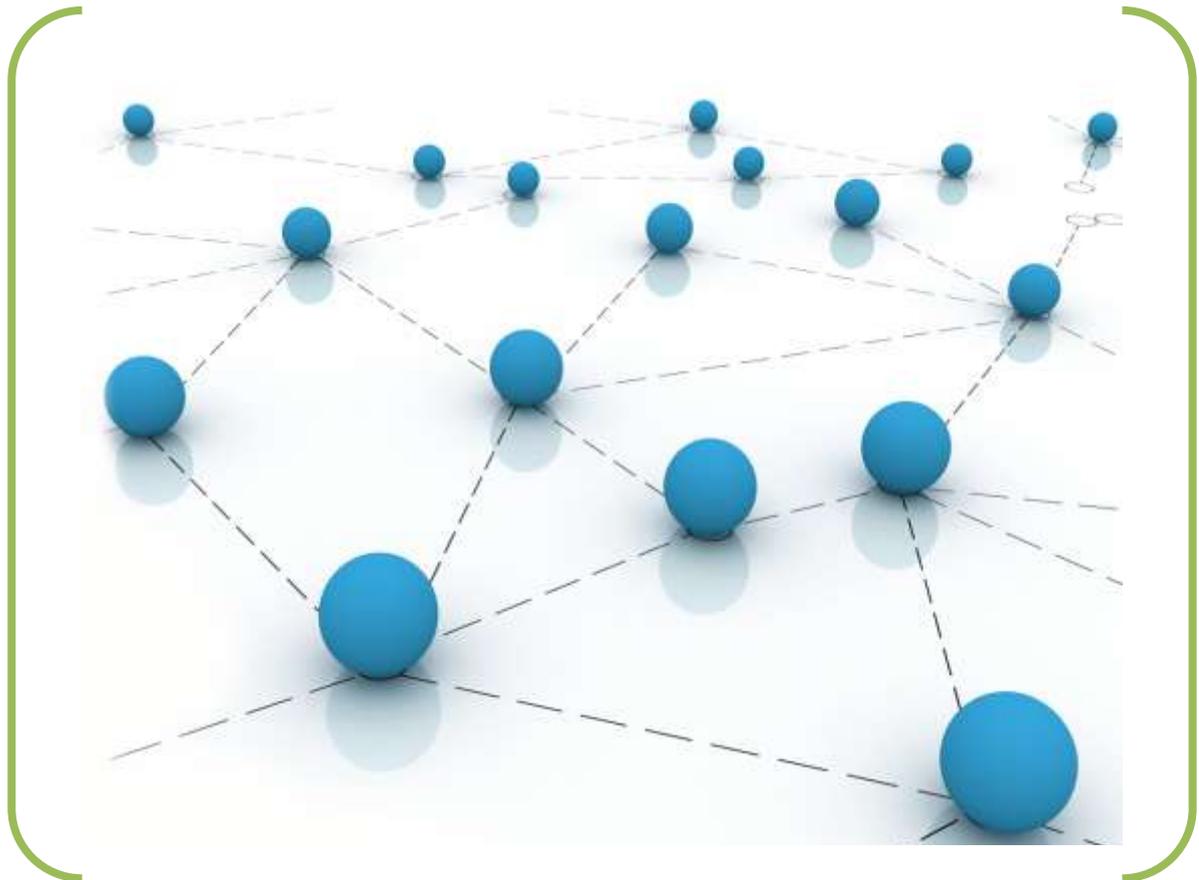


International Actuarial
Association
Connecting the
governance dots



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1. Preface

The International Actuarial Association (IAA), through its Executive Committee, commissioned a Governance review to:

- Assess the status, views and perceptions that its member associations have of the IAA's current governance, structures and processes.
- Assess, from a benchmarking perspective, how the IAA's governance structures and processes compare to other international associations.

A Governance Review Task Force was established to drive the Governance review process with the assistance of Deloitte & Touche (Deloitte).

The Governance review was conducted using surveys, which included two components:

- Firstly, a survey was designed by the Governance Review Task Force and sent to all member associations.
- Secondly, a survey was designed by the Governance Review Task Force and sent to a selection of international associations, similar to the IAA.

Member Associations

The purpose of the member association survey was to solicit input and views from member associations on the current governance structures and practices of the IAA and to identify what enhancements might better serve the interests of member associations. The survey was distributed to 64 member associations.

