

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

<b>Date</b>	<b>20 July 2016</b>
<b>Start Time</b>	<b>09:30</b>
<b>Finish Time</b>	<b>16.30</b>
<b>Place</b>	<b>Staple Inn, High Holborn, London, WC1V 7QR</b>

**Council Members present:**

Colin Wilson	President and Chair
Kelvin Chamunorwa	Alan Rae
Jules Constantinou*	Matt Saker
Charles Cowling	Hilary Salt
Stephen Cunningham	Andrew Slater
Colum D'Auria	Malcolm Slee
Marian Elliott	John Taylor
Andrew Hitchcox	Elliot Varnell
Keith Jennings	Haijing Wang*
Patrick Lee	Alan Watson
Fiona Morrison	Cynthia Yuan
Marjorie Ngwenya	Feifei Zhang
Mark O'Reilly*	
Louise Pryor	

\* By telephone.

**In attendance:**

Derek Cribb	IFoA, Chief Executive	
Clifford Friend	IFoA, Director of Education	
Ben Kemp	IFoA, General Counsel	
Memoria Lewis	IFoA, Membership Director	
Anne Moore	IFoA, Director of Finance and Operations	
Paul Reynolds	IFoA, Director of Public Affairs	
Kimberley Russell	IFoA, Corporate Secretary	
Alan Whalley	Chair, IFoA Management Board	
Des Hudson	Chair, IFoA Regulation Board	Items 8 – 9 only
Mike Kilgour	IFoA, CRO and Head of Corporate Planning	Item 5 only
Suzie Lyons	IFoA, Head of Adjudication	Items 8 – 9 only
Richard Purcell	Volunteer Editor, The Actuary	Item 6 only
Peter Tompkins	Prior Volunteer Editor, The Actuary	Item 6 only

## **PART I – INTRODUCTION AND PROTOCOLS**

### **1. WELCOME AND APOLOGIES**

The President welcomed attendees to the first Council meeting of the 2016 – 2017 session and in particular the new members of Council able to attend: Colum D’Auria, Alan Rae, Matt Saker, Hilary Salt, Andrew Slater, John Taylor and Alan Watson. The other new member Chantal Bray sent her apologies due to a pre-arranged commitment. In addition, there were further apologies from Council members, Deborah Cooper, Martin Potter, Edwin Sheaf and Ellen Yang. The President held Deborah Cooper’s proxy vote. Council members Kelvin Chamunorwa and Jules Constantinou were present at the meeting from approximately 12.30 hours. The President-elect, Marjorie Ngwenya, held the proxy for Kelvin Chamunorwa and the President for Jules Constantinou (during their absences). Council member Hilary Salt left the meeting at approximately 10.30 hours due to a pre-arranged commitment. Prior to her departure Hilary provided her vote for Agenda Item 9 to the Corporate Secretary.

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

Patrick Lee declared that he had, personally, used the Independent Examiner process, with regard to Agenda Item 9. Furthermore, Patrick Lee expressed a conflict in regard to Agenda Item 17 and excused himself from the meeting at that time. No other declarations of interest were made. Those members new to Council present had been asked to complete a declaration of interests form, prior to the meeting.

### **3. PROTOCOLS AND WAYS OF WORKING**

#### **(Including the Review of Council’s Effectiveness 2015 – 2016)**

##### Protocols and Ways of Working

The President emphasised the importance that Council, and its individual members, are able effectively to discharge their formal duties. Certain protocols and ways of working would, accordingly, apply to the operation of Council. The protocols expressed in Paper 58 16 would apply in addition to the more formal rules and procedures put in place under the IFoA’s governance framework. More specifically, the President sought the views of Council with regard to the possibility of “pairing” May 2017 Council with the IFoA’s Hong Kong conference as a twin-centre event. While doing so would create a greater pressure on the timetable for the audit of the IFoA’s financial statements, Council were supportive provided the programme for the conference would (a) not directly overlap with the Council meeting and (b) deliver value for money.

Council acknowledged that suitable arrangements would be required to ensure the efficiency of the audit timetable, including, potentially, a temporary delegation of authority to Management Board (**Board**).

A more detailed proposal would be developed and shared with Council for information.

