

**COUNCIL MEETING, INSTITUTE AND FACULTY OF ACTUARIES  
MINUTES**

<b>Date</b>	<b>19 October 2016</b>
<b>Start Time</b>	<b>09:30</b>
<b>Finish Time</b>	<b>16.30</b>
<b>Place</b>	<b>Double Tree Hilton, 92 Southampton Row, London, WC1B 4BH</b>

**Council Members present:**

Colin Wilson	President and Chair
Chantal Bray	Mark O'Reilly*
Kelvin Chamunorwa	Martin Potter
Deborah Cooper	Louise Pryor
Jules Constantinou	Alan Rae
Charles Cowling	Edwin Sheaf
Stephen Cunningham	Matt Saker
Colum D'Auria	Hilary Salt
Marian Elliott*	Malcolm Slee
Andrew Hitchcox	John Taylor
Keith Jennings	Elliot Varnell
Patrick Lee	Haijing Wang*
Fiona Morrison	Alan Watson
Marjorie Ngwenya	

\* By telephone.

**In attendance:**

Derek Cribb	IFoA, Chief Executive	
Clifford Friend	IFoA, Director of Education	
Ben Kemp	IFoA, General Counsel	
Anne Moore	IFoA, Director of Operations	
Paul Reynolds	IFoA, Director of Public Affairs	
Kristel van der Meijden	IFoA, Assistant Corporate Secretary	
Alan Whalley	Chair, IFoA Management Board	
Des Hudson	Chair, IFoA Regulation Board	Item 7 only
Mike Kilgour	IFoA, CRO and Head of Corporate Planning	Items 5, 6, 7 and 10 only

**PART I – INTRODUCTION AND PROTOCOLS**

**1. WELCOME AND APOLOGIES**

The President welcomed attendees to the second Council meeting of the 2016 – 2017 session and in particular new member of Council Chantal Bray. There were apologies from Council members Andrew Slater, Ellen Yang, Cynthia Yuan and Feifei Zhang. The Corporate Secretary, Kimberley Russell, had also given her apologies. In her absence the

Chair welcomed Assistant Corporate Secretary, Kristel van der Meijden, to her first meeting.

Haijing Wang held the proxy vote for Cynthia Yuan and Feifei Zhang. Marjorie Ngwenya held the proxy for Marian Elliott for items considered in her absence in the late afternoon.

## **2. REGISTRATION AND DECLARATION OF INTERESTS**

Council acknowledged, to some extent, that most, if not all, members of Council had a conflict of interest in respect of Agenda Item 6. During discussion, Council was accordingly reminded of the duty to act in the best interests of the IFoA. No other declarations of interests were made.

## **PART II – SPECIFIC ITEMS**

### **3. PRESIDENTIAL UPDATE – FUTURE STRATEGIC TOPICS**

Conscious of the desire to focus the time and efforts of Council on strategic matters, the President highlighted (on the agenda and the Future Agenda) items of a strategic nature which included Agenda Items 4, 7 and 10 and also for Council's future attention topics related to the IFoA's international vision, longer term financial strategy, global education standards and horizon scanning relative to the IFoA's strategy. Separately, the President acknowledged the request by Council members that papers to Council continue to be as succinct as possible, and thanked Council for their support in acting as ambassadors for the IFoA and its new strategy.

The President thanked Council for suggestions for agenda items given to date, and welcomed any further recommendations.

### **4. COUNCIL COMPOSITION PROJECT**

The President introduced Paper 82 16. Kelvin Chamunorwa, Malcolm Slee and Colum d'Auria thereafter each highlighted some of the key points arising with regard to some of the options for the future composition of Council and possible pros and cons. The proposals presented to Council were deliberately set at a high level to stimulate discussion.

In addition to the retention of status quo – i.e. no major changes to the composition and membership, or electoral processes – the following had been identified as possible options:

- The introduction of a nomination filter whereby candidates for Council would not automatically be placed on the election slate but would firstly undergo a prescribed selection process – those selected thereafter being put forward to a members vote.
- New “constituencies” created whereby candidates for Council would be elected through a relevant constituency be that practice, geography, or other demography.
- Use of a hybrid electoral model blending a fully elected system and an element of selection.
- A fully “appointed” system whereby all members of Council would be selected.

