

INSTITUTE AND FACULTY OF ACTUARIES COUNCIL MEETING

MINUTES

Date: Friday 14 June 2019

Place: Cape Town, South Africa (by video link to Holborn Gate, London)

Time: 10.30am – 5.30pm SAST (9.30am – 4.30pm UK BST)

Council Members Present:

Marjorie Ngwenya (Immediate Past President and Chair)

Laura Andrikopoulos	Marian Elliott	Alan Rae	Tan Suee Chieh
Nico Aspinall	Lee Faulkner	Matt Saker	John Taylor
* Chantal Bray	Richard Galbraith	Hilary Salt	Kartina Thomson
Kelvin Chamunorwa	Dermot Grenham	Edwin Sheaf	Michael Tripp
Charles Cowling	* Keith Jennings	Andrew Slater	Alan Watson
Colum D'Auria	Bruce Porteous	Malcolm Slee	
Mahidhara Davangere	Louise Pryor	Paul Sweeting	

In Attendance:

Graham Stott	IFoA, Chair of Management Board
Trevor Spires	IFoA, Chair of Audit and Risk Committee
Des Hudson	IFoA, Chair of Regulation Board
Clifford Friend	IFoA, Director of Engagement and Learning
Ben Kemp	IFoA, General Counsel
Anne Moore	IFoA, Chief Operating Officer
Sarah Sim	IFoA, Director of Markets Development
Annette Spencer	IFoA, Director of Public Affairs and Research
Charles Toomer	IFoA, Chief Risk Officer
Kate Shasha	IFoA, Chief of Staff (for items 10 – 12)
James Harrigan	IFoA, Corporate Secretary
Lisa Rivera	IFoA, Assistant Corporate Secretary

CLOSED SESSION

Council Members, along with the Chair of Management Board, held a confidential discussion prior to the meeting, at which Council was formally notified that Derek Cribb, Chief Executive of the IFoA, would shortly be stepping down from his role, with an interim appointment to be made to replace him.

1. Welcome and apologies

- 1.1 The Immediate Past President welcomed everyone to the meeting, in particular Trevor Spires, Chair of the Audit and Risk Committee, who was attending his first Council meeting.
- 1.2 Apologies were received from Council President Jules Constantinou. Council members noted the recent passing of Jules's wife, Maria, and expressed their deepest condolences to Jules and his family.
- 1.3 Apologies were also received from Council member Perry Thomas.

2. Registration and declaration of interests

2.1 No declarations of interest were made.

3. Actions from past meetings

3.1 Council noted updates to its action list. It was agreed that John Taylor and James Harrigan would review the action list to identify action owners and specify deadlines where these were currently missing.

Action 1 – John Taylor, James Harrigan

Paper 33 19 noted.

4. Consent agenda

4.1 The Immediate Past President invited Council to note and (by exception) comment on the items in the consent agenda for this meeting:

- Minutes of Council's meetings on 12 and 13 February 2019
- Feedback survey for Council's meeting on 13 February 2019
- Update on Council Effectiveness Measures
- Report from the Nominations Committee, including:
 - Appointment of the following Council members to Council-reserved seats on IFoA boards and committees; which were noted to be have been approved by Council by a vote in correspondence prior to the meeting:
 - Alan Watson to serve on the Audit & Risk Committee for a period of three years, subject to him being re-elected in the 2019 Council election.
 - Colum D'Auria to serve on the Nominations Committee for a period of one year, subject to him being re-elected in the 2019 council election.
 - Matt Saker to serve on the Regulation Board for a period of two years, subject to him being re-elected in the 2019 Council election.
 - Amendments to the Nominations Committee's Terms of Reference, which was also noted to be have been approved by Council by a vote in correspondence prior to the meeting.

4.2 The chair advised that concerns raised by some Council members about the process followed in nominating Council members to vacancies on IFoA boards and committees would be considered by the Nominations Committee at its next meeting.

Action 2 – James Harrigan

Papers 49 19 – 53 19 inclusive noted.

5. Death announcements

5.1 Council noted, with regret, those members who had died recently. Malcolm Slee specifically noted the passing of Louise Pritchard and Louise Prior specifically noted the passing of Patricia Merriman.

Paper 34 19 noted.

6. Ways of Working

- 6.1 The Immediate Past President advised Council that this was a standing item to encourage Council members and other attendees present to be mindful of their conduct and tone throughout the meeting, and to be constructive with their contributions.

Paper 35 19 noted.

PART 2 – STRATEGY AND STRATEGY-LINKED DECISIONS

7. Member Value Proposition

- 7.1 It was agreed that this item would be incorporated into the strategy discussion at item 10 on the agenda.