Global Association benchmarking

The global association survey was developed and sent to international associations similar to the IAA to assess common practices amongst these entities that may be adopted as recommendations to enhance the IAA's governance structures and practices. The benchmarking survey has been distributed to the following associations:

- Groupe Consultatif
- Information Systems Audit and Control Association (ISACA)
- Insurance Research Council (IRC)
- International Accounting Standards Board (IASB)
- International Association of Insurance Supervisors (IAIS)
- International Federation of Accountants (IFAC)
- International Institute for Analytics (IIA)
- Institute of Internal Auditors
- International Organization of Pension Supervisors (IOPS)
- International Organization of Securities Commission (IOSCO)
- International Social Security Association (ISSA)
- International Valuation Standards Council (IVSC)
- Organisation for Economic Co-operation and Development (OECD)
- The Professional Risk Managers' International Association (PRMIA)
- Global Reporting Initiative (GRI)

The responses received from the above global associations have been incorporated into this report where relevant.

2. Member Association Survey

The Governance Review Task Force, with the assistance of Deloitte, compiled a survey questionnaire to assess the following governance components:

- General Governance
- Council
- Executive Committee
- Officers
- Nominations Committee
- Presidents' Forum
- Committees
- Other general questions

The detailed questions included in the survey can be viewed in Annexure B to this report.

Of the 64 member associations who were requested to complete the survey, 35 member associations completed the survey. These 35 member associations represent 95% of the membership based on the 2013 membership data of the IAA. Details of the membership demographic have been provided in Annexure C to this report.

The respondent profile per member association was as follows:

President	34.3%
Council Delegate	37.1%
Alternate Council Delegate	5.7%
Correspondent	22.9%

3. Global Association Benchmarking Survey

The benchmarking survey was distributed to 15 international associations of which 8 submitted responses to the survey. The survey was designed to assess the International Associations' common governance practice.

The following associations submitted the governance benchmarking survey:

- Groupe Consultatif (since renamed Actuarial Association of Europe)
- Information Systems Audit and Control Association (ISACA)
- International Association of Insurance Supervisors (IAIS)
- International Federation of Accountants (IFAC)
- International Organization of Pension Supervisors (IOPS)
- International Social Security Association (ISSA)
- International Valuation Standards Council (IVSC)
- The Professional Risk Managers' International Association (PRMIA)

The results of the survey have been incorporated into this report where relevant. Details of the survey responses have been included in Annexure D.

4. Summary of results

Based on the feedback received from the member associations and at the Council meeting held on 13th October 2013, key observations were identified which impact on the Governance of the IAA. The following high level points were highlighted:

- Associations acknowledged the support received by the Secretariat but the common feedback received included the need for improved communication and engagement within the IAA. The specific areas raised by the member associations included:
 - Greater communication regarding the nomination process followed, the candidates considered and reasons provided for the selection of committee members.
 - Engagement and communication methods needed to include modern means such as video conferencing and webinars.
 - The need to increase engagement prior to the formal Council meetings including topic driven discussion groups.
 - The need to formalise the engagement and communication plan with the associations.
- The member associations were requested to provide feedback on the current criteria used to determine member representation. The use of geographic representation was debated as to whether or not the criteria were appropriate.
- The value derived from the Presidents' Forum was assessed and recommendations made regarding how to better position the Presidents' Forum to support the IAA.
- Member associations have requested that the IAA define their Value Proposition, including the proposition to both large and small associations.
- Member associations have commented that there is a need for greater transparency and accountability within the IAA including the following key areas:
 - Strategic planning and monitoring
 - Budget allocation
 - Performance monitoring

It is clear from the results of the Governance Review that the fundamentals of good governance exist within the IAA. The IAA has an established Council as well as Committees with clear mandates in order to discharge its governance oversight responsibilities. The IAA has formal statutes, regulations and strategic direction, while the Secretariat provides support to the Council, Committees and member associations. The concern areas noted above talk more to the mechanics that support the governance process of the IAA than the governance structures.

5. Detailed observations

5.1 Communication and Engagement

The IAA Statutes state 'the IAA Communications Policy is comprised of a Publications Policy and a Public Relations Policy and that implementation is the responsibility of the Executive Committee. The Secretariat shall manage all communications from the IAA to its member associations or third parties.'