**Action 1 – C Wilson  
K Russell**

Separately, the President sought to address the question of possible “observers” at Council. In doing so, Council noted the distinction between “observers” with a participatory status, and more general “spectators” (not having a right of audience). Council agreed that the former category i.e. the participation of a specific individual may be useful, from time to time, to provide, for example, specialist input on a particular topic. Council further agreed that such observers should be occasional (not permanent) and on the invitation of the

chair. Separately, Council could see merit in more general spectators, for example, as a means of improving engagement with the membership but acknowledged doing so would have the potential to impact on the operation of Council business. Further consideration would, therefore, be given to how a system for spectators could operate, in addition to the practical options for the publication of papers and other reports submitted to Council.

**Action 2 – C Wilson  
K Russell**

Paper 58 16 noted.

#### Review of Council's Effectiveness 2015 – 2016

Fiona Morrison, Immediate Past President, highlighted key issues arising from the following three surveys undertaken to assess Council's effectiveness:

1. members of Council only,
2. Chairs of the IFoA's main Boards and Committees, IFoA Chief Executive and Executive Directors and a pool of six Senior Managers, and
3. the 400 Club.

Council were pleased that the overwhelming majority of areas explored had improved, including the effectiveness of Council dynamics and processes. The size and composition of Council continued to receive the lowest score of all the dimensions explored. While the working relationship between Council, the Board and the Executive had received positive scores, Council observed the continued need to take steps to address any concerns related to the accountability of the Executive and were reminded to contact Alan Whalley, the Chief Executive and/or the Corporate Secretary should any concerns arise.

Council also recognised the need to improve its visibility and profile with internal and external stakeholders (the earlier publication of minutes and forthcoming topics on Council's agenda being relatively easy improvements for increased engagement).

The focus on strategy during the 2015 – 2016 session had been positively received by Council. Members of Council expressed a wish for the focus to remain on strategic matters insofar as possible, with potential increased delegation of "operational" matters to the Board (and for consideration to be given to how strategic matters are debated). Members of Council were asked to contact the Corporate Secretary with any suggestions for the future agenda.

Separately, some members of Council questioned the value and methodology of the surveys. While the scores were helpful in some respects as a year to year comparator, some members of Council felt an external qualitative assessment may be better placed to identify steps for improvement. The use of a third party would be considered.

**Action 3 – C Wilson  
K Russell**

Paper 59 16 noted.

## **PART II – SPECIFIC ITEMS**

### **4. MANAGEMENT BOARD**

#### **(Including Review of Management Board’s Effectiveness 2015 – 2016)**

Alan Whalley highlighted key issues arising at the Board since the Council meeting held on 1 and 2 June, 2016. In particular, Council noted an update with regard to the Certified Actuarial Analyst (the discussion minuted separately as a confidential item of these minutes). Separately, Alan encouraged members of Council to attend a quarterly Board meeting as an observer.

#### Review of Board Effectiveness 2015 – 2016

Alan also highlighted key issues points from the responses provided by stakeholders to the following three surveys:

1. members of the Board and Executive Directors,
2. all Council and Chairs of IFoA’s boards and committees,
3. the 400 Club.

Overall the results had been positive and were reflective of the average ratings given in 2015. However, while the Board believed it creates a culture of accountability, the surveys had identified a need for the Board to continue to take steps to address some concerns raised by respondents with regard to (a) oversight of the operation and management and (b) holding the Executive accountable. In that respect, an additional closed session for the non-Executive members of the Board would become a standing item on the Board’s annual agenda. Alan, however, emphasised the need for the Board (and indeed Council) to challenge itself to be more disciplined in its prioritisation and expectations of the Executive, recognising the limit of the depth of resource available and the relative complexity and size of the board and committee structure.

Some members of Council expressed a concern regarding the (lack of) interconnectivity between the Practice Boards and Council – fewer members of Council now seemingly sitting as members of a Practice Board (and vice versa) than in previous years – and the (ineffectiveness of the) board and committee structure (20 being seen as too many). Alan clarified that topics such as cross practice collaboration, the Practice Board structure (and scope to streamline) and Practice Board involvement in the delivery of the Strategy would be considered, amongst other topics, at the forthcoming Practice Board Away-Day (led by Alan).

A Council member questioned the appropriateness of the structure and composition of the Board, referring to the recommendations of the Higgs Report of 2003. The majority of members of Council had, however, felt the Board composition appropriate (as per one – to – one feedback provided during interviews with Alan).

#### Board’s Objectives for 2016 – 2017

Council approved the Board’s objectives for 2016 – 2017, subject to the addition of ensuring constructive challenge of the Executive.

Paper 31 16 approved.

Appendix C of Paper 60 16 approved, subject to amendment.

