

COUNCIL MEETING, INSTITUTE AND FACULTY OF ACTUARIES

MINUTES

Date: 31 January 2018
Start Time: 10:30 GMT
Finish Time: 15:30 GMT
Place: Renaissance Mumbai Convention Centre Hotel, Mumbai, India
Videoconference to IFoA office, Holborn Gate, London

Council Members present:

(In Mumbai)

Marjorie Ngwenya (President and Chair)
Kelvin Chamunorwa Paul Sweeting
Stephen Cunningham Kartina Tahir Thomson
Lee Faulkner Tan Suee Chieh
Dermot Grenham John Taylor
Keith Jennings Michael Tripp
Bruce Porteous Haijing Wang
Louise Pryor Alan Watson
Alan Rae Colin Wilson
Andrew Slater

(In London)

Nico Aspinall Matt Saker
Chantal Bray Hilary Salt
Jules Constantinou Edwin Sheaf
Andrew Hitchcox Malcolm Slee
Patrick Lee Perry Thomas

In attendance:

Derek Cribb IFoA, Chief Executive
Anne Moore IFoA, Chief Operating Officer
Clifford Friend IFoA, Director of Engagement and Learning
Ben Kemp IFoA, General Counsel
Veronica Branton IFoA, Corporate Secretary
James Harrigan IFoA, Assistant Corporate Secretary
Alan Whalley Chair, IFoA Management Board
Des Hudson Chair, IFoA Regulation Board (Item 5 only)
Keith Oliver Chair, IFoA Disciplinary Board (Item 6 only)
Fiona Burrough IFoA, Senior Disciplinary Investigations (item 6 only)

CLOSED SESSION OF COUNCIL

Members of Council only held a confidential discussion prior to, and briefly after the meeting.

PART I – INTRODUCTION AND PROTOCOLS

1. WELCOME AND APOLOGIES

The President welcomed attendees to the meeting. Apologies were received from Council members Colum D’Auria (who joined the meeting by telephone but was unable to participate due to technological difficulties) and Elliot Varnell. The President held the proxy vote for both members. Apologies from Ian Farrer, IFoA’s Chief Risk Officer, were also recorded.

2. REGISTRATION AND DECLARATION OF INTERESTS

No declarations of interests were made.

PART II – SPECIFIC ITEMS

3. IMPACT OF GLOBAL STRATEGY

Derek Cribb introduced this discussion paper, which sought to outline the impact of the IFoA's current strategy and how it will impact the profession over the next 20 years, to prompt strategic discussion on what the future direction of travel should be.

Concern was expressed that the paper did not have the associated financial detail and context required. Derek Cribb advised that a rolling 5-year forecast is presented to Council annually, which the budget is then delivered to, and no specifics could be drawn beyond that, but the underlying assumption in the paper was that the future activity proposed would be affordable.

In response to a question about the basis of IFoA's strategy, Derek Cribb explained that IFoA's overarching strategic statement was to promote and safeguard the profession, whilst recognising the growth of the profession outside the UK, and embracing that this would continue to be the direction of travel. Some members expressed concern that they had not seen any clear documentation to explain the intention and rationale of the strategy, or the fundamental underlying assumptions on which it was based. It was agreed to provide past documentation where available to explain the development of the strategy and its direction of travel to date.

Action 1 – Derek Cribb, Corporate Secretariat

Council agreed that this subject required further and more detailed consideration. It was proposed that Council should lead on developing the scope and key content of that extended work, and that this should then become a regular topic for discussion at Council, with members playing a leading role in driving it forward.

Action 2 – Council, led by the President

Paper 01 18 noted.

4. UPDATE ON DATA SCIENCE CREDENTIAL

Council noted this update report on data science activity. It was discovered that the appendix to the report, which contained details of the progress on key actions, had not been circulated with the meeting papers. It was agreed to circulate this to Council members shortly.