Communication with member associations has been flagged as an area requiring improvement. The level and type of engagement with member associations may need to differ depending on the expectations and desired outcome. Within a governance operating model, infrastructure is one of the key components and is dependent on communication. Areas that have been highlighted as requiring improvement include:

- Means of communication – the IAA should consider further use of technology, tools, and their website for communication purposes.
- Length of communication – greater use of synopsis, dash-boarding (visual representation of key indicators) and executive summaries should be considered.

- Targeted communication – communication should be specifically addressed by topic and to the intended recipients.
- Improved marketing of communication – the recipient should be able to perceive the need of the communication.

It is important to mention that the IAA member associations have commented on the good support received from the Secretariat and how this function enables the governance environment.

Enhancing communication will impact on the assessment areas that have raised concern such as familiarity with IAA policies and statutes and promoting greater transparency.

Of the Global Associations who completed the benchmarking survey 37.5% confirmed that they utilise video conferencing facilities and 50% confirmed that they utilise conference calls for meeting discussions.

Recommendations to improve communication and engagement

Communication Plan

In order to ensure effective communication, the IAA should develop a stakeholder engagement and communication plan. This plan should outline the key stakeholders including the member associations of the IAA, types of engagements with stakeholders and frequency of both internal and external reporting and communication. The plan should include an analysis of the needs of the various stakeholders.

A critical success factor to ensure effective communication and engagement is determining the best medium of communication with the target audience. The IAA should determine what forms of communication will deliver the best results including: informal, formal, electronic, web-based, newsletters and dashboards.

Committee communication

Each committee should have a defined workplan for a minimum of one year that is accessible to all member associations. Within the workplan, each committee should provide the relationship between the committee and its relevant strategic objective(s) and an indication of outcome based communication that the member associations should anticipate receiving. For example, for the Nominations Committee, when the process of candidate assessment takes place, this should be highlighted on the workplan with the expected communication process that will follow.

Pre Council session

Based on the feedback received, member associations would like to be able to engage with relevant topics and discussions prior to the formal Council sessions. The IAA should consider making use of technology including webinars and chat rooms for pre-meeting discussions.

5.2 Representation

The IAA regulations state that the membership of the limited membership committees will take into consideration 'proper geographical, linguistic, and cultural balance and reflect indications of interest from Full Members'.

The composition of statutory and limited membership committees, based on geographical representation, has been flagged as a concern by certain member associations. The statutory or limited membership committees include: Nominations Committee, Audit and Finance Committee, Strategic Planning Subcommittee, Actuarial Standards Committee, Supranational Relations Committee and Executive Committee.

Based on the responses received from other Global Associations, 71.4% of the respondents used geographic representation as the criteria to be applied when appointing members to limited membership committees. 57.1% of respondents also considered the class or type of membership. The current IAA practice is therefore in line with global practice and should not, at this stage, be amended. One association explained that the intent should be to represent all geographical areas but that an important factor should be the quality of the candidate.

Recommendation

The IAA should consider the refinement of the current geographical area classification. Currently the IAA has three geographies that it recognises including – Europe, United States/Canada and the Rest of the World. The geographic split may be viewed as too broad, in particular the Rest of the World category and should be reconsidered. The IFAC indicated in their survey response that they consider six areas / regions that make up their global geographic group.

5.3 Voting Rights

As per the IAA Statutes, each delegate of a full member association shall have the right to cast one vote which would represent the number of voting rights as set out in the table below in accordance with the number of fully qualified actuaries of the full member association:

Number of fully qualified actuaries in the Full Member Association	Number of voting rights
up to 75	1
76 to 500	2
501 to 1,500	3
1,501 to 3,000	4
3,001 to 5,000	5
5,001 to 7,500	6
7,501 to 10,000	7
Over 10,000	8

The allocation of voting rights may be viewed as biased towards smaller membership associations. An example of this is a full member association with 5000 fully qualified actuaries has 5 voting rights compared to an association with 50 fully qualified actuaries with one voting right. The larger association is 100 times the size of the smaller association but only has five times the voting rights. The IAA has a voting cap of eight votes.

Some member associations believe that the voting rights allocated to full member associations at Council should be reviewed. However, there was no consensus amongst these associations as to which direction the changes should take. Whilst this was not the majority member association view this should be taken into consideration. There appears to be a trend relating to the size of the member association impacting on the decision making process.