8. Data Science - Update

- 8.1 John Taylor provided an update to Council on the activity since February 2019 of the IFoA Data Science Steering Group, which had been set up to generate momentum in the IFoA's work on data science. He informed Council that the Steering Group's primary focus had been on the needs of the IFoA's membership, but with a secondary focus on including data science practitioners in adjacent fields.
- 8.2 Council members questioned whether requiring members to complete a data science certificate had the potential to discourage members from pursuing the field. It was confirmed that the Steering Group recognised that requiring a credential would help members maintain their qualifications in a rapidly developing area but could also discourage members from considering the credential in the first instance.
- 8.3 Council considered how other international actuarial bodies were incorporating data science into their CPD offerings. After explaining that some of the certificates offered by the other associations were too narrow for the IFoA's broad practice areas, it was verified that the Steering Group's intention was for the credential to be shared with other actuarial organisations once it was established.

Paper 37 19 noted.

9. Update on Member Pricing Strategy, and Subscriptions for 2019/20

- 9.1 This item was introduced by Alan Rae, in his capacity as a Council member of the sub-group commissioned to carry out a long-term review of the IFoA's subscription policy. Alan advised Council that it was being asked to approve:
- The recommended member subscription fee levels for 2019/20;
 - Amendments to the wording of Regulation 25, which defines the calculation of the earnings criteria used to determine eligibility for a reduced subscription rate; and
 - Subject to approving the amendment to Regulation 25, confirmation of the existing levels of earnings criteria for 2019/20.
- 9.2 The key points raised in the introduction of this item were as follows:
- Evidence coming out of the ongoing Member Value Proposition (MVP) project work pointed to a perception among IFoA's membership that subscription fees were high and did not necessarily represent value for money.

- Basic benchmarking of IFoA fees against other professional bodies indicated that IFoA's fees were at the higher end for both actuarial and non-actuarial bodies.
 - There was a need to consider reducing subscriptions now, ahead of Council's strategic determinations around the MVP work, to minimise the more immediate risk of losing members who were dissatisfied with the current fees (but to keep any proposed reduction consistent with the emerging thinking of the MVP group).
 - The proposed reductions for fees in 2019/20 were relatively modest, and the revised earnings adjustment was seeking to provide more levels of affordability and flexibility for members.
 - Council was only being asked to approve a reduction in fees for 2019/20, rather than across the five-year period covered in the report's projections, in order to maintain flexibility over the long term.
- 9.3 Members questioned whether maintaining Associate subscription fees would have an impact on the number of members pursuing a Fellowship qualification. It was confirmed that if the subscription fees resulted in an increase in membership for either qualification than the sub-group would review and propose adjusting the fees levels accordingly.
- 9.4 Concerns were expressed that the IFoA was potentially overpaying for members to be a part of the IAA while local associations have also been paying for those members' IAA subscriptions. Annette Spencer agreed to raise this issue with the IAA.

Action 3 – Annette Spencer

- 9.5 Some Council members responded positively to the proposed fee reductions but emphasised the importance of framing this positively in communication with members. It was suggested that the communication should enable members to see how their fees were spent and how it affects what the IFoA offers, in order to highlight the benefits and value of their membership. It was also suggested that the communication should include an explanation of how the IFoA differs from other organisations fees' and offerings.

Action 4 – Anne Moore

- 9.6 Other Council members challenged whether it was an appropriate time for the IFoA to reduce subscription fees, particularly on the basis of assumed future levels of revenue (as projected in the report). It was suggested that other issues, such as the extent of regulation and compliance with Technical Actuarial Standards, were the root cause of members' dissatisfaction. These concerns were noted but it was emphasised that the MVP research had unambiguously identified high subscription fees as a key source of member dissatisfaction.
- 9.7 Council members suggested that the sub-group look into setting fees as a maximum proportion of earnings, subject to a standard fee, in order to make it more affordable for members - particularly those based outside the UK. It was confirmed in reply that while membership fees could not be differentiated based on geographical location, it was hoped that the earnings adjustment review should alleviate those members' concerns.
- 9.8 In concluding discussion on this item, the Chair called for a vote on each of the proposals put forward with this item:
- That subscription fees for the full Fellow rate be amended from £730 to £715, and for the partial Fellow rate from £365 to £360, both effective from 1 October 2019 – **Approved by a majority of 26 to 2.**

- That subscription fees for students be reduced from £241 to £236 from 1 October 2019 – **Approved by a majority of 26 to 2.**
- That all other subscription fees remain at their current levels for 2019/20 – **Approved by a majority of 26 to 2.**
- That the wording of Regulation 25 should be amended as set out in the report for this item – **Approved unanimously.**
- That the existing earnings levels for each membership category remain at current levels – **Approved by a majority of 27 with one abstention.**

Paper 38 19 approved.