## 5. RISK APPETITE AND RISK MANAGEMENT FRAMEWORK

The President welcomed Mike Kilgour to the meeting.

Mike Kilgour provided an overview of the status of the IFoA's Risk Management Framework, risk activity undertaken in recent months (for example, an internal audit of the Framework and clarification of the risk tolerance statements, as requested by Council), the current key strategic and operational risks, and the introduction of a horizon scanning register. Mike (and the Board) believed that the Framework and risk processes were operating effectively, not requiring amendment. While Council were largely comfortable that the risk processes had improved, some questioned the disproportionate level of detail and processes in the framework. Council, however, endorsed the overall approach being taken and a number of suggestions for further improvement were made. These largely focussed on how to simplify, and continue to embed, the Framework. For example, questions were raised about the (a) distinction between risk appetite and risk tolerance, (b) demonstration that risk is embedded in strategic debate (at Council meetings and elsewhere), (c) possible gaps in the strategic risks (for example, oversight of the Executive and consequences of international expansion), (d) the connectivity between risks, and (e) whether the Framework drives the most appropriate and meaningful outputs.

Separately, it was suggested that Council should spend time at a future meeting considering any additional risks to or arising from the refreshed Strategy.

**Action 4 – M Kilgour  
K Russell**

Paper 61 16 noted and steer provided.

## 6. The Actuary Magazine

The President welcomed Richard Purcell and Peter Tompkins to the meeting.

Richard clarified that the continuity, quality and member satisfaction with The Actuary had been maintained since transition to the IFoA, but small changes had been introduced, for example, with regard to the forward planning and member engagement. Richard went on to present proposed (longer-term) changes to the governance structure which included the creation of a new Content Strategy Group (to ensure greater alignment with the Strategy) and the expansion of the membership of the Editorial Advisory Panel to provide greater representation from practitioners and members. It was also proposed that the Executive have greater visibility as a means of providing additional assurance.

Council voted in favour of the new governance structure, subject to the task force responsible for reviewing nominations for the position of volunteer editor being led by, and comprising a higher number of, members of Council (than members of the Executive). This amendment was felt necessary to ensure editorial independence. Twenty members of Council voted in favour. There were two votes against and two abstentions.

In addition, during discussion, some members of Council questioned whether the governance structure was unnecessarily complicated. Some also questioned the continued circulation of hard copies of The Actuary. While the current business and revenue model supported hard copies, current practice would be kept under review. Further, Council noted the use of The Actuary website to allow a more timely publication of topical matters, recognising the lead times for the magazine.

Paper 62 16 approved, subject to amendment.

## 7. FEEDBACK ON EXTERNAL SPEAKER

Council discussed the presentation provided by Steve Lowe (President), Nancy Braithwaite (President-elect) and Cynthia Ziegler (Executive Director) of the Casualty Actuarial Society on 19 July 2016. While there were differences between the education strategy of the Casualty and the IFoA, Council had in particular observed the novel nature of some of the Casualty's initiatives, such as its "innovation Council" and its employer focussed approach. Further, Council acknowledged and were appreciative of the invitation to collaborate particularly with regard to the furtherance of research. The President formally noted his gratitude to Steve, Nancy and Cynthia for their presentation.

## 8. REGULATORY POLICY STATEMENT

The President welcomed Des Hudson and Suzie Lyons to the meeting.

Des presented a refreshed Regulatory Policy Statement (**RPS**) substantively consistent with the RPS approved by Council in 2012, but updated to reflect the themes of the refreshed regulatory Strategy. In particular, Des clarified an emphasis and expansion on an approach which is targeted and proportionate (and so as not to stifle innovation) and aims to support members, through guidance and training, on both technical matters and professionalism. Further, the RPS reemphasised the focus on an international approach, which targets equivalence of outcome. Moreover, the RPS would provide an overarching commitment to the public interest and, as such, would incorporate a description of what is meant by the "public interest". In that regard, the Regulation Board had deliberately stopped short of attempting to offer an exhaustive definition. The description would also not impose a public interest obligation on members as individuals; the Regulation Board being of the view that such an obligation would not be appropriate and would be unenforceable.