Based on the Global Association survey 71.4% of the respondents noted that the membership class determines the member association voting rights and only 14.3% noted that the size of the member would impact on the voting rights. One Global Association added that the voting rights were limited to a maximum of four votes.

Recommendation

The IAA has fairly recently revised the voting rights of member associations to incorporate a number of factors. In addition the IAA strives to reach a consensus when decisions are taken and where items are potentially contentious, careful consideration is followed by the IAA to ensure the decisions taken are inclusive and equitable.

The revision of the proportion of voting rights may be reconsidered in the future in order to ensure an equitable allocation of voting rights within the IAA. It is however not a critical area that requires attention at this stage as, based on Deloitte's experience in these matters, the voting rights are aligned to common practice in general.

5.4 Presidents' forum

Currently the Presidents' Forum is not part of the formal Governance structure of the IAA. It is the majority member associations' view that the Presidents' Forum should not form part of the formal governance structure and should remain independent.

However, there is a strong view that the purpose of the Presidents' Forum needs to be reconsidered and that the Presidents' Forum's mandate should include strategic focus, global trends and changes to the actuarial profession.

Recommendation

The Presidents' Forum should continue to function, outside of the formal governance structure of the IAA.

Based on the feedback provided to Council regarding the Presidents' Forum, the IAA should consider requesting the Presidents' Forum to focus on two aspects:

- Forward thinking, thought provoking topics to be used to inform the strategic direction of the IAA; and
- Topics that will be considered at Council meetings.

The Presidents' Forum is a useful vehicle that can be used to facilitate greater discussion regarding key topics prior to the formal Council sessions. The Presidents' Forum needs to avoid potential inefficiencies and duplication of effort.

5.5 Value Proposition

The IAA Statutes define the IAA's mission and vision as follows:

Vision Statement: The actuarial profession is recognized worldwide as a major player in the decision-making process within the financial services industry, in the area of social protection and in the management of risk, contributing to the well-being of society as a whole.

Mission Statement: The mission of the IAA, as the worldwide organization of actuarial associations, is:

- to represent the actuarial profession and promote its role, reputation and recognition in the international domain; and
- to promote professionalism, develop education standards and encourage research, with the active involvement of its Member Associations and Sections, in order to address changing needs.

The initial survey feedback on the Governance Review provided to the Council on 13 October 2013 reiterated the importance of the IAA to define its value proposition. Due to the global representation and the diversity of member associations within the IAA, there appears to be uncertainty from the different associations as to the value provided and derived from the IAA.

Comments raised by member associations included the need to improve and define the value proposition for both large and small member associations, including the need to control cost and improve benefits derived.

Recommendation

The IAA should improve and define the IAA value proposition. The value proposition needs to address not only 'what' the IAA does but 'why' it operates including the benefits and value to be derived by the member associations. The value proposition should link to the strategic objectives of the IAA and define the value to be derived by member associations. The value proposition needs to address the value proposition for small, medium and large member associations.

Based on the International Integrated Reporting Framework published in December 2013 it is important for organisations to illustrate to their stakeholders how the organisation's governance structure supports its ability to create value in the short, medium and long term. The IAA should take this into consideration when defining its value proposition.

5.6 Transparency and Accountability

Transparency and accountability have been raised throughout the survey as principles that should become embedded within the Governance Framework of the IAA.

Transparency has been raised as an area that requires improvement. Two transparency components have been raised as requiring improvement. Firstly, the need to increase member associations' 'buy in' to the processes and outcomes and secondly, the need to make certain processes and outcomes more transparent. For example, the development of the IAA strategy requires greater member association buy in to the process followed and the outcomes reached. The following processes/ areas require greater transparency:

- Nominations process
- Closed or limited membership committee meetings
- Budget allocation process

A critical element of ensuring **accountability** is the establishment of formal performance management. The process appears to be absent in the current environment.

Council needs to establish specific performance objectives and performance evaluation methods to ensure the desired culture and outcome.

Recommendation

Transparency

The strategic plan of the IAA should include the objectives, measures, targets and alignment to the strategic objectives with the budget allocated for the period. This will enable the member associations to determine how the IAA has allocated funds in order to achieve their objectives. When defining the performance measures and targets the IAA should consider the SMART principles (specific, measurable, attainable, relevant and time bound). Dash-boarding of strategic plans and key performance indicators may assist in the delivery of the strategic plan and budget.

