

New strategy/new structure

Ronnie Bowie outlines the changes ahead for the structure of the actuarial profession and the benefits in store for members.

Much greater autonomy and empowerment should be given to the relevant committees and groups in the Professional Community area

In 2006 the Councils of the Faculty and the Institute of Actuaries agreed that the new strategic focus for the UK actuarial professional bodies – the Actuarial Profession – should be (and I paraphrase) ‘to support actuaries throughout their professional lives’. While the catalysts for the new strategy were the Morris Review and the subsequent passing of responsibility for developing actuarial technical standards to the Board for Actuarial Standards (BAS), the profession was ripe for a new direction.

With the transition of technical standards to the BAS now complete, the leadership of the profession can give its undivided attention to delivering that strategy. How it should be delivered has been considered by a programme board group, chaired by the two presidents, out of which were spun seven work streams. It has been my pleasure to chair the work stream charged with devising a new structure for the profession that will best enable the delivery of the various strands of the strategy.

After several months of work our work stream made recommendations to the Strategy Implementation Programme Board and, in turn, to the Joint Councils in June.

The essence of our proposals was as follows:

■ To divide the functions of the profession into two:

- ◆ those that deal with the formal governance matters such as finance, professional regulation, qualifications, examinations, etc – Professional Administration;
- ◆ those that specifically support the members in their daily working lives – Professional Community.

■ While it is important to consider the impact on members of decisions such as setting budgets it was felt, nonetheless, that the first group would continue to be best dealt with by a top-down approach.

■ On the other hand, without the burden of setting technical standards the Professional Community might thrive better under more of a grass-roots or bottom-up approach. There are already good examples of this in how the FIRM Board and the Social Policy Board have operated. There are also other successful groupings of actuaries (eg the London Markets Group), where actuaries have voluntarily come together for their mutual benefit (which we identified as Member Interest Groups).

■ Our proposal therefore was that much greater autonomy and empowerment should be

given to the relevant committees and groups in the Professional Community area. They will only need to refer decisions to the functional executive committees or Management Board if they affect more than one practice area or ‘bind’ members of the profession in some way.

■ We hope that this will enable the profession to develop a better engagement, over a period of time, with its membership.

■ Within the Professional Community those practice areas on which the profession examines (life, pensions, general, health and care, finance, investment, and risk) will be represented by executive committees (replacing the boards). Their principal function will be to provide a focal point for the development and dissemination of knowledge in their area of actuarial practice. This should lead to increased dynamic, modern, and relevant continuous professional development activity for members.

■ In addition, support will be given to Member Interest Groups. These could have a range of focuses, eg geographic, a narrow aspect of practice or a wider interest topic. They may be sponsored by the practice executive committees or initiated independently by a group of members.

■ Members will be invited to join any of the practice areas or Member Interest Groups in which they are interested.

■ The job of co-ordinating the various committees and groups within the Professional Community area and ensuring that they remain focused on supporting their area of the membership will fall to a new Member Support Committee.