10. Taking Our Strategy Work Forward

10.1 John Taylor introduced this item by explaining that the intention of this session was for Council to reach high-level agreement for taking forward the three areas of strategic focus - Future Vision, Member Value, and Global Model - that Council broadly identified at its strategy day in September 2018. It was explained that the output of these discussions would be used to shape the content of Council's strategy day in September 2019, at which it was intended that Council would develop clear statements on how to take forward the work to be done in each area. That direction would then be reflected in the corporate planning process, though the need to be mindful of existing pressures on executive capacity was highlighted.

10.2 Tan Suee Chieh provided a brief recap of the discussions Council had held on strategy since 2017, noting that a complex governance process had resulted in a lack of progress in those strategic areas. He asserted that recent leadership changes in the IFoA had created an opportunity for Council to break out of the 'paralysis' of the past a drive forward a strategic vision for the organisation's future.

Visions, Skillsets, Mindsets, and Domains

10.3 Tan Suee Chieh opened discussion on this topic by giving a presentation which proposed that the future actuary will work in wider fields, be positioned and be trained differently, and have different mindsets and skillsets – and that in support of this, the IFoA would need to move away from the its current 'one size fits all' approach to a flexible, more member- and segment-focused approach that was valued more by its members. Suee Chieh went on to outline actuaries' current skillset and reputation, how the actuarial profession might be reinvented in future, and how actuaries' skillsets and mindsets would need to adapt in order to survive in that future. Suee Chieh contended delivery of this vision would require changes in the organisation's leadership culture and have significant implications for education, training and repositioning of the profession.

10.4 Key points arising from Council's discussion of this topic were as follows:

- It was suggested that the fundamental question to be asked was how the actuarial profession would survive in the future. In response to this, a concern was raised that younger actuaries were currently being forced to qualify in things that they were not using, which was an unsustainable approach.
- There was support for the idea that business strategy would be a core skill for the actuary of the future, as well as shifting the actuarial mindset from 'detailed' and 'risk-

averse' to 'curious' , "adaptable" and a "more forward and outward looking profession"

- It was agreed that while the core of what actuaries do will always remain mathematical, the future actuary would not spend their entire career in one organisation/in the same role/domain, and so the IFoA's vision, approach and offerings needed to be flexible to enable this – for example by developing 'core' and 'elective' modules in the education curriculum, which would allow actuaries in traditional fields engaged with the IFoA (and able to look beyond traditional roles) whilst expanding opportunities for the next generation.
- A number of points were made about actuaries working in wider fields. Members strongly contended that the actuarial profession must move into wider fields in order to survive: reasons given included that there were limited traditional insurance-based jobs in some markets; that employers currently saw actuaries as insurance professionals, not as data scientists or professionals with modelling skills; and that the IFoA's future ability to attract young talent depended on being able to promote a wide range of careers. At the same time, it was pointed out that while more actuaries may work in wider fields in the future, many will still remain in traditional areas.
- It was suggested that the IFoA would need to change its positioning and brand in a consistent manner in order to be able to promote the wider range of careers that would attract young talent into the profession. Relatedly, it was recognised that the IFoA's education syllabus would need to be changed to support those changes, as would its Continuing Professional Development offerings.
- A point was raised about whether society needs (or will it in future need) actuaries, or the actuarial profession as a whole (particularly as relating to opportunities in wider fields) – and relatedly, to consider what would society lose if there were no more actuaries. The challenge of establishing/maintaining actuarial ethics in the context of wider fields was also raised.
- It was suggested that the IFoA should focus on core skills, using the Chartered Actuary designation as the fundamental building block for that. Relatedly, it was argued that the IFoA's focus should be on training/educating people towards achieving actuarial qualifications, rather than trying to find roles for actuaries in the employment market.

10.5 Tan Suee Chieh sought Council's agreement to move forward with producing a roadmap for progressing this work, along the lines broadly set out in the presentation, for Council to consider at its strategy day in September. Key points raised in the ensuing discussion are summarised below:

- Several Council members spoke firmly in support of the intention whilst noting that the timeline for delivery was ambitious. The impact of the ongoing transition to a new Chief Executive Officer, and of the existing pressure on the capacity of the Executive, were both acknowledged and it was pointed out that refocusing time and resource into this work might need to come at the cost of pausing existing priority work.
- It was emphasised that work on developing the roadmap, and considering how we equip the actuaries of the future, would need to consider the existential question of what society would lose if there were no more actuaries/the actuarial profession ceased to exist.