The definition of the value proposition will assist in enhancing member association engagement and buy in.

The transparency of committee decisions should be improved through the implementation of workplans and targeted communication post committee sessions as detailed in the communication report section above.

Accountability

Performance monitoring needs to encompass the following:

- Strategic direction performance KPI monitoring
- Budget allocation and monitoring
- Formal Committee effectiveness assessment
- Officer performance monitoring

As above, the use of dash-boarding of results should assist in the monitoring and evaluation of performance. Greater accountability will be achieved through performance measurement and monitoring. This should facilitate the Council's review and approval of areas such as strategy, operating plans, and financial plans. Council will also be better placed to monitor management's execution against established budgets as well as alignment with strategic objectives of the IAA.

The Executive Committee is responsible for the oversight of the Sections and Committees' performance. A conflict may arise as a result of current Section and Committee Chairs serving on the

Executive Committee. Consequently, the IAA should consider implementing measures that would help avoid a potential conflict of interest situation or jeopardize proper peer review.

5.7 Decision making process

The IAA Council is the key decision making structure of the IAA. As part of the survey feedback received, the Council's decision making process requires improvement. These improvements are two fold: firstly, the consultation process prior to the Council meeting and secondly, the level of debate and discussion at the actual Council meetings.

Sustainable governance is supported by creating a feedback loop in which the Council can identify and respond to emerging needs within the association and industry.

Recommendation

In order to ensure decision making processes are robust and responsive the IAA should consider improving on the following:

- Greater consultation with member associations prior to Council meetings on areas that require decisions to be taken; this could take place using electronic formats.
- More transparent reporting of debate and discussion at a committee level influencing the Council decision making.
- Enhancing the forum for discussion at the Council meetings.
- Formalising a Council workplan for the year so all member associations are made aware of decisions to be taken during the period.
- Encouraging special meetings when urgent decisions need to be taken; this could take place using electronic formats.
- Pre Council debate and discussion on topical agenda items; this could take place using electronic formats.

The IAA should also consider the formation of regional focus groups in order to enhance engagement within the regions. The regional focus groups could meet via means such as webinars, conference call or video conference to ensure the cost of such focus groups remains reasonable.

5.8 Strategic planning and monitoring

The strategic planning process assessment resulted in the overall conclusion that the current strategic plan was considered adequate. The strategic planning process has been referred to in the transparency report section.

The current strategic planning KPI setting process may be considered reactive and should be designed to become more proactive. Many member associations do however believe that the IAA should focus on narrower objectives and implement better performance monitoring of the committees' ability to achieve the strategic objectives and the reporting of this through the Executive Committee to the Council.

Recommendation

Strategic performance monitoring processes and reporting needs to be strengthened and reinforced. Such reporting should clearly articulate the key performance indicators, timeframes, allocated resources as well as actual performance against targets. The performance report should be presented at Council meetings. We have provided an illustrative example of a strategic planning tracking dashboard.

Illustrative example:

Strategic Objective: Support the development, organization and promotion of the actuarial profession in areas of the world in which it is not present or is not fully developed.								Monitoring	
Performance Measure	Performance Target	Budget Allocation	Annual Target	Quarter One Target	Quarter Two Target	Quarter Three Target	Quarter Four Target	Actual Performance: Quarter Two	Status
Help emerging and existing actuarial associations to develop.	Conduct a survey for emerging associations to determine their needs and requirements of the IAA	\$ XX	Annual Survey	N/A	Survey released	Results of Survey analysed	Survey results published by IAA on website	Survey has been complied and the survey uploaded for all emerging associations to complete by the March 2014.	On Track 
	Action plan submitted to Council on initiatives to support emerging markets	\$ XX	Action plan developed and approved by Council	N/A	N/A	Action plan submitted and approved by Council	N/A	Performance only due Quarter Three.	Not Due

5.9 IAA Statutes, Internal regulations and policies

Based on the feedback received from the member associations, the IAA does not require any immediate changes to be made to the current statutes or regulations governing the IAA. Amendments may be required at a later stage depending on further actions taken.

The responses received from member associations included the need for the IAA to provide a summary guide or synopsis of the governing rules of the IAA.

The Global Benchmarking survey indicated that 62.5% of the Global Associations felt that their members had a good understanding of the relevant association's constitution, by laws, statutes and internal regulations and policies.