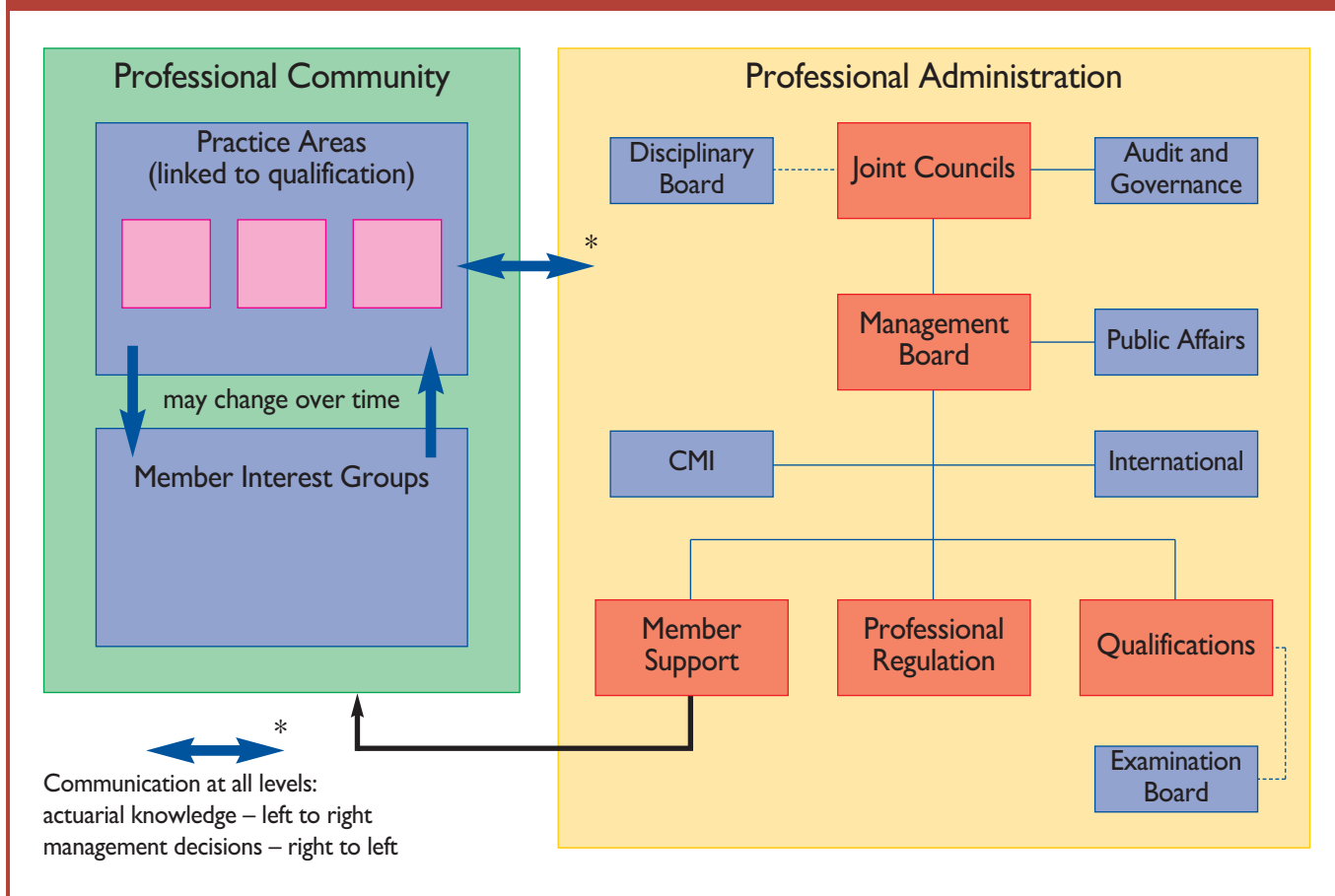
■ The Professional Regulation Executive Committee will be responsible for the regulation of individual members and any other regulatory activity the profession undertakes.

■ The Qualifications Executive Committee will develop and market world-class qualifications and foster the profession’s links to the academic world.

Figure 1 shows a simple diagrammatic representation of the new structures. In addition, communication and co-ordination will take place at all levels.

Going forward, each part of the structure will be in place by March 2008, with clear terms of reference within which it has authority to act. Much less, therefore, will be referred to the Management Board, whose main job will become an outward-looking one ensuring sufficient time is spent on issues that are

Figure 1 The new structure for UK actuarial professional bodies



important in terms of protecting the profession's reputation and in which we should be involved from a public interest perspective. On that basis, Joint Councils have agreed that the size of the Management Board should be reduced and that many of the volunteers who previously served on the Faculty and the Institute Management Committee (and, on occasion, sat through long discussions on technical matters related to another practice area) will be free to spend their time working directly on behalf of their fellow members.

The profession's success will not be determined solely by its structure. If we are to be successful it will require us all to be outward looking, enterprising, and energetic. However, a structure that clearly supports our strategy, allows volunteer members to make the most rewarding contribution, and brings the committees of the profession much closer to the grass-roots should maximise the chance of delivering the strategy. □

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Ronnie Bowie works at Hymans Robertson in Glasgow and is a vice-president of the Faculty of Actuaries