In doing so, Council and Des recognised the challenges in international regulation and providing equivalence on a global scale. In particular, a member of Council expressed a concern that while the concept of "public interest" may morally hold value in the United Kingdom, it may give rise to difficulties internationally. Des was, however, comfortable that the intentional decision not to impose a public interest obligation on individuals would help mitigate the risk expressed. Furthermore, in discussion, it was agreed that the IFoA's public interest role was viewed positively by international stakeholders. Separately, Des was comfortable that while the RPS acted to raise and promote awareness of the Disciplinary Scheme, it would not heighten the risk of inappropriate recourse being sought. Council approved the RPS by a majority vote. Twenty-two members of Council voted in favour. There were no votes against and two abstentions.

The suggestion to emphasise the active engagement between members and the IFoA with regard to its regulation, in other words the two-way communication channel, would be addressed generally as part of regulatory communications.

Lastly, Des acknowledged the difficult balance to be achieved in respect of the IFoA distributing Risk Alerts only on specific topics. The use of Risk Alerts would be closely monitored by the Regulation Board, accordingly.

Paper 63 16 approved.

## **9. INDEPENDENT EXAMINER**

Further to a detailed examination conducted by the Disciplinary Board in 2015, Suzie Lyons presented a recommendation that the Independent Examiner process be removed from the Disciplinary Scheme; the Disciplinary Board being of the view that the purpose and intent behind the process would be adequately addressed elsewhere. Further rationale given related to, for example, a perceived risk that the process creates confusion among the public and/or users of actuarial services and extends disproportionately the lifespan of cases. The removal would, therefore, in the view of the Disciplinary Board achieve simplicity, clarity and fairness. The removal had been discussed with the Financial Reporting Council and supported by the Regulation Board. While some members of Council expressed a concern regarding the extent to which Council should appropriately interfere with a decision taken by the Disciplinary Board (a body set up to exercise independent oversight), Council did not feel a clear case had been made in favour of the recommendation as put to it and called for further consideration by the Disciplinary Board.

**Action 5 – S Lyons**

Paper 64 16 noted but not approved.

## **10. IFoA STRATEGY 2016 – DISSEMINATION**

Paul Reynolds highlighted the key activities undertaken since 2 June 2016, and planned activity, to actively communicate and raise awareness of the IFoA Strategy 2016 with the membership and other key stakeholders. In addition, and to complement such activity, the Executive sought the assistance of members of Council in identifying opportunities within their individual networks to showcase and disseminate the Strategy, the Chief Executive having already presented the strategy to one major consultancy in previous weeks. In doing so, Council stressed the importance of the Strategy being accessible and engaging (i.e. communicated by means of short, sharp, future-focussed and consistent messaging). Alongside the availability of the Chief Executive to present, a short “presentation” would be shared with all members of Council for the purpose of helping members of Council promote the Strategy amongst their different networks.

**Action 6 – P Reynolds**

Members of Council emphasised the importance of disseminating the Strategy amongst atypical and typical employers of actuaries.

## **11. STATEMENT REGARDING PRESIDENTIAL THEME**

The President introduced his presidential theme “thought leadership” for the 2016 – 2017 Council session and the background reading provided in advance of the meeting. While the President would work closely with the Executive to develop areas of focussed activity, the President emphasised the important ambassadorial role members of Council would play in actively shaping what thought leadership means to the IFoA and its members. The President, accordingly, called, in the first instance, for volunteer support from members of Council as part of a Council task-force being established.

Separately, and with regard to the Council Composition Project, Council encouraged engagement with the Practice Boards and retired members of Council.

Papers 66 16 and 67 16 noted.

## **12. APPOINTMENTS TO THE DISCIPLINARY APPOINTMENTS COMMITTEE (DAC)**

Council approved the recommendation to appoint Brian Duffin as a member of the DAC in succession to Stewart Ritchie. All members of Council present and by proxy voted in favour, except one member who abstained.

Paper 68 16 approved.

## **PART III - GOVERNANCE**

### **13. DRAFT MINUTES**

The draft minutes of the Council meetings held on 12 May, 1 and 2 June, all 2016, were approved (subject to minor amendments).

Papers 69 16 – 74 16 approved.

### **14. ITEMS APPROVED BETWEEN MEETINGS**

Council had approved the recommendation for the IFoA to enter into a Memorandum of Understanding with the Insurance Asset Management Association of China between meetings (i.e. since the Council meeting held on 1 and 2 June). Eighteen members of Council had voted in favour. There had been no votes against and no abstentions.

### **15. ACTION LIST**

The Corporate Secretary clarified that the Privy Council had approved the amendments to the Bye-laws, as approved by Council and thereafter the membership earlier in 2016. The other actions included on the action list were noted.

Paper 75 16 noted.

### **16. FUTURE AGENDA**

The items included on the future agenda were noted. The proposed date for the May 2017 Council meeting would be clarified at the earliest opportunity.

Paper 76 16 noted.

## **PART IV – BRIEFING PAPERS**

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

Council noted the report from the Nominations Committee summarising the processes undertaken in 2015 – 2016 for the election of the President-elect and members of Council. Council noted in particular the highly contested Council elections which had seen a record number of candidates standing for the General Constituency and, therefore, overall across both Constituencies. Council further noted, as an immediate analysis, the overall increase in voter turnout for the 2016 elections: the General Constituency remaining largely comparable to 2015 (18.8% in 2016 as compared to 18.9% in 2015) but the Scottish Constituency increasing from 21.4% in 2015 to 22.3% in 2016.

More specifically, with regard to the presidential-elections, a member of Council encouraged the disclosure, at the very least to the presidential candidates, of the votes per candidate (historically, the number of votes per candidate being confidential). The

Nominations Committee would consider this matter in more detail as part of its review of the presidential selection process for 2017.

**Action 7 – F Morrison  
K Russell**

Appointment of Council Members to the Board

Council approved – all members present and by proxy having voted in favour – the recommendation of the Nominations Committee to appoint Patrick Lee and Edwin Sheaf to the Board, both with immediate effect for a two year period. Neither Patrick Lee nor Edwin Sheaf were present for this item.

Appointment of Lay Member to the Audit and Risk Committee

Council approved – all members present and by proxy having voted in favour – the recommendation of the Nominations Committee to extend the appointment of Irene Robinson, as a lay member, to the Audit and Risk Committee, with immediate effect for a one year period, to allow for appropriate succession planning.

Paper 77 16 noted.

Appointments to the Board and Audit and Risk Committee approved.

**18. 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. In particular, examples of how the public affairs strategy, as refreshed by Council in 2016, had begun to be implemented – particularly the desire for the IFoA to be heard on relevant matters of public interest in both the political and industry arenas.

Paper 78 16 noted.

**19. REPORT FROM THE RESEARCH AND THOUGHT LEADERSHIP COMMITTEE**

Council noted a report from the Research and Thought Leadership Committee which set out, in high level terms, the activity undertaken to deliver the IFoA's learned society and thought leadership objective. Particular note was given to the significant developments with regard to the Actuarial Research Centre as an international research network.

Paper 79 16 noted.

**20. LEGAL AND CORPORATE GOVERNANCE REPORT**

Council noted a report which provided an update on both developments in corporate governance and recent legislative or legal developments.

Paper 80 16 noted.

**21. DEATH ANNOUNCEMENTS**

Particular tribute was paid to Mr Naresh Thanawala, who died on 12 June 2016 aged 83 years, and Mr Reginald Cooper, who died on 7 March 2016 aged 87 years. Council noted, with regret, the names of the other members who had died in recent months.

Paper 81 16 noted.

## **PART V – ANY OTHER BUSINESS**

- 22.** Paul Reynolds clarified that an invitation had been extended to a speaker for the Autumn Lecture but was yet to be confirmed. In addition, Paul Reynolds provided an update on the IFoA's activities post 23 June and the EU Referendum. In particular, it was recognised that the Referendum result could impact on the IFoA, on its members and on sectors in which members operate, but equally could provide opportunities. The IFoA had begun a campaign to seek input from its membership via various channels to identify issues that the IFoA could and should address. The Executive were continuing to assess the potential impact on the IFoA as a body corporate. The impact, on initial assessment, would appear minimal but would be kept closely monitored.

### **23. NEXT MEETING**

The next meeting of the Council would be held on 19 October, 2016, at Staple Inn Hall, London, preceded by an external presentation and dinner on the evening of 18 October. The external presentation would be held at Citadines, Holborn-Covent Garden, London.

### Schedule of Actions

<b>Item</b>	<b>Action</b>	<b>Member</b>	<b>When</b>
3	1	Colin Wilson Kimberley Russell	19 October 2016
3	2	Colin Wilson Kimberley Russell	19 October 2016
3	3	Colin Wilson Kimberley Russell	19 October 2016
5	4	Mike Kilgour Kimberley Russell	To be confirmed
9	5	Suzie Lyons	23 February 2017
10	6	Paul Reynolds	19 October 2016
17	7	Fiona Morrison Kimberley Russell	19 October 2016