Recommendation

The IAA should develop a pocket guide or summary document as an operational guide which could be used to improve new delegate induction and continued understanding of the IAA's statutes, regulations and policies. The recommendation relates to providing delegates with a 'how to' guide rather than details of the rules.

5.10 Source of Funding

Only 42% of member associations agreed with the proposal that the IAA seek new or additional sources of funding. The lack of broader support for such an initiative may be due to member associations not fully understanding what is intended with such a proposal and the potential implications thereof. Based on the Global Benchmarking Survey, 50% of the Associations obtained funding from sources other than membership fees albeit limited activities including commercial activities.

Recommendation

The IAA should consider the establishment of a Task Force to investigate the viability of pursuing new or additional funding going forward.

5.11 Declaration of interest

The Global Benchmarking Survey indicated that other global associations have implemented declaration procedures at a Council level. The IFAC indicated that each Board member signs an independence declaration on an annual basis, stating that the Board member will act in the public interest and with integrity in discharging responsibilities. Other associations have conflicts of interest policies and procedures. The IAA currently does not require any independence declaration by member associations.

Recommendation

The IAA should develop an annual independence declaration for the Executive Committee members to sign. The declaration would be a confirmation of the IAA code of conduct and include the principles of engagement such as integrity and ethical conduct.

6. Recommendation Register

6.1 Recommendations to improve communication and engagement

Communication Plan

In order to ensure effective communication, the IAA should develop a stakeholder engagement and communication plan. This plan should outline the key stakeholders including the member associations of the IAA, types of engagements with stakeholders and frequency of both internal and external reporting and communication. The plan should include an analysis of the needs of the various stakeholders.

A critical success factor to ensure effective communication and engagement is determining the best medium of communication with the target audience. The IAA should determine what forms of communication will deliver the best results including: informal, formal, electronic, web-based, newsletters and dashboards.

Committee communication

Each committee should have a defined workplan for a minimum of one year that is accessible to all member associations. Within the workplan, each committee should provide the relationship between the committee and its relevant strategic objective(s) and an indication of outcome based communication that the member associations should anticipate receiving. For example, for the Nominations Committee, when the process of candidate assessment takes place, this should be highlighted on the workplan with the expected communication process that will follow.

Pre Council session

Based on the feedback received, member associations would like to be able to engage with relevant topics and discussions prior to the formal Council sessions. The IAA should consider making use of technology including webinars and chat rooms for pre-meeting discussions.

6.2 Representation Recommendation

The IAA should consider the refinement of the current geographical area classification. Currently the IAA has three geographies that it recognises including – Europe, United States/Canada and the Rest of the World. The geographic split may be viewed as too broad, in particular the Rest of the World category and should be reconsidered. The IFAC indicated in their survey response that they consider six areas / regions that make up their global geographic group.

6.3 Voting Rights Recommendation

The revision of the proportion of voting rights may be reconsidered in the future in order to ensure the equitable allocation of voting rights within the IAA. It is however not a critical area that requires attention at this stage as, based on Deloitte's experience in these matters, the voting rights are aligned to common practice in general.

6.4 Presidents' Forum Recommendation

The Presidents' Forum should continue to function, outside of the formal governance structure of the IAA.

Based on the feedback provided to Council regarding the Presidents' Forum, the IAA should consider requesting the Presidents' Forum to focus on two aspects:

- Forward thinking, thought provoking topics to be used to inform the strategic direction of the IAA; and
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The Presidents' Forum is a useful vehicle that can be used to facilitate greater discussion regarding key topics prior to the formal Council sessions. The Presidents' Forum needs to avoid potential inefficiencies and duplication of effort.

6.5 Value Proposition Recommendation

The IAA should improve and define the IAA value proposition. The value proposition needs to address not only 'what' the IAA does but 'why' it operates including the benefits and value to be derived by the member associations. The value proposition should link to the strategic objectives of the IAA and define the value to be derived by member associations. The value proposition needs to address the value proposition for small, medium and large member associations.

Based on the International Integrated Reporting Framework published in December 2013 it is important for organisations to illustrate to their stakeholders how the organisation's governance structure supports its ability to create value in the short, medium and long term. The IAA should take this into consideration when defining its value proposition.