Action 3 – Corporate Secretariat

Council noted IFoA's progress, with reference to various other actuarial bodies, to see how a data science course could be developed, and Council also noted the progress made in finding a company to run the massive open online course. It was confirmed that the MAID working party was drawing to a close, most likely to be replaced by a Member Interest Group. Michael Tripp confirmed that the data science case studies developed by MAID were ready to be published; this would likely be through an article in The Actuary magazine and/or in a dedicated data science Continuing Professional Development event. Derek Cribb then updated Council on the progress made on recruitment to the Markets Development Board in order to get it set up structurally to promote data science.

Council members emphasised the importance of maintaining the initiative on this issue and committing the necessary resources to it, including involving the Practice Boards where possible. It was noted that IFoA members could set up Member Interest Groups of their own

volition, with those involved in the work of the MAID working party being a natural route for doing so.

Paper 02 18 noted.

5. UPDATE ON MONITORING AND QUALITY ASSURANCE

The President welcomed Des Hudson, Chair of the IFoA Regulation Board, to the meeting.

(1) Extension of Quality Assurance Scheme (QAS) outside the UK

Ben Kemp introduced this item, which provided an update to Council on the proposed extension of the geographic scope of the QAS (as approved by the Regulation Board on 24 January 2018), including a recent pilot in South East Asia and Hong Kong.

In response to questions from Council members about costs, Ben Kemp and Des Hudson set out the proposed pricing structure for the QAS and the estimated break-even point. It was acknowledged that ensuring the quality of the qualification, if contracted out outside the UK, was of paramount importance: Ben noted that the substantial and careful pilot testing offered reassurance in that regard, as did the intention to keep the same assessment team (as provided to the IFoA by the Institute of Chartered Accountants of England and Wales (ICAEW)) rather than use local suppliers, and the proposal to retain the QAS sub-committee but expand its membership to ensure it had the necessary expertise to deal with a more diverse range of global applications. It was noted that the IFoA had utilised assessors from the ICAEW primarily on the basis of operational convenience rather than independence, and that the risks of reliance on a single external team in the event of anticipated international growth could be reviewed in due course.

Some council members raised concerns about the timing of the proposed extension of the QAS and questioned whether the key risks of the proposal (notably, financial liabilities and resource constraints) had been appropriately assessed. Des Hudson confirmed that the risks of the proposed extension had been carefully considered and were viewed by the Executive as entirely manageable, and noted that although the extension carried an element of reputational risk, the extension was being proposed now in response to demand and enquiry, particularly from different parts of Asia. Ben Kemp further explained that the intention was to consider applications from different global markets on their own merits, rather than adopting the same pilot approach in each market, but taking the same methodical approach utilised in the pilot to gain an understanding of the nuances of each market before offering accreditation there. It was also confirmed that QAS was a voluntary accreditation scheme and there were no plans to change that position.

On a show of hands, the Council agreed that the Regulation Board should proceed as set out in the report, while sharing the clarifications requested by members on risk assessment.

Action 4 – Des Hudson, Ben Kemp

Paper 03 18 noted and steer provided.

Perry Thomas left the meeting at this point.

(2) Introduction of UK-focused monitoring

Des Hudson introduced this item, which provided an update to Council on developments in relation to the proposed introduction in the UK of enhanced monitoring of the quality and compliance of the IFoA's members' work. Des reminded Council members that this project was developed in response to concerns raised by the Financial Reporting Council (FRC), that the absence of empirical data on the quality of actuarial work left the IFoA without a mechanism for assessing compliance with its standards. Des explained that the focus of the proposal was to

develop an effective but proportionate system of monitoring that held the support of both IFoA's members and the key regulators.

Several Council members emphasised that it was essential for the proposal to attract the support of IFoA members with practising certificates. Concerns were also raised about the scope of the monitoring and what the consequences of non-compliance might be. Des Hudson agreed that these were critical factors to be taken into consideration, and confirmed that the intention was to develop a monitoring system with flexibility on the degree of detail and rigour required in the prevailing circumstances, thereby balancing the importance of maintaining the reputation of the profession without imposing a disproportionate burden on members. It was noted that the working proposal for the monitoring system was that engagement would ordinarily be directly with members rather than their employers.