In discussion, it was acknowledged that no single electoral model would operate perfectly and, as such, it would be important for Council to identify, and prioritise the relative importance of the aims it would hope to achieve. Possible objectives identified may be to retain a democratic process, reflect the IFoA's current or likely future membership, or ensure an appropriate balance of skills and experience.

In doing so, many members of Council expressed a view that the retention of a democratic election process was of considerable importance. While there were other opposing views a preference was, accordingly, expressed by some for the continuation of the status quo. Council, however, identified that the current system was not perfect and particularly limited the ability to reflect the rapidly changing landscape of the IFoA's membership. Council also perceived a lack of engagement between Council and the membership.

On that basis, a good number of Council members could see merit in the introduction of methods designed to improve engagement and representation. Possible methods identified included (a) the use of constituencies (as an overlay to the existing model), (b) assigning particular roles to members of Council as "representatives", (c) presidential statements encouraging members of particular sub-sets of the membership or with particular desirable skills to stand for election, and/or (d) greater use of the right to co-opt. In this connection Council also explored the involvement of student members (or the representation of their future interests in some way) and lay individuals, and a member of Council asked that the question of voter eligibility is considered.

Council also explored whether the existing electoral processes are structured to deliver the diversity of skills and experience required for Council to fulfil its function and felt comfortable that the attendance by an experienced Executive team and Council's ability to invite experts to attend Council would mitigate any concerns regarding a diversity of skillset. While that may be the case for Council, views were, however, expressed by some regarding the importance that Management Board (**Board**) comprises a diversity of skills and experience.

Lastly, and separately, in reply to a view expressed by a member of Council to the contrary, the President reminded members of Council of the role of the IFoA in acting in the public interest as set out in the IFoA's Royal Charter.

Council discussed next steps and agreed that the Taskforce consider how better to engage and represent the membership. Simplicity was emphasised as an important factor. Consideration of the size of Council was also felt important.

It was recognised that next steps may, or may not, utilise some aspects of the options set out in Paper 82 16.

Paper 82 16 noted and steer provided.

## 5. KEY ISSUES DISCUSSED BY MANAGEMENT BOARD

The President welcomed Mike Kilgour to the meeting.

Alan Whalley highlighted key issues arising at Management Board (**Board**) since the Council meeting held on 20 July, 2016. The following items were noted by Council:

- The special risk projects commissioned by the Board had been progressing well and a workshop held in early October. Further work would be undertaken and reported to Council in February 2017.

**Action 1 – M Kilgour**

- Pursuant to confidential discussions at Council over some time, CAA Global Limited had been incorporated as a not-for profit, public interest joint venture entity with the Society of Actuaries to deliver and promote the Certified Actuarial Analyst. Further to a note circulated to Council on 18 October, Ben Kemp provided to Council a high

level summary of the agreement which had been agreed between the IFoA and the Society of Actuaries. The joint venture had remained substantially faithful to the principles agreed in recent months by Council, except in respect of the following two points which were agreed as non-material. Firstly, CAA Global Limited had been set up as a company limited by shares (as opposed to guarantee), to allow flexibility in its operation. Secondly, the company would not play an interim role in regulating qualified Certified Actuarial Analysts, but instead a condition would be introduced that a Certified Actuarial Analyst be a member of an association accredited for the purpose with CAA Global Limited. Formal thanks were extended to all those involved in the negotiation, establishment and launch of CAA Global Limited.

- In reply to a question from a member of Council, Alan Whalley clarified that the non-Executive members of the Board had been consulted on recently implemented proposals to restructure some of the functions of the IFoA's Executive to achieve efficiency gains – including having sight of a report prepared some twelve months prior by a third party consultant.

## **6. UPDATE ON GOVERNANCE REVIEW**

Alan Whalley introduced Paper 83 16 and provided a high level summary of the proposals for Council's consideration. The recommendations were largely made based on best practice guidance from the Financial Reporting Council and with a view to allowing Council greater time to focus on strategic matters and Board effectiveness.

Alan Whalley further brought to Council's attention for information some amendments to the IFoA's governance framework which had been approved by the Board in August; such areas being within the authority of the Board to implement.

Council were reminded that some of the proposals, if so approved, would need to be subject to a member vote and potentially Privy Council approval.

With regard to some of the specific recommendations, Council approved the recommendation to make a minor amendment to the Board's Terms of Reference to clarify that the Board had no authority to approve, or otherwise, the appointment of the Scottish Leader. Council could also see merit in the recommendation to relax the requirement in Bye-law 23 for the Leader of the Scottish Board to be a member of the Board. They did so recognising that the Scottish Constituency within Council would progressively reduce and the significant time commitment needed to be the Scottish Leader, a member of Council and a member of the Board. A few members of Council, however, expressed some reservation regarding the structure of the Board if Bye-law 23 was to be relaxed and, particularly, the extent to which the Scottish Board would retain a presence on the Board.

It was, therefore, concluded that further steps would be taken to gather the views of all members of the Council out of meeting, prior to any recommendations being agreed.

**Action 2 – Alan Whalley  
Corporate Secretariat**

Paper 83 16 noted and steer provided.

## **7. FUTURE OF ACTUARIAL REGULATION**

This agenda item would be minuted separately as a confidential item of these minutes.

## **8. FEEDBACK ON EXTERNAL SPEAKER**

Council discussed the presentation provided by Martin Clarke, Government Actuary, on 18 October 2016. Council recognised the value of early engagement with Government and the strong shared interests, in many respects, between the IFoA and the Government Actuary's Department (**GAD**). Council further acknowledged the potential for cross fertilisation of relationships for both parties and echoed Martin's view that actuaries and their value are best promoted holistically by examples, as opposed to conceptually trying to articulate what actuaries do. The President recorded his formal gratitude to Martin Clarke in providing the presentation particularly at short notice.

## **9. UPDATE ON THOUGHT LEADERSHIP**

The President provided an update on his presidential theme of Thought Leadership. The President encouraged thought leadership to be seen more broadly than technical research to encapsulate the dissemination and publicity of the IFoA's thought leadership, with the aim of the IFoA being a 'go to' body for decision makers and influencers. Discussions had been held with a Taskforce. In terms of outputs, the DELTA magazine would be one mechanism to disseminate thought leadership and its remit and distribution could be extended, for example to employers. Focussed round-tables had also been identified as another mechanism. With regard to content, topics such as intergenerational fairness, BREXIT and the future of Defined Benefits schemes had been identified. The President encouraged members of Council to share out of meeting both (a) any potential stakeholders not already targeted by the IFoA, and (b) any content suggestions.

## **10. CHALLENGES FOR THE PROFESSION IN THE NEW ECONOMIC REALITY**

Council member Andrew Hitchcox led a discussion with regard to the challenges and opportunities for the actuarial profession in the new economic reality – for example, trends such as the low interest rate environment and the impact of BREXIT. Members of Council in discussion identified potential issues and areas for further exploration by the IFoA. Suggestions included, for example, case studies of others who have operated in a low interest economy.

All suggestions and comments made by Council would be shared with the Policy and Public Affairs Committee and the Research and Thought Leadership Committee to consider in greater detail and prioritise areas of focus.

**Action 3 – Paul Reynolds  
Corporate Secretariat**

The President noted that the CRO should be kept informed on any risks to the IFoA, as a result of the challenges to the profession.

Paper 85 16 noted and steer provided.

## **11. UPDATE ON THE ACTUARIAL PITCH**

Fiona Morrison provided an update on the status of the Actuarial Pitch i.e. a means by which to demonstrate the value of the actuarial skillset. In essence, the IFoA would work with an artist and script writer to produce a video as a mode of communication. Input from members of Council would be welcomed in due course. It was hoped that the video would be available by June 2017.

## **12. REPORT FROM THE NOMINATIONS COMMITTEE**

Fiona Morrison highlighted key matters arising from Paper 86 16, which included an outstanding vacancy for the Awards Committee.

Council subsequently approved that Alan Watson join the Awards Committee.

Council further approved the Task and Person Specification for President 2018 - 2019, subject to three minor amendments, and the selection process for president-elect to be used by the Nominations Committee and Council for the 2016 – 2017 session. In this connection, Council also agreed to disclose only to the presidential candidates on request the number of votes obtained per candidate standing for presidency. This option had been preferred to strike a balance between disclosure and privacy for those candidates preferring not to have the number of votes shared openly.

Members of Council would be contacted on a one-to-one basis, prior to them being asked to submit their presidential nomination forms.

All those present and voting by proxy voted in favour of all items set out in Paper 86 16 which required a vote.

Paper 86 16 approved.

## **PART III - GOVERNANCE**

### **13. ITEMS APPROVED BETWEEN MEETINGS**

The following items had been approved by Council between meetings (i.e. since the Council meeting held on 20 July, 2016):

#### Draft Minutes:

Draft minutes of the Council meeting held on 20 July, 2016, and the minute of the confidential meeting held on that same day. There had been no votes against and no abstentions.