6.6 Transparency and Accountability Recommendation

Transparency

The strategic plan of the IAA should include the objectives, measures, targets and alignment to the strategic objectives with the budget allocated for the period. This will enable the member associations to determine how the IAA has allocated funds in order to achieve their objectives. When defining the performance measures and targets the IAA should consider the SMART principles (specific, measurable, attainable, relevant and time bound). Dash-boarding of strategic plans and key performance indicators may assist in the delivery of the strategic plan and budget.

The definition of the value proposition will assist in enhancing member association engagement and buy in.

The transparency of committee decisions should be improved through the implementation of workplans and targeted communication post committee sessions as detailed in the communication report section above.

Accountability

Performance monitoring needs to encompass the following:

- Strategic direction performance KPI monitoring
- Budget allocation and monitoring
- Formal Committee effectiveness assessment
- Officer performance monitoring

As above, the use of dash-boarding of results should assist in the monitoring and evaluation of performance. Greater accountability will be achieved through performance measurement and monitoring. This should facilitate the Council's review and approval of areas such as strategy, operating plans, and financial plans. Council will also be better placed to monitor management's execution against established budgets as well as alignment with strategic objectives of the IAA.

The Executive Committee is responsible for the oversight of the Sections and Committees' performance. A conflict may arise as a result of current Section and Committee Chairs serving on the Executive Committee. Consequently, the IAA should consider implementing measures that would help avoid a potential conflict of interest situation or jeopardize proper peer review.

6.7 Decision Making Recommendation

In order to ensure decision making processes are robust and responsive the IAA should consider improving on the following:

- Greater consultation with member associations prior to Council meetings on areas that require decisions to be taken; this could take place using electronic formats.
- More transparent reporting of debate and discussion at a committee level influencing the Council decision making.
- Enhancing the forum for discussion at the Council meetings.
- Formalising a Council workplan for the year so all member associations are made aware of decisions to be taken during the period.
- Encouraging special meetings when urgent decisions need to be taken; this could take place using electronic formats.
- Pre Council debate and discussion on topical agenda items; this could take place using electronic formats.

The IAA should also consider the formation of regional focus groups in order to enhance engagement within the regions. The regional focus groups could meet via means such as webinars, conference call or video conference to ensure the cost of such focus groups remains reasonable.

6.8 Strategic planning and monitoring Recommendation

Strategic performance monitoring processes and reporting needs to be strengthened and reinforced. Such reporting should clearly articulate the key performance indicators, timeframes, allocated resources as well as actual performance against targets. The performance report should be presented at Council meetings. We have provided an illustrative example of a strategic planning tracking dashboard.

6.9 IAA Guide Recommendation

The IAA should develop a pocket guide or summary document as an operational guide which could be used to improve new delegate induction and continued understanding of the IAA's statutes, regulations and policies. The recommendation relates to providing delegates with a 'how to' guide rather than details of the rules.

6.10 Funding Model Recommendation

The IAA should consider the establishment of a Task Force to investigate the viability of pursuing new or additional funding going forward.

6.11 Declaration Recommendation

The IAA should develop an annual independence declaration for the Executive Committee members to sign. The declaration would be a confirmation of the IAA code of conduct and include the principles of engagement such as integrity and ethical conduct.

7. Annexure A: Detailed Results of Member Survey

7.1 General

Survey Questions 1 and 2 were respondent identification questions

Survey Question 3 Results

3. Is your association familiar with the current Statutes, Internal Regulations, Policies and Protocols of the IAA available on the website?

		<i>Based on Voting Rights</i>
Yes	57.6%	52.0%
No	0.0%	0.0%
Somewhat	42.4%	48.0%
Not sure	0.0%	0.0%

Observations

42% of the respondents confirmed that they are not entirely familiar with the IAA Statutes, Internal Regulations, Policies and Protocols. This percentage is considered high. Considering the nature of the review it is important that as a starting point all member associations are familiar with the basis upon which the governance framework operates.

Member associations have commended the Secretariat and the role this function places in ensuring compliance.

Recommendations

The common theme evident in the survey response is the need for enhanced communication. The need is for clear, targeted information, timely received and adequately interpreted.

Member association comments regarding the Statutes, Internal Regulations, Policies and Protocols, is that the IAA should consider the following:

- Summary information being made available
- Induction programmes for new leaders
- Medium of communication

In the technological age the IAA should ensure use of all technologies available to it such as an efficient website with an effective search engine, blog or chat sites for member association interaction and use of applications during sessions.

Survey Question 5 Results

5. Does your association believe that the current geographic basis (Europe, United States/Canada, Rest of the World) of representation for statutory and restricted membership committees continues to be appropriate?

		Based on Voting Rights
Yes	48.5%	40.0%
No	9.1%	13.0%
Somewhat	33.3%	41.0%
Not Sure	9.1%	6.0%

Observations

9.1% of member associations are not in agreement with the current basis for representation for statutory and limited membership committees. IAA Internal Regulations point out in 4.1.2 (c): "In all its recommendations, the Nominations Committee must seek to achieve geographical, linguistic and cultural balance, as well as an appropriate range of skills and practice areas."

Based on the results of the survey, the member associations have identified a number of member associations with multi-national membership. The actuarial profession is represented by more than one association in a number of countries. In addition, with non-nation-specific member associations growing in size and significance to the IAA and with multiple actuarial organizations in some countries, member association views may not be adequately represented using a geographically-based system.

Areas that have been highlighted include:

- Revision of the criteria for membership representation on the statutory or restricted committees
- Nominations Committee to drive a more equitable representation process
- Consideration of permanent seats on the Executive Committee and other key committees
- "Rest of the world" category to be reconsidered
- Greater transparency in the representation and decision making processes

Recommendations

The Governance Task Force has agreed that this is an area that requires further consideration. The IAA should determine the key factors to be used in the representation process as well as the nominations process.

In terms of representation two fundamental areas need to be considered, qualitative factors such as geography, culture, race and gender and the quantitative factors such as size of membership and financial contribution.

The IAA needs to reconsider the geographic location class of the "rest of the world", which encapsulate the whole of Africa, South America, Asia, Australia and New Zealand. These locations should be considered from separation.

Survey Question 6 Results

6. Individuals who serve as a member of statutory or limited membership committees should do so as an independent non-executive director (where the interest of the IAA is their primary mandate). Does your association agree with this?

		Based on Voting Rights
Yes	78.8%	74.0%
No	3.0%	8.0%
Somewhat	18.2%	18.0%
Not Sure	0.0%	0.0%

Observation

Overall 79% of the member associations agreed that the member who serves on the statutory or limited membership committee should do so in an independent capacity and serve the interest of the IAA as their primary mandate.

Recommendation

The suggestion was made to introduce a declaration of interest process (i.e. conflict of interest) at the Council or Committee meetings in the event that a decision may result in a potential conflict between the IAA and the member association.

7.2 Council

Survey Question 8 Results

8. Individuals who serve as a delegate of Council should do so as a shareholder (where the interest of the member association is their primary mandate). Does your association agree with this?

		Based on Voting Rights
Yes	78.8%	80.0%
No	6.1%	10.0%
Somewhat	12.1%	9.0%
Not Sure	3.0%	1.0%

Observation

As in line with the role of Council delegates, 79% of the member associations agreed that the primary mandate of the Council delegate is to represent their member association. In terms of best practice the Council should act in the best interests of the organisation and its stakeholders to ensure the sustainability of the organisation. In performing the delegate's role it is important that the delegates represent their member association but that the interest of the IAA and the profession as a whole also be taken into consideration.

One of the comments raised was the decision deliberation process at a Council level and whether or not this debate and deliberation happens outside of the Council. It is important to view the Council as the ultimate decision making authority where debate and deliberation should be encouraged.

Recommendation

In order to facilitate debate, the Council agenda should allow sufficient time for deliberation. This may also impact on the number of Council meetings. Some member associations are of the view that the Presidents' Forum, rather than the Council, is the platform where matters of concern or general interest or new developments are discussed by member association representatives, even though the Presidents' Forum is not part of the formal IAA governance structure.

Where the decision to be taken by a Delegate is in conflict with the member association represented this conflict should be resolved through the consensus reached by the Council as a whole.

Survey Question 9 Results

9. Is your association satisfied with the criteria of determining the current composition of Council?

		Based on Voting Rights
Yes	72.7%	74.0%
No	6.1%	9.0%
Somewhat	12.1%	11.0%
Not Sure	9.1%	6.0%

Observation

6% of the respondents were not satisfied with the criteria used to determine the composition of the Council. Even though this percentage is fairly low the IAA should consider comments raised by the member associations when reviewing the representation criteria and other recommendation of this report.

Recommendation

The member association responses have included consideration of the following:

- Non-attendance of Council meetings to have consequence on member association
- Consideration for the smