working Party delivered a sessional paper, Difficult Risks and Capital Models, at an event co-sponsored by the Risk Management Board.

The Liquidity Premium Working Party also presented a working version of their paper, the Liquidity Premium in Life Assurance in May. In consultation with the Research Committee, working parties have also been exploring more interactive sessional formats. The cross practice Defined Ambition Working Party delivered a paper, Outcomes and Defined Ambition, at an interactive discussion evening in Edinburgh.

Education and Continuing Professional Development

In the education and continuing professional development (CPD) arena, the ECPD Committee reviewed the ST2 and SA2 syllabuses, and contributed to the annual review and update of the SA2 core reading. The Committee also completed a review of CPD provision for the 2013/2014 year and has taken steps to increase the variety and style of events available in person and online. Events will include workshops on with profits funds, credit risk, model documentation, annuities, product development, Solvency II, and the actuary of the future. CILA I was well attended, and there are plans to re-launch CILA II in September as a year-end workshop for senior actuaries. The Life Conference, the largest of all of the IFoA's conferences, took place in November in 2013 in Edinburgh with a keynote plenary delivered by Alastair Darling.

Newsletters are issued monthly and reach over 5,700 members in over 54 countries. Members can also stay informed via regular Life Board contributions to *The Actuary* magazine, with articles such as Longevity: The Final Frontier contributed by the Longevity Basis Risk Working Party.

Health and Care



The Health and Care (H and C) Board has continued to expand its influence and contribute to the output of the IFoA, particularly impacting on policy debate with a number of government departments and initiatives including the Department of Health (DoH).

The Board welcomed a new Chair at the start of this session and also appointed a new Deputy Chair. The growing importance and influence of this Board merited an updated structure of the Board and sub-committees, and a number of new volunteer appointments were made to populate the new structure. The Board now has representatives from Group Business and the International Board.



From above:
Jules Constantinou,
Chair with
Jamie Marshall,
Deputy Chair

International engagement

As the Practice with the largest percentage of constituents outside the UK, the Board has made real progress in engaging internationally. In February Board members agreed to conduct research into the top three to five key international regions where there is opportunity for better engagement with members by providing guidance, appropriate CPD and useful research outputs. The IAA is due to visit London in September 2014 and there may be an opportunity to engage with them in their areas.

Department of Health

The Board continues with its input and involvement with the DoH. A number of Board members and other volunteers continue to work with Public Affairs colleagues to provide input into the DoH Consultation on Caring for Our Future. In addition, the IFoA and Board members have been holding regular meetings with the DoH to discuss key areas of engagement, including representation on DoH working groups.

Education, CPD and research

The Board also established its first Education and Continuing Professional Development Sub-Committee (ECPD) to work closely with the Research Sub-Committee and Board members on expanding the CPD content and output for the H and C community. This will include looking at producing more content outside of the annual conference, including more cross practice events in areas like mortality and longevity, and product development and pricing.

The H and C Conference was held in May with an opening plenary session delivered by Norman Lamb, MP and the Chair of the H and C Board giving an update on the funding for social care. Other thought provoking plenaries were delivered by Dr Philip Smalley, from RGA International on Medical Advances: Opportunity or Threat, and a focus on customer engagement by Jo Causon, CEO of the Institute of Customer Services.

The Board has devoted time during this session to clearly identifying the key issues within the H and C community, this was an iterative process with the top five current issues being: ageing society; regulatory issues; the split between the public and private sector and the role of the employer, and public awareness/education. The Research Committee is renewing these issues and planning to launch new working parties in key areas in 2014.

Pensions



From above:
Jim Boyle,
Chair and
Martin Lowes,
Deputy

The Pensions Practice is also facing key challenges and changes in policy from regulators and government. The proposed changes to the legislative framework for pensions that emerged from the 2014 Budget statement, the Pensions Regulator's review of its guidance on scheme funding and the Pension Protection Fund's (PPFs) change to Experian from Dun & Bradstreet have been features of a landscape that was already changing shape in the context of employer duties/automatic enrolment, defined ambition, and changes to state pensions, including the imminent demise of contracting-out.

Defined Contribution

The important role that actuaries have in the operation of defined contribution (DC) pensions arrangements has been recognised by establishing a permanent Defined Contribution Sub-Committee of the Pensions Board. The initial task of this sub-committee was to help formulate the IFoA's response to a number of high-level consultations. Since then, the sub-committee has begun to develop research ideas, to consider issues for education/CPD and to influence conference content. This group has been instrumental in ensuring that the next Pensions Conference has a number of DC options in the programme providing members with the choice of a DC session whenever possible.

Working Parties

The Pensions Board has established a number of new working parties, including: Bond yields – Drivers and Determinants; Inflationary Protection for Pensions;

Defined Ambition; State Pension Age; and a working party that is addressing the general overview of inflationary protection in the context of UK pensions and investigation into the reporting of investment management charges in the UK occupational pensions space.

Consultations

The Consultations Sub-Committee (working with the assistance of the Defined Contribution Sub-Committee) has responded to eleven formal consultations with seven of these being for the Department for Work and Pensions (DWP). Some of the major consultations included: Quality Standards in DC Workplace Pensions, Reshaping Workplace Pensions for Future Generations; the Pension Regulator (tPR) Revised Code on Scheme Funding and an HM Treasury (HMT) paper on Freedom and Choice in Pensions.

Face-to-face meetings have taken place at a senior level with key legislators and regulators including FRC, PPF, tPR, HMT and DWP (including a private meeting with the Pensions Minister to discuss ideas in defined ambition).

The influence of Europe on pensions means that ongoing liaison with EIOPA and European regulators is important. During the year members of the Board travelled to Brussels to meet with the Rapporteur Pensions at the European Parliament. Responses were drafted to European consultation papers, including a discussion paper on sponsor support, technical specifications and a discussion paper on a possible single market for personal pension products.

International Board

Following discussions with the International Board, a member based in Hong Kong has joined both the Pension Board and the International Board to better understand the needs of members based further afield and working in the pensions area.

Education and CPD Sub-Committee

The Education and CPD Sub-Committee continues to assist the Education Board on developments in the practice area which impact on the examinations syllabus and the education needs of members. In 2014, the highpoints of the Pensions Conference were a plenary by Aubrey de Grey of Sens Research Foundation and Daniel Ryan of Swiss Re on how medical advances have influenced longevity in the past, along with expectations for the future; and a plenary on the Implications of Behavioural Finance for Pension Funds, their members' and advisors presented by Marcus Hurd of Buck Consultants, Iain Clacher of Leeds University and Steve Vernon of the Stanford Center for Longevity. The Defined Contributions Sub-Committee was a key contributor to five DC work streams including speakers which provided members a choice of DC sessions. A series of seminars will take place in the autumn drawing on highlights of the Conference and other current issues in Pensions.

Finance and Investment



The Finance and Investment (F and I) Board has had some senior appointment changes during this session and has gone on to implement a comprehensive succession planning process to ensure a new Chair and Deputy Chair will be in place in time for the new 2014/2015 session. The Board has also appointed a representative to the International Board.



From above:
Stuart Jarvis,
Chair with
Brandon
Horwitz,
Deputy Chair

Working Parties

Like other Practice Boards this session, the Board has reviewed and concentrated on increasing the number and output of working parties. In mid 2013, the Board sponsored a 'blue sky' brainstorming event to help explore and set the research agenda which informed the 2013 Conference, at which a number of new working parties were established to pick up the themes that emerged. These included Financial Repression; Pros and Cons of Solvency II Being Applied to UK Pension Schemes; Why Retire? Alternative Models to Pensions; Social Finance and Impact Investing; How and Why Actuaries get into Wider Fields; Disintermediation; the Likely Rise of Peer to Peer Investing and Alternatives Financing Models and Intangible Assets. Two of the new working parties, one from Finance and Investment and the second from the Pensions Practice, presented at the Risk and Investment Conference in 2014.

Risk and Investment Conference

The theme of the 2014 Risk and Investment Conference was 'The New Normal' and Professor Richard Werner, Southampton University, gave a

thought provoking plenary entitled The Rules of the Money Game. Other plenaries covered topics such as Bitcoins and Non-Standard Currencies and a panel discussion on Meeting the Needs of the Customer in the New Normal. There was a wide range of topics presented at the workshops including the Likely Rise of Peer to Peer Investing and Alternatives Financing Models and Intangible Assets.

The Board delivered a number of key events including, What is a Risk Free Rate held in October, which explored a number of factors that drive the rate curve such as: non-insurance regulation, politics and the economic environment.

The open forum on Dealing with Model Risks and Financial Regulation delivered a well-received discussion on the highly topical issue of model risk in financial regulation and how to prevent failure of models.

The Board also delivered an event on managing investment portfolios to maximise returns whilst investing responsibly. It looked at whether long term investment performance can be optimised not only for financial rewards but also for Environmental Social and Governance rewards.

Chief Investment Officer

A new Chief Investment Officer (CIO) initiative in this session aimed to promote this career path and help actuaries to move into similar roles by providing an increased profile and identifying the skills required. A CIO roundtable session bringing together a group of actuaries in CIO type roles was held followed by a breakfast roundtable for aspiring actuaries in CIO or equivalent roles. A feature article that will profile individuals in CIO or similar roles is planned for the *The Actuary*. It is also hoped that bringing together this cadre of CIOs will be a beneficial asset to the IFoA in its future initiatives in this area.

Consultations

The Board responded to a number of consultations which included one from the Law Commission on the Fiduciary Duties of Investment Intermediaries. The Board is currently preparing responses to the Banking Standards Review and to the Financial Standards Board (FSB), who are consulting on assessment methodologies for identifying non-bank non-insurer global systemically important financial institutions.

There are a number of Member Interest Groups (MIGs) which report to the F and I Board and during the session a number of new MIGs were established covering topics such as Mergers and Acquisitions, Liability Driven Investment and Financial Advisers.

The Banking MIG provided responses to consultations and the Non Executive Directors (NED) group held a very successful event in November 2013 entitled: Actuaries and the Board – the Position of the Supposed Expert NED. This MIG continues to develop ideas for supporting members with aspirations in this field.

Resource and Environment



The Risk Management Board and the R and E Board held a highly successful seminar in January 2014 entitled, Risk Management and Climate Change working with the Grantham Research Institute on Climate Change and the Environment from the London School of Economics. This was a fantastic joint Board initiative and was an excellent opportunity to strengthen links with leading academic research.

Limits to Growth Research

The Resource and Environment Board have continued to develop the Limits to Growth research that commenced in January 2013. The IFoA sponsored this research project to investigate the potential limits to economic growth over the next decade, arising from constraints on resources. The Resource and Environment Board has undertaken the task of further investigating these issues and identifying the major challenges the actuarial profession faces. The Board have circulated the draft summary of research to each Practice Board to gain an insight on how this issue should be addressed and potential implications on each practice area. Limits to growth have the potential to impact all areas of the actuarial profession and could present some major challenges in the future. The Resource and Environment Board will continue this research and keep a watching brief over the coming years.

Literature Review

The R and E Board has undertaken a third literature review, following those in 2010 and 2011. The principal focus of this project is to review academic research on the impact of the current financial system on the economy and to explore the potential implications for resource constraints and sustainability. Professor Richard Werner, Chair in International Banking, Southampton University, was retained as a co-editor for this review.

Research

The Board continues to identify new areas of research and ways to work collaboratively cross practice. In the new session, the Board will be hosting a strategic meeting to identify research priorities, now and into the long term future. One area that has already been identified is climate change. At the end of the 2013/2014 session, the Resource and Environment Board developed a Climate Change working party in conjunction with General Insurance. This working party will be fundamental and have a wide appeal across a number of practice areas.

Newsletters

The Board's monthly newsletter includes more details of all these activities and, in addition, commentary on developments in resource and environmental issues which have a potential impact on actuarial work. It is available to all members.



Following the impressive and impactful work of the Resource and Environment (R and E) MIG during the last session, Council agreed that this growing and important area would better serve the IFoA community as a Practice Board.

Development of the Board

Towards the end of 2013, the IFoA appointed the Chair and Deputy Chairs and a new Board was recruited. Its first meeting was held in January following an open networking evening in December to discuss the objectives and strategy for this new area. The Board has a cross practice focus, working and acting as a resource for CPD, research and conference output. This is an emergent and influential area for the profession and one which, over the years, will grow in importance.

Events and seminars

The Board has already had cross practice input, presenting at the Highlights of Life seminars in March and April. The Board's input was on the potential for resource limitations to impact future economic growth. The Board Chair attended the regular IAA Council and Committee meetings in Washington DC in late March, immediately followed by the Congress of Actuaries. At the June Pensions Conference the Board arranged a session on Corporate Social Responsibility. In addition, individual Board members have been involved in presentations to various forums, including student societies, the National Association of Pension Funds and actuaries working in the public sector.



From above:
Oliver Bettis,
Chair with
Paul Meins and
Claire Jones,
Deputy Chairs

General Insurance



In October 2013, the General Insurance Research Organising Committee (GIRO) organised the 40th GIRO conference in Edinburgh. The feedback highlighted the high quality of CPD provided to members.

Research Working Parties

New working parties include: Actuaries and Income Inequality; Directors and Officers Insurance; Getting Better Judgement; Investigating the Herd Mentality amongst Actuaries; Marine and Energy Pricing; Peril Based Reserving; Practising Ruin; Pragmatic Stochastic Reserving; Risk: Elephants in the Room; and The Good Actuarial Report.

**From above:
Colum D'Auria,
Chair with
Michael Tripp,
Deputy Chair**

The output of all GIRO working parties is extensive and research continues to increase. Recently the Periodic Payment Orders Working Party received funding for The Health Improvement Network (THIN) data strategic research. The Asbestos and Deafness Claims Working Parties continues to facilitate market data collection and investigate trends and claims in the UK. The Third Party Working Party's continue to be instrumental in the IFoA's horizon scanning exercise and continue to lead on GI related consultations.

International

In this session the GI community has strengthened links with other actuarial bodies around the world. The community has seen an increase in international members involved in GIRO working parties, including members from the Casualty Actuarial Society (CAS) who are now participating in two GIRO working parties. The GI Board, and its sub-committees are actively promoting international engagement and look forward to seeing an increased international membership within all its working parties.

Cross Practice Links

The Board continued to strengthen links with other Practice Areas including developing new connections with the Risk Management and R and E constituencies. The GI and R and E Boards will be collaborating on a joint working party focused on climate change which will be effective in the new session.

Consultations

The GI Board has engaged with the IFoA's Public Affairs Consultation Committee (PACC) to engage stakeholders to respond to consultations specific to GI actuaries. In July 2014, the GI Board contributed to the FCA's consultation regarding GI Add-ons.

Professional Standards Committee

The Professional Standards Committee was active in updating ethical and technical GI standards and took a key role in updating the APS G2 alongside General Counsel colleagues. The Committee continued to comment on draft Technical Actuarial Standards (TASS) produced by the FRC. The GI community is committed to developing strong links with the FRC, which during the session has resulted in greater dialogue and sophisticated interactions. There have also been high level discussions around internal actuaries and the implications of Solvency II.

Reserving Oversight Committee

The GI Reserving Oversight Committee (GIROC) established new working parties: Investigating the Herd Mentality Amongst Actuaries – exploring the psychology behind actuarial judgement and the impact on our industry of following the crowd; Peril Based Reserving – a new conceptual framework based on real world case studies to assist actuaries in pricing, reserving and capital; Reserving Practice Survey – extending the reach of the last year's surveys to encompass Board members.

Education and Continued Professional development committee

The ECPD Committee developed four key general insurance seminars including, Current Issues in General Insurance (CIGI), pricing, reserving and capital modelling. All of these sessions hosted high calibre speakers and received positive feedback from delegates. In education, the Committee reviewed the core reading materials, in particularly ST7 and ST8.

Policy

Senior volunteers have been active in key policy issues on behalf of the IFoA, with some highlights including participating in the Transport Select Committee's call for evidence on reducing the number and cost of whiplash claims. There was participation in the Ministry of Justice (MOJ) Damages Act 1996: the discount rate review of the legal framework and also the DoH Health Care and Associated Professions (Indemnity Arrangements) Order 201. GI volunteers were also involved in the DEFRA Water Bill publication of draft clauses and looking at insurance in areas of flood risk. The Board and Professional Standards Committee have been involved in the regulation of actuarial roles under the Solvency II regime consultation that was released by the IFoA in April.

The Board regularly contributes to *The Actuary* magazine to keep members informed of important general insurance issues which have an impact on the overall profession. The GI contributions over the last session have been diverse and have investigated such topics as whether natural disasters could account for more losses than ever before, roles in the ever-changing motor insurance market and, the unintended consequences of the Water Bill's flood insurance obligation.

Member Interest Groups

The General Insurance Micro Insurance MIG has been used as a consultative body for an IAA paper titled Addressing the Gap in Actuarial Services in Inclusive Insurance Markets. The MIG also helped to promote a teaching opportunity in Mongolia, all contributing to a sense of international community. The Micro Insurance MIG continues to obtain a high interest from both UK and international members and currently has a membership of 246.

The GI community saw the development of a new MIG late in 2013, Actuaries of Smaller Insurers which acted as a sounding board for actuaries in smaller firms without the support of a large actuarial function.

GI Strategy

Moving forward into the next session, the GI Board are taking a fresh look at the strategic direction for the increasing number of IFoA members whose main practice area is general insurance. The Board hosted two brainstorm evenings that were open to all members, and in the event some 20 senior actuaries took part.

The GI Board have identified areas that will be investigated including, but not limited to cyber risk, customer transparency, globalisation, big data/data science, underwriting, and broking. An enormous set of opportunities lies before the GI Board and its constituency which in turn over the next session will be developed to influence education, professional standards, CPD, research and conference/seminar programmes.

Over the next session a number of 'big' questions would be tabled and discussed at the GI Board meetings in order to help shape proposed future developments. Examples include what is the general insurance actuarial role in financial modelling/data science, do actuaries need to find a way of being seen as more entrepreneurial (less risk averse), how should actuaries collaborate globally. The GI Board will be investigating the key topics of relevance to the profession and utilising these for their strategic priorities going forward into the next session.

Newsletters

The GI newsletters are issued monthly and reach over 3,123 members in the UK and abroad. The newsletter includes details of the Boards' activity in addition to commentary on developments with general insurance issues which have an impact on the overall profession.

Risk Management



From above:
Andrew Hitchcox,
Chair with
Marcus Bowser,
Deputy Chair

The Risk Management (RM) Board has a cross-practice remit and has been tasked with delivering the ERM Strategy agreed by Council in 2011. The main aim is to provide assistance to those actuaries throughout the profession who wish to take up or pursue further careers in risk management, including where they remain working in their core practice area. The Board has developed a focussed work plan and is beginning to deliver on specifically identified initiatives. In addition, it is exploring ways of developing working relations with other RM bodies such as IRM, AIRMIC and PRMIA.

Research output is key to the delivery of this strategy. Current research topics include: Design of the Risk Function; Emerging Risks; Model Risk; Operational Risk; Proxy Modelling, Extension Implementation Risk Reporting, Risk-Based Profit and Loss Attribution. There is also a cross practice initiative being developed with the F and I Board to study the risk and returns on infrastructure projects from the view of long-term investors.

FRC New requirements for risk management and risk reporting

The Board created an FRC and Risk Reporting Working Party in response to the consultation paper issued by the FRC on new requirements for risk management and risk reporting by major listed companies. The changes will present an exciting opportunity for actuaries to help all listed companies – not just those in the financial services sector – to meet the challenges

that will arise. The Working Party is taking forward a range of activities including research with Chief Financial Officers and Chief Risk Officers to access the expected impact and to increase awareness of the potential contribution actuaries could make in this area.

Actuaries and Civil Engineers – Joint Risk Management Initiative

Over the last 20 years the UK actuarial profession and the Institution of Civil Engineers have had a joint initiative on risk management (RAMP – Risk Analysis and Management for Projects), which has established our credibility for risk management outside the financial services field and resulted in key publications, including the recently published third edition of RAMP – Risk Analysis and Management for Projects.

Members of the Board have been involved in a new working party established by the IFoA's Regulation Board to help prepare a consultation on possible solutions to regulation of roles performed by members under the Solvency II regime.

The Risk and Investment Conference

The Risk and Investment Conference was held in Glasgow. The Conference, which attracts actuaries from the RM and F and I communities, aims to bring together the most up to date thinking and relevant speakers over three days. The theme of this year's Conference was 'The New Normal'.

The ECPD committee

The ECPD committee continues to support content for events, workshops and conference materials, offering both RM specific sessions and a number of cross practice events as well as supporting the profession's ERM Strategy with initiatives such as helping people interested in a risk career.

Chartered Enterprise Risk Actuary

In education, the triennial review of the IFoA CERA provision was very positive and we have had our provision reapproved for another three years.

In January 2014 the IFoA announced the members who have been awarded the CERA qualification under the Verifiable Experienced Practitioner route. A CERA celebration took place in May. There are now over 2,000 CERAs worldwide, of which approximately 260 are UK based. In helping to promote the qualification, the IFoA was successful in their 'bidding' for taking the lead with the marketing and branding on behalf of the CERA Global Association (CGA).

Community

The Board is very active in getting the message out to their constituency. In addition to the regular newsletter issued every six weeks, the Board regularly contributes to *The Actuary* magazine, responds to consultations and supports a risk management CRO actuarial group who meet regularly to support the profession in the development of actuarial work in ERM.

Other Volunteer Activity



Women in the Actuarial Profession Working Party

This Working Party was formed specifically to look at whether the actuarial profession, in line with many other professions, demonstrates appropriate representation of women in senior positions and if not, propose recommendations to address the issues raised.

The Working Party is developing more in-depth research and comparisons. Three conference presentations are planned for 2014, Life, R and I and GIRO, together with one networking event and charity events being organised in partnership with the Women's Insurance Network.

Funeral Plans MIG

A new Funeral Plans MIG was formed during this session which developed from the valuable work of the well established Funeral Plans Working Party.

The group was set up to support actuaries and others, such as trustees, with an interest in pre-paid funeral plan trusts (FPTs) as this is a very small and niche area but still a community which the IFoA, through its volunteers, is engaging with and supporting.

The MIG's aim is to support actuaries working on pre-paid FPTs and provide CPD and professionalism opportunities and events to actuaries in this field and to share developmental resources and experience to support their community.

Volunteer Induction Pack (VIP)

In January, the IFoA launched its Volunteer Induction Pack (VIP). This new online resource was created to provide information and support to the 3000+ members who actively participate in IFoA activities. Part of our strategy is to ramp up our relevance and through member support we want to ensure that we are a world class global membership organisation. As part of this, the VIP has been created. It has been created in response to member feedback and with the support and input of members.

It is available to all members and can be found on our website: <http://www.actuaries.org.uk/members/pages/volunteer-induction-pack-vip>

Volunteering with the IFoA

Our volunteers are the 'life blood' of the profession and we rely on them in many areas of our work. We now have an open and transparent process for recruiting volunteers into all roles available and this is attracting increasing numbers of volunteer applications. We encourage you to consider volunteering to support our work and as a part of your overall career development. Roles are advertised on the volunteer vacancy website pages: <http://www.actuaries.org.uk/members/pages/volunteer-vacancies>



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