#### Appointment to the Audit and Risk Committee:

By a majority vote, eighteen members of Council had voted in favour to appoint Council member, Alan Rae, as a member of the Audit and Risk Committee with immediate effect, for a period of three years, subject to being a member of Council. There were no votes against and one abstention.

#### Appointments to the Nominations Committee:

By a majority vote, nineteen members of Council had voted in favour to appoint Council member, Kelvin Chamunorwa, as a member of the Nominations Committee with immediate effect for a period of three years, subject to being a member of Council. There were no votes against and no abstentions.

By a majority vote, twenty members of Council had voted in favour to appoint Council members, Marian Elliott and Haijing Wang, as members of the Nominations Committee, with immediate effect for their remaining tenure as members of Council. There were no votes against and no abstentions.

#### Appointment to the Research and Thought Leadership Committee

By a majority vote, nineteen members of Council had voted in favour to appoint Council member, Feifei Zhang, as a member of the RTLC with immediate effect for his remaining tenure as a member of Council. There were no votes against and no abstentions.

#### **14. ACTION LIST**

The actions included on the action list were noted, except as undernoted.

##### Possible Spectator System (Action 2, 20<sup>th</sup> July 2016)

The President clarified that, further to consideration, it was not recommended that a spectator system be introduced. The key objective would be one of member engagement and steps would be taken to include a quarterly item in the Actuary magazine to raise awareness of Council and its activities.

**Action 4 – Paul Reynolds  
Corporate Secretariat**

Council agendas would also be made available.

Paper 87 16 noted.

#### **15. FUTURE AGENDA**

In addition to some of the items noted under Agenda Item 3, the items included on the future agenda and the forthcoming schedule of events were noted. The President clarified that the Autumn Lecture would be held on 7 December and Spring Lecture on 27 April 2017.

Paper 88 16 noted.

#### **PART IV – BRIEFING PAPERS**

#### **16. REPORT FROM THE POLICY AND PUBLIC AFFAIRS COMMITTEE**

Council noted a report from the Policy and Public Affairs Committee which set out, in high level terms, the public affairs activity undertaken in recent months. The President recorded his personal thanks to the public affairs team for their efforts in recent months.

Paper 89 16 noted.

#### **17. REPORT FROM THE RESEARCH AND THOUGHT LEADERSHIP COMMITTEE**

Council noted a report from the Research and Thought Leadership Committee which provided an update on the implementation of the Actuarial Research Centre and the development of a future research programme. In particular, although not without risk, the member reaction to the IFoA's commissioned research programme established under the ARC had been positive thus far. External funding had been, and would continue to be, sought for the programme.

Paper 90 16 noted.

## **18. REPORT FROM THE AWARDS COMMITTEE**

Council noted an update report from the Awards Committee. In addition, the following recommendations were approved by Council – all members present and by proxy having voted in favour:

- the following paper be awarded the Geoffrey Heywood Prize:

*“Bias, Guess and Expert Judgement in Actuarial Work”*

Authors: The Getting Better Judgement Working Party: E. Tredger, J. Lo, S. Haria, H. Lau, N. Bonello, B. Hlavka and C. Scullion.

- to not award the Peter Clark Prize to any of the papers nominated for consideration, albeit two papers had been given a high commendation by the Awards Committee.

Paper 91 16 noted and approved.

## **19. DEATH ANNOUNCEMENTS**

Council noted the names of the members who had died in recent months.

Paper 92 16 noted.

## **PART V – ANY OTHER BUSINESS**

### **20. ANY OTHER BUSINESS**

A Council member asked for an update on an educational matter which had been brought to his attention. The Director of Education provided an update to Council. The President provided his assurances to Council that the matter was in hand by the Executive.

### **21. NEXT MEETING**

The next meeting of the Council would be held on 23 February 2017 in Edinburgh. The meeting will be preceded by dinner on the evening of 22 February.

### Schedule of Actions

<b>Item</b>	<b>Action</b>	<b>Member</b>	<b>When</b>
5	1	Mike Kilgour	30 January 2017
6	2	Alan Whalley Corporate Secretariat	30 January 2017
10	3	Paul Reynolds Corporate Secretariat	30 November 2016
14	4	Paul Reynolds Corporate Secretariat	30 January 2017