The President noted in conclusion that there was broad support from Council for the proposal, though with ideas for improvement. Council was reminded that a copy of the monitoring consultation paper would be circulated by email in advance of it being published in May 2018.

Paper 04 18 noted.

PART III – GOVERNANCE

6. DISCIPLINARY BOARD ANNUAL REPORT

The President welcomed Keith Oliver (Chair of the Disciplinary Board) and Fiona Burrough (Senior Disciplinary Investigations) to the meeting.

Council considered the Disciplinary Board's Annual Report and **approved** its publication, subject to the Disciplinary Board Chair's reflection on a paragraph in his foreword to the report about which some members raised concerns.

In response to a question from a Council member on respondents' perception of the discipline process, Fiona Burrough advised that the majority of feedback received was predicated on the events (and particularly the outcome) of that individual's case. Fiona advised that the Disciplinary Board would be looking in 2018 at how it collates and considers feedback from all those involved in the disciplinary process. Fiona also confirmed that the Disciplinary Board would undertake qualitative research in 2018 about the levels of cases referred to them, over and above the regular monitoring of trends on this, and also the potential barriers to referrals.

Fiona Burrough confirmed that the Disciplinary Board's objectives for 2018 were consistent to those identified in 2017, and in response to a point raised by a Council member, confirmed the process by which members of the Board are approved, appraised and monitored.

Paper 05 18 approved.

7. GOVERNANCE STRUCTURE REVIEW – FINAL PROPOSAL

Alan Whalley, Chair of Management Board, introduced this item and reminded Council members that the governance structure review had been reported to Council regularly in the past year. Council were advised that since its last meeting, the Chairs of each Corporate Board and Practice Board had given their support to the proposed structure and agreed new Terms of Reference for their boards to support the structure.

Council voted to **approve** each proposal in the report, as detailed below:

- To adopt the proposed governance structure, as set out in the appendix to the report;
- To complete the establishment of the Markets Development Board;
- To rename the Education Board the Lifelong Learning Board;

- To reposition the Designated Professional Body Board as a sub-committee of the Regulation Board; and
- To delegate, to the Management Board, finalisation of the terms of reference and approval of any consequential (non-substantive) revisions to the Governance Manual, subject to prior circulation to Council.

Council noted the Terms of Reference for Corporate Boards and Practice Boards to support the new governance structure, as detailed in the papers. Council members were invited to send any comments on them to Alan Whalley, who confirmed that their final details would be agreed at Management Board.

It was agreed that Management Board would need to discuss a communications plan for members. It was noted that the governance page on IFoA's website would be updated to reflect the agreed changes.

Action 5 – Management Board
Action 6 – Corporate Secretariat

Paper 06 18 noted and approved.

8. UPDATE ON CONSULTATION – CHANGES TO QUALIFICATION FRAMEWORK

Clifford Friend introduced this item, which provided Council with a summary of feedback on the member consultation on introducing the 'Chartered Actuary' (CAct) qualification as an alternative to the IFoA's current Associateship designation. Clifford updated Council on the feedback received at recent consultations meeting in the UK and in various Asian markets.

Council members were supportive of the proposals in the consultation but raised concerns about members' overall level of engagement on the issue and also with the lack of support for the proposals from those who had expressed their view. It was agreed that more and better engagement was essential in the coming weeks in order to motivate greater participation from the membership. To that end, Clifford Friend advised Council that:

- An email to the membership in the President's name would go out in early February as a 'call to action', setting out the basics of the issue and encouraging members to become involved;
- An article on the consultation would appear in the upcoming edition of the Actuary magazine;
- The council Task and Finishing Group were scheduled to give numerous face-to-face presentations to employers, regional societies, partner associations in Europe and members in key global regions, as summarised in the report; and
- Pages on the consultation website continued to be regularly updated in response to themes emerging from the consultation.

Council noted these steps and encouraged the IFoA executive and fellow members to reach out to the membership as much as possible in the coming weeks.

It was also agreed that the steps should be taken to improve the information provided to members about the consultation to help them understand it better. It was noted that at present, it was not sufficiently clear to members what they were being generally consulted on and what they might in time be called to vote on. To address these shortcomings, it was suggested that:

- Further drafts of the consultation should be circulated between Council members and the Executive in order to ensure that it gives the exact message the IFoA wants to put out.
- Material on the consultation website should be polished, to help members understand the proposals better.

- It should be emphasised to Fellows that introducing the CAct qualification would be a positive change for them, as it would apply to them *in addition to* their Fellowship status.
- It should be made clear to members that they were not being asked to vote on the proposals in the consultation: Council would make the decision on any proposals in the light of member feedback, and only if Council decided to progress the matter might there be a requirement for a member vote on introducing the designation of 'Chartered Actuary'.

Action 7 – Clifford Friend

Paper 07 18 noted.

9. UPDATE FROM NOMINATIONS COMMITTEE

Colin Wilson, chair of the Nominations Committee, updated the Council on the work undertaken since the last Council meeting on the presidential selection process for 2018. Council members were invited to contact Colin/the Committee with any feedback on the type of candidates it would particularly welcome for next year's election, ahead of the Committee's upcoming meeting on 6 March 2018.

Colin Wilson then introduced the Committee's proposal to Council to introduce proposers and seconders for candidates for President-elect (optional for this year but built into the election process in future years). It was noted that discussions prior to the meeting had indicated clear support for not appointing an external organisation to carry out third-party assessments of the candidates, as had happened in recent years, but only lukewarm support for introducing proposers and seconders for this year's Presidential election. On that basis, Colin suggested that he *withdraw* the proposal if Council was satisfied it would have sufficient information available from other sources for the upcoming election. This was **approved** by Council.

It was noted that, because of early retirements from Council in the past, a member of Council would have to retire early this year. Colin Wilson confirmed that the Nominations Committee would discuss this and make a recommendation on it at its upcoming meeting.

Concerns were raised about the rotation of new members, and the challenge involved in getting them up to speed with the IFoA's work and the Council's business. It was noted that the IFoA's Bye-laws required that one-third of Council members retire each year, and that fewer members had been re-elected for a second term than had been anticipated. It was agreed that this requirement would need to be reviewed in the future to balance with the need for continuity.

Action 8 – Nominations Committee

Paper 08 18 noted and steer provided.

10. STRATEGIC APPROACH TO RECOGNITION OF OTHER QUALIFICATIONS

Ben Kemp introduced the report on this item, which sought Council's approval of a proposed direction of travel in relation to the IFoA's future approach to recognising other qualifications – a proposal that had been considered by and was supported by Management Board. The proposal was to supplement the existing arrangements with other actuarial organisations by considering individual applications for membership, from people who have qualified through other organisations that are not covered by existing Mutual Recognition Agreements (MRA).

Some members of Council questioned the rationale for this work and who it stood to affect. Concerns were also raised that current members, who must pass examinations to qualify, would not approve of extending that right to people from places with inadequate examinations by taking account of their professional experience.

In response to Council's concerns, Ben Kemp advised that this work was not seeking to fix anything broken, but was instead an opportunity to address an outstanding issue without major

work that was tied into the ongoing work on Curriculum 19. It was pointed out that the IFoA had to revisit the issue of benchmarking, so it would be helpful to position this work for that. There was a wider need to ensure there was appropriate flexibility in the recognition that the IFoA gave, not just for Fellowships but also at Associate and other levels. It was agreed that reviewing the existing multilateral arrangements with the Actuarial Association of Europe would need to take place as part of this work.

The Council resolved to **approve** the proposal, noting that further work would be undertaken to develop a detailed proposal that would need to be reviewed by the Regulation Board and the Lifelong Learning Board, and then Management Board, before returning to Council.

Paper 09 18 approved.

11. REPORT FROM CHIEF RISK OFFICER

Council considered a report from the Chief Risk Officer, Ian Farrer, which was presented by Anne Moore in Ian's absence. Anne confirmed that Ian was looking at the IFoA's risk management processes and framework, and at how to improve the reported information.

It was agreed that each strategic risk should have an appointed owner. Anne Moore confirmed that these were discussed with all directors. It was also agreed that the issue of membership figures should be raised with Ian Farrer and incorporated as appropriate.

Action 9 – Anne Moore, Ian Farrer

In response to a question from a member of Council about the operational risk regarding IT resources, Anne Moore confirmed that extra resources have been brought in. Anne also confirmed that the recent issue of students being unable to get their results would be addressed in a specific risk incident report to Management Board and the Audit & Risk Committee, and that the broader issue (failure of operational systems) was incorporated into the IFoA's risk register.

Members of Council raised concern that the risk report did not cover all of the issues they had expected to see. Anne Moore noted that Ian Farrer had been asked to review the role of Chief Risk Officer as part of his contract with the IFoA, and invited the Council members concerned to discuss the matter further.

Action 10 - Council

Paper 10 18 noted.

12. AFFILIATE MEMBERSHIP CATEGORY

Ben Kemp introduced the report on this item, which proposed an expansion of IFoA's Affiliate membership category, most notably to allow university students with an interest in the actuarial profession to join as Affiliates and establish a relationship with the IFoA at an early stage in their careers. Council was asked to approve the proposed amendments to the criteria and approve the specified amendments to Regulation 16 and Bye-law 33. IFoA's Management Board had seen the proposal and recommended it to Council.

During discussions it was noted that the proposed amendment to Bye-law 33, if agreed by Council, would then need to be ratified by a vote of the IFoA's members. It was agreed that this needed to be made clear in the proposal. It was also agreed that the proposal should clarify that Affiliate membership does not confer the status of qualified actuary, and that the risk of people misrepresenting Affiliate status to that effect would need to be managed.

Action 11 – Ben Kemp

It was confirmed that Affiliate membership would not impose any requirement to comply with the Technical Actuarial Standards. Concerns were raised about the proposed cost of Affiliate membership to students, but this would be addressed separately. It was also suggested that the IFoA continue to monitor that extension of this membership category was not misused.

Council approved the proposal to expand the Affiliate membership category and, following a vote, resolved to:

- **APPROVE** the specified amendments to Regulation 16; and
- **APPROVE** the specified amendments to Bye-law 33.

Paper 11 18 approved.

13. ITEMS APPROVED BETWEEN MEETINGS

The minutes of the Council meeting on 11 October 2017, and the note of the Council's confidential closed session on 22 November 2017, were noted as approved.

14. TO REVIEW COUNCIL'S ACTION LIST

Council noted its action list.

Paper 12 18 noted.

15. TO REVIEW COUNCIL'S FORWARD AGENDA AND EVENTS LIST

Council discussed its forward agenda and events list. The following key points were made:

General points of note:

- It was suggested that the forward agenda should be an earlier agenda item at each meeting, as it was a key strategic document. The President agreed to consider this.

Action 12 - President

- It was suggested that the agendas for Council meetings were too ambitious and would benefit in future from a more selective approach to content, to ensure that Council has the time and opportunity to fully discuss the issues that matter most.

Action 13 – President, Derek Cribb, Corporate Secretariat

Items of business to add to the agenda:

- Longer term strategy for IFoA, and the role of Council in respect of this.
- A strategic look at Continuing Professional Development (CPD), including ensuring quality provision of CPD. It was suggested that this could be linked to Council's discussion of education strategy at its October 2018 meeting, as part of the strategic deep dive into the Lifelong Learning Board that was scheduled for that meeting.
- The Council composition project, to be considered from a wider perspective once the governance structure review is completed.

Action 14 – Corporate Secretariat

Future meetings:

- It was unfortunate that the Council meeting in May 2018 coincided with the Protection, Health and Care conference in Brighton, but it was acknowledged that there was not sufficient time to rearrange the meeting to hold it there.

- The possibility of moving the Council meeting in October 2018 to Birmingham, to fit with the GIRO conference taking place at the same time, would be explored.

Action 15 – Corporate Secretariat

- IFoA should consider holding a meeting in Dublin.

Paper 13 18 noted.

PART IV – BRIEFING PAPERS

16. UPDATE FROM THE PRESIDENT, INCLUDING THE PRESIDENTIAL THEME

Council noted a report from the President which provided an update on the activities that have taken place under the banner of her Presidential theme 'Advancing the Profession', as outlined in her paper to the Council's meeting on 4 July 2017. The President thanked members of Council who had contributed to those activities, including the development of 'case studies' designed to showcase the actuarial skill set.

In response to a question from Council on the topic, the President stated that the most fulfilling aspects of her Presidential role to date had been member engagement activities (particularly in Africa and Asia), as well as meeting with actuarial societies in the UK, attending ceremonies for new qualifiers, and progressing strategic topics with the IFoA.

Paper 14 18 noted.

17. UPDATE – PREPARATION OF CORPORATE PLAN 2018/19

Council noted a progress report on the production of the 2018/19 IFoA Corporate Plan. It was confirmed that the primary audience for the Plan was those tasked with its delivery – IFoA staff and volunteers.

Paper 15 18 noted.

18. REPORT FROM POLICY AND PUBLIC AFFAIRS COMMITTEE

Council noted the report from the Policy and Public Affairs Committee, as presented by Derek Cribb, which summarised the public affairs activities undertaken since the last Council meeting. It was agreed that the dates of the spring and autumn lectures would be published six months in advance, as previously requested.

Action 16 – Derek Cribb

Paper 16 18 noted.

19. REPORT FROM RESEARCH AND THOUGHT LEADERSHIP COMMITTEE

Council noted the report from the Research and Thought Leadership Committee, as presented by the President, which provided an overview of the current status of the Actuarial Research Centre's research programmes and other key activities on the committee's agenda.

Paper 17 18 noted.

20. REPORT FROM MANAGEMENT BOARD

Council noted the Management Board's recent activity.

21. UPDATE ON EXTERNAL GOVERNANCE ENVIRONMENT

Council noted a report which provided an update on both developments in corporate governance and recent legislative or legal developments. In the light of IFoA's increasingly global presence, it was agreed that future updates should distinguish between those updates that apply to the UK only (as was the focus with this report) and those that apply more globally.

Action 17 – Corporate Secretariat

Paper 18 18 noted.

22. DEATH ANNOUNCEMENTS

Council noted, with regret, the members who had died in recent months. Derek Cribb and Colin Wilson specifically noted the death of Stephen Rice and paid tribute to him. It was agreed that the report should in future state the first names of the members included therein.

Action 18 – Corporate Secretariat

Paper 19 18 noted.

PART V – OTHER BUSINESS

23. ANY OTHER BUSINESS

Derek Cribb advised Council that after temporary suspension in light of the International Actuarial Association syllabus agreement, the CT9 exam would be reinstated as previous.

A Council member advised that he, along with other members of Council and a member of the IFoA's Executive, had met with a speaker at the Global Conference of Actuaries to discuss work on microinsurance in India. It was agreed during that meeting that although the IFoA could not approve or endorse work undertaken by any third party, it might be feasible to introduce the speaker to the editors of the Actuary or Delta magazine, to enable them to explore the potential for an article in those publications.

Closing remarks

The President thanked Amanda Davey, Sarah Sim, Vikas Newatia and the Chief Executive's support team for their efforts in arranging the Council meeting and stakeholder meetings in India. The President confirmed that the trip to India had thus far been very positive, with a lot of engagement from enthusiastic members who greatly value the IFoA. Clifford Friend added that there had been a lot of positive feedback among members in India for the work of the Operations Team in IFoA's Oxford office.

ENDS.