- Concerns were raised about aspects of the proposed way forward (both the level of specificity given in the relevant presentation slides, and some of the specific suggested actions, for e.g. notably the development of ‘roadshows’ to publicise the strategy may be premature). It was contended that the key question here was around pace of change; the articulation of strategy/direction at the Council’s strategy day would enable Council to develop the roadmap to deliver that strategy and this would be the message to communicate to the membership, though in a format that invited two-way discussion.

- 10.6 In drawing discussion on this item to a close, Tan Suee Chieh acknowledged Council’s broad agreement on the direction and proposed content for taking this matter forward. It was specified that through this agreement Council was no longer endorsing the idea of ‘an actuary for every business’.
- 10.7 A concern was raised about whether the discussion on this topic had been sufficiently robust given the significance of the matters that had been discussed. It was agreed that a robust record of the discussion, incorporating the challenges presented by Council members during its course, would need to be produced in order to establish appropriate institutional/corporate memory of what Council agreed and how it reached those conclusions. It was noted in conclusion that further discussions on these matters would need to take place in the run-up to the September strategy day, to develop a broader and deeper evidence base that would inform the discussions at that strategy day.

Member Value Proposition (MVP)

- 10.8 John Taylor prefaced discussion on this item by noting that there was strong support within Council for increasing the IFoA’s focus in the MVP area, but less clarity around options and proposals. Lee Faulkner then provided Council with an update on the work of the MVP Steering Group, following completion of the qualitative phase of the MVP Research that was carried out by Ashridge Communications during March and April 2019.
- 10.9 Lee Faulkner advised that the Working Group had agreed to defer producing an MVP Statement until a plan to implement the research findings had been developed. Council members supported the Working Group’s proposal to hold a one-day workshop prior to Council’s strategy day, so that priorities and action arising from the MVP could be mapped and planned appropriately with the various workstreams and board activities within the IFoA that overlapped with the MVP work. Council members suggested that all of the IFoA Corporate Boards should be represented at that workshop, as ideally would someone who could provide the counterpoint view of those disaffected members, in addition to representatives from all the intersecting workstreams and other activities.
- 10.10 A summary of the key points arising from the discussion of the MVP are presented below:
- It was agreed that the MVP Statement once produced would need to be meaningful and challenging, and would need regular scrutiny from Management Board to ensure it was fully implemented. The suggestion of producing an accompanying ‘bill of rights’, which would set out exactly what the IFoA was looking to achieve (and thus provide the Executive with clear direction for implementing it) was noted.
 - It was emphasised that the IFoA’s membership application process urgently needed to be re-engineered. It was also suggested that the IFoA should implement a

member tracking system, as already used by other actuarial associations, which could be utilised to develop suggestions/recommendations for Continuing Professional Development events that were individually tailored to members.

- The subject of competition with other actuarial bodies was raised on several occasions. Some Council members took that view that the IFoA was in competition with other actuarial bodies, and needed to maintain that mindset even as it collaborated with those bodies in the short term, whereas other members questioned whether the IFoA should prioritise working together with those other bodies, rather than competing against them, in order to focus primarily on enhancing the profession as a whole. Another perspective raised by some members was that the IFoA's competition was not with other actuarial bodies, but with other professions/people not joining the IFoA or any other actuarial society. It was suggested that these views were not necessarily contradictory, and emphasised the need for the IFoA to both compete and collaborate skilfully.
- It was recognised that the IFoA operated with limited resources, and that those resources needed to be focused appropriately. Various viewpoints were expressed in relation to this:
 - The IFoA needed to focus its resources on those areas where the bulk of its membership was drawn from, and needed to be brave enough to recognise that for some members employed outside core actuarial roles, their resignations were a reflection that the IFoA was no longer the right body for them, rather than being indicative of any shortcoming in the IFoA's offering.
 - The IFoA's focus should be on filling the gaps and doing what it does best, rather than looking to replicate what other organisations do and/or seek to lure people from other professions. Relatedly, it was important to focus not just on attracting new members, but on recognising existing members of the profession and making sure both that they remain relevant, and that the IFoA remains relevant to them.
 - It was important for the IFoA to be able to identify the right kind of new member to attract, and showcase the opportunities that would draw them in.
- Concerns were expressed about committing the IFoA to reducing fees by a specific amount/percentage over any particular period, until the organisation had reached or was approaching the end of the change process it was embarking upon. Other Council members agreed with this and noted that any such long-term commitment could limit the organisation's future flexibility and thus undermine the MVP itself.
- There was potential for the MVP work to consume a large part of the IFoA's budget, but it was competing with multiple other activities for that resource, and so it was important to give due consideration to the priority it should have within this.

Global Model

- 10.11 Tan Suee Chieh introduced the global model by acknowledging that the IFoA was already an international body. He explained how the idea of the IFoA working towards a common educational platform with other actuarial bodies emerged as a guiding polestar; in place of a merger of actuarial bodies. Comments in response from Council members noted that the IFoA's unique selling point was around adding value to the education of actuaries, and that IFoA was best served by focusing on providing better service and

offerings to its members than its competitors, rather than focusing directly on that competition – which was also impeding the IFoA's ability to do the best thing to help actuaries/certain national associations, such as those visited by Council members whilst in Africa, in their domestic markets.

- 10.12 Charles Cowling then presented a brief historical overview of the IFoA's international strategy. Charles suggested that the IFoA would face huge challenges if it sought to become a truly global organisation, and advised that seeking merger with other national associations was also not a realistic option for the IFoA in the near term at least. Charles proposed that education was the key area of opportunity for engaging globally, perhaps through the relaunch of the Chartered Actuary proposition.
- 10.13 Charles Cowling contended that the IFoA's core strategy should be to remain a UK-based organisation, with UK-based education and regulatory systems, and not to merge with other associations but instead support the growth of the global actuarial profession and help other countries develop their domestic actuarial communities without relying on their members to subsidise the IFoA's overall finances. Charles emphasised that exploring the benefits of a common education platform should be a key priority for the IFoA, along with looking into the possibilities of delivering lifelong learning on a global basis and gaining access to new thinking and development in new areas.
- 10.14 Council members were broadly supportive of the proposed way forward in this area, though some reservations (as summarised below) were expressed:
- Council was challenged to consider how the IFoA might better represent its members around the world than the status quo of one UK-based Council – local 'chapters' and 'sub-Councils', feeding into a global Council, was a suggested alternative
 - It was argued that the model for the IFoA in the proposed strategy, whilst well-intentioned, did not acknowledge that other large-scale actuarial associations held a more globalist view and the IFoA would by necessity have to respond to that in order to survive. It was also argued that the potential for merger with other associations was not necessarily as remote as it might currently appear, with the past merger of the Institute and the Faculty of Actuaries being noted as evidence of this.

Summary

- 10.15 Tan Suee Chieh thanked Council members for their participation in the discussion and acknowledged Council's agreement to move forward with the debate on the three strategic areas. He proposed that the further debate should be taken forward in sub-groups and appropriate forums to ensure necessary progress. John Taylor noted that while there was broad agreement on some key points, though with gaps that will need to be filled in, other key points needed to be developed further in order to address the questions and concerns raised ahead of Council's strategy day in September.

Paper 39 19 noted, and ways forward broadly agreed (with steer given as needed).

PART 3 – REFLECTIONS ON AFRICA TRIP

11. Reflections on Africa trip

- 11.1 Those members who had travelled to Africa as part of the IFoA's delegation were invited to share with Council the highlights of, and key learning points from, the countries they had visited.

Zimbabwe

11.2 Key points highlighted by those who travelled to Zimbabwe were:

- They had gained a better understanding of the challenges, both governance-related and economic, the Zimbabwean market faced.
- The stakeholders they met had all emphasised the need for the IFoA to provide more support and advice for local members/actuaries, particularly with regard to the economic challenges they face.
- The importance of the member value proposition for emerging markets, particularly given the number of members in non-traditional fields as a result of the Chartered Actuary qualification.
- That granting credentials needed to be faster, more creative and more affordable.

Nigeria

11.3 Key points highlighted by those who travelled to Nigeria were:

- The abundance of 'wider fields' opportunities in the market, as most stakeholders they met had expressed enthusiasm for actuaries' skillsets and their ability to bridge data analytics and business context for stakeholders.
- That the Nigerian Actuarial Society (NAS) benefited from the credibility that the IFoA Council members provided, as the meetings with the financial regulators and the Financial Reporting Council would likely not have taken place without the IFoA's Council attendance.
- Policies were being established to support the development and education of actuaries domestically, rather than bringing in people from elsewhere, as there was a significant gap between the numbers of actuaries in Nigeria versus those needed.
- Challenges faced by the Nigerian market included a lack of analytics arising from unreliable official data collection, which companies were trying to work around with varying degrees of success.
- That more NAS students were members of the American actuarial bodies, as they received more tuition support. It was suggested that due to the demand for more tuition support the IFoA should discuss tuition support solutions with ActEd.

Kenya

11.4 Key points highlighted by those who travelled to Kenya were:

- Meetings had been held with various stakeholders, including employers in wider fields and traditional roles as well as educational providers.
- Due to a large growth in qualifications, education providers were keen for the IFoA to provide more tuition and student support, such as subject-specific training. It was suggested that since this market is heavily involved in wider fields work, the IFoA should do more on SA0 rather than traditional Fellowships.
- Many universities expressed an interest in exploring accreditation with the IFoA. Relatedly, members also emphasised the need for the IFoA to look into simplifying its accreditation process and its administration of exams.

- Wider fields was also an emerging theme from the market, as was better promotion of actuaries in Kenya (and leveraging this to strengthen actuaries' relationships with Kenyan regulators).

African Insurance Organisation Conference and meeting with ASSA

- 11.5 John Taylor discussed how the conference provided many examples of innovation and financial inclusion markets but noted the lack of scale maturity and breadth within the continent. He pointed out that there were opportunities to trade education material with ASSA as they were prepared to explore this with us.
- 11.6 The Immediate Past President concluded the discussion by summarising that across the four countries stakeholders indicated they felt under-supported by the IFoA but appreciated Council's visit. The Chair stressed the need for the IFoA to develop concrete actions from the trip including customising the way the IFoA interfaces with those communities. Council expressed their gratitude to the Markets Development directorate for organising the trip and to the Marketing, Communications and Digital team for their promotion of these events on social media.

PART 4 – MANAGEMENT BOARD DELEGATED AUTHORITIES

12. Update from Chair of Management Board

Governance and Culture Review – Progress on implementing recommendations

- 12.1 Grahame Stott introduced this item by sharing his observations (since becoming Chair of Management Board in February 2019) on the challenges the IFoA needed to face up to in order to operate more effectively, most notably: rebuilding trust between Council, Management Board and the Executive; focusing more time and effort on execution of work; and finding ways to operate efficiently within the IFoA's complex governing structure.
- 12.2 Regarding the structure of the IFoA's governing bodies and processes, Grahame Stott explained that he was seeking to introduce an effective mechanism for the Corporate and Practice Boards to provide strategic input as intended. Grahame advised that consideration on whether to seek to add another independent non-executive member to Management Board would be deferred until the relationship between the governing bodies, in particular the Audit and Risk Committee, had been appropriately resolved.

Management Board Update

- 12.3 Grahame Stott noted that the way Council and Management Board worked together to develop the 2018/19 Corporate Plan was a good process that could be built upon. It was emphasised that the IFoA needed to set clear priorities for delivering the Corporate Plan given the resource constraints it had to operate within. Grahame confirmed that the first priority would be making operational improvements, to improve the overall member experience, with strategic goals relating to the qualification structure and the Chartered Actuary designation being deferred until there was sufficient capacity to progress these.
- 12.4 Grahame Stott then updated Council on the key items of business that Management Board had considered in the time since Council had last met, including:

- The latest position with the IFoA's Mutual Recognition Agreements with sister actuarial associations
 - The outcome of a recent Employment Tribunal case involving the IFoA, and the potential implications for both the organisation and some of its overseas student members of that outcome
 - Concerns around misconduct and collusion in the April 2019 diet of examinations, which were under investigation
 - The recent cancellation of several IFoA conferences due to lack of member interest – Council members were invited to provide comments or feedback to Grahame ahead of Management Board's consideration of the matter at its upcoming meeting
 - The latest position with the Kingman Review of the Financial Reporting Council and its potential implications for the IFoA
 - The approval of the IFoA's Annual Report and Financial Statements for 2018/19
 - A review of the results of the employee survey conducted in late 2018
 - A review of the governance around the IFoA's jointly-sponsored research into Equity Release Mortgages, which had provided the Board with assurance that the governance arrangements that were put in place had been appropriate.
- 12.5 Grahame Stott highlighted that a number of the issues listed above posed potentially significant risk to the IFoA, and that the potential impacts on the organisation needed to be viewed cumulatively rather than in isolation from one another.
- 12.6 Grahame Stott advised Council that Management Board had also held a meeting with the Chairs of the IFoA's main boards and committees in March, to ensure that the work and thinking of those bodies was aligned with Council's and Management Board's strategic process. This meeting highlighted key issues Chairs faced including a lack of communication across the Boards and the time and resource pressure on volunteers. Grahame confirmed noted that a conference call with the Chairs would be arranged for August 2019, to give their Boards an opportunity for early input to the 2020/21 corporate planning process and to inform discussion at Council's strategy session in September 2019 as appropriate.

Chief Executive's Job Description

- 12.7 Grahame Stott advised Council that he had completed his review of the Terms of Reference, objectives and bonus structure for the Chief Executive, as requested by Council at its meeting in February 2019. Council talked through the suggested revisions, and discussed the merits of retaining an objective focused on commercial growth of the IFoA, with some members noting the importance of that individual being able to lead the organisation through a transformational period. Council members were invited to provide input to Grahame on these matters if desired.

Action 5 – Council members

Paper 40 19 noted.

PART 5 - GOVERNANCE

13. Council Effectiveness Review

- 13.1 The Chair introduced Council's effectiveness review by informing members of key themes arising from Council's group discussions and survey feedback, which included:
- Concern about a lack of coherent strategy at Council, as reflected by a lack of agility in the education system and insufficient effective engagement with members outside the UK - though it was recognised that Council was actively working to address this.

- A need for Council member representatives on Management Board to play a stronger role in rebuilding trust between that body, Council and the Executive.
- The potential for the Chair of Council meetings to do more to hold members to account for their conduct and contributions, and to bring greater focus to the output from discussions by summarising the key points raised/agreed during that discussion, and confirming the actions/next steps to be taken as a result.
- For Council members to be more self-aware and think carefully before speaking whether their contribution to a discussion will add value.
- The need to review the President-elect election process, the position around members' terms on Council, and the structure of the Presidential Team.

13.2 It was agreed that the feedback regarding composition of Council, and the President-elect election process, would be provided to the Nominations Committee for further consideration.

Action 6 – James Harrigan

13.3 It was agreed that the responses to the effectiveness review surveys would be shared with Council members for information.

Action 7 – James Harrigan

Paper 41 19 noted.

14. Audit & Risk Committee: Annual Report

14.1 Trevor Spires presented the Audit & Risk Committee's Annual Report, and summarised the key issues in the report and on his own personal views of the year. Trevor confirmed that the IFoA had received a clean audit of its financial statements, for which thanks to the IFoA's Finance Team were extended, and he advised that the Committee's discussed of the Financial Statements had focused on two particular areas:

- Visibility of the IFoA's wholly-owned subsidiaries: the Committee was concerned to ensure it could obtain the level of assurance it required, but without stepping on the toes of those bodies' Directors. It was noted that the IFoA's external auditors had identified a solution for this from next year.
- The potential for an impairment in CAA Global's finances: whilst the external auditors had assured the Committee that an impairment was not required, the Committee remained concerned and had invited Management Board to review CAA Global further during the year.
- He felt that the Committee worked well together and contained a good balance of skills. His initial concerns around ensuring that the Committee was focused on the right things, and had the right agenda, had been addressed on a number of fronts: notably, through the Chair of Management Board regularly attending the Committee's meetings, and through receipt of a report at each Committee meeting outlining those matters of most concern to the Executive.

14.2 Council members noted the update asked whether the Audit & Risk Committee could provide oversight of the project management around the priorities in the 2019/20 Corporate Plan. Trevor Spires agreed that the Committee needed to maintain visibility of all of the projects, including their governance and attendant risk, and advised that the

IFoA's Project Management Office helped to provide regular assurance in that regard. Council were also advised that Charles Toomer had been tasked with identifying the potential unintended consequences that may arise from the impacts of each project.

Paper 42 19 noted.

15. Update from Nominations Committee: Principles of Council Composition

- 15.1 Nominations Committee member Paul Sweeting introduced this item, which sought Council's guidance on the potential direction of change for the future size and composition of Council, which could then be taken forward by the Committee and/or a subset of Council members. It was emphasised that composition was but one aspect of the IFoA's governance, all of which would need to be considered in due course.
- 15.2 Some Council members questioned the timing of this work, given the various priorities already being taken forward. It was suggested in response that it could be progressed in the background, with a focus on identifying quick fixes and easy wins that would require minimal resources or attention from Council for the time being. There was broad support across Council for this proposed approach, though with a warning from one member that reducing the size of Council and thus requiring a greater time commitment from its members (in order to continue with current levels of commitment to IFoA work) might lead to more non-practising actuaries serving on Council – which in turn would increase the risk of estrangement between Council members and the broader IFoA membership.
- 15.3 It was recommended that the Council members responsible for taking forward the work on composition could contact the Professional Associations Research Network for advice on membership governance. The Immediate Past President proposed Tan Suee Chie to take this forward on behalf of the Presidential Team and he agreed.

Action 8 – Tan Suee Chieh

Paper 43 19 noted and steer given.

16. Honorary Fellows – 2018/19 Cycle

- 16.1 Annette Spencer introduced this item, which detailed the prospective nominees for Honorary Fellowship, Gold Medal, and Finlaison Medal awards in 2018/19. The processes used to vet nominees prior to being presented to Council, and subsequent to Council's endorsement if given, was outlined for Council members' information.

Honorary Fellowship nominees

- 16.2 All of the nominees for Honorary Fellowship were **approved** by a majority of Council.

IFoA Gold Medal

- 16.3 There was broad support among Council members that the individual nominated for the Gold Medal deserved to receive a high award from the IFoA for their contribution to the profession. However, members debated whether the circumstances of that individual's particular contribution met the criteria for the award of a Gold Medal (*'work which is of pre-eminent importance, either in originality, or content, or consequence, in the actuarial field'*), which had historically been awarded in recognition of academic-focused work. It was noted that the member concerned had also been nominated for a Finlaison Medal, with the Policy and Public Affairs Board endorsing the award of either medal in neutral terms and leaving it to Council's discretion to choose which was most appropriate.

- 16.4 Council members expressed a range of views both in favour of and against awarding the Gold Medal in this instance to the member concerned. It was ultimately decided to **defer** the proposed award (of either the Gold Medal or the Finlaison Medal) to that member, in order to give the Policy and Research Directorate and the Policy and Public Affairs Board more time to research the issue in greater detail.

Action 9 – Annette Spencer

Finlaison Medal

- 16.5 Both nominees for the Finlaison Medal (excluding the member discussed in the paragraphs above) were **approved**, with one abstention recorded.

Paper 44 19 noted and nominees approved (with one exception as detailed above)

PART 6 – SPECIAL PROJECTS

17. Kingman Review/Actuarial Regulation

- 17.1 Ben Kemp presented an update on the latest position on actuarial regulation, further to the publication of the Kingman Review's report in December 2018 and following a recent briefing call with Council members.
- 17.2 Ben Kemp confirmed that the Council-established Kingman Steering Group had proposed to HM Treasury a possible model for the future of UK actuarial regulation, and was now awaiting an indication from HM Treasury of the position to be adopted. Ben noted that, in the intervening time, the Steering Group was following a strategy of proactive engagement with key stakeholders.
- 17.3 In response to questions from Council members about how these matters would affect the implementation of the IFoA's Actuarial Monitoring Scheme, Ben Kemp advised that it had been agreed to proceed with the program of thematic reviews, but defer the proposal to undertake mandatory reviews – which would be for the regulator to carry out under the future model the Steering Group had proposed. Concerns were raised that a one-size-fits-all approach to regulation would be unsuitable for members who worked in wider fields – it was agreed that this would be something to look into if the position adopted by the Government was broadly consistent with what the IFoA was looking for.

Paper 45 19 noted.

PART 7 – DASHBOARD/ BAU

18. Corporate Plan & Budget Update/Exception Report

- 18.1 The report for this item was taken as read. No questions or comments were raised.

Paper 46 19 noted.

19. Chief Risk Officer's Report

- 19.1 Charles Toomer presented the CRO Report. He drew members' attention to the reputational risks surrounding examination misconduct in India, but pointed out that this exemplified that the IFoA had the right processes and controls in place in order to identify and manage misconduct at an early stage. Charles advised that he had continued to monitor developments with regards to the results of the Kingman Review,

Brexit, and General Election, to ensure that the IFoA could be an active participant in driving its own regulation. Additionally, Charles advised that he had been examining interdependencies and resource constraints as the IFoA conducts its operational review.

- 19.2 In response to concerns raised by members around the IFoA's Equity Release Mortgage (ERM) research, it was explained that the IFoA followed an appropriate governance process for procuring the independent research and highlighted the importance of the IFoA issuing research on such a significant topic for members.

Paper 47 19 noted.

20. Council's Forward Agenda

- 20.1 Council members were invited to contact John Taylor or the Corporate Secretariat with suggested agenda items for Council's next meeting.

Paper 48 19 noted.

21. Review of the Meeting

- 21.1 The Immediate Past President invited Council members to share their thoughts on the meeting and suggest areas for future improvement. A number of productive suggestions were made and would be taken forward as appropriate by the Corporate Secretariat.

22. Other Business

- 22.1 The Immediate Past President thanked those Council members due to retire at the 2019 AGM for their contribution to the IFoA.
- 22.2 The Immediate Past President recognised that this was Jules Constantinou's last meeting as President of Council, and thanked him on behalf of Council for his leadership and the good work he had done in raising the profile of the profession during his Presidency. The Immediate Past President wished John Taylor the best of luck in his coming year as President.
- 22.3 The Immediate Past President acknowledged the recent resignation of Derek Cribb as Chief Executive of the IFoA, and led Council in expressing their gratitude to Derek for the significant progress the organisation had made under his leadership in the past nine years.
- 22.4 Council thanked Marjorie Ngwenya for her chairing of this meeting in Jules's absence and for her contribution to the IFoA as a former President and member of Council for eight years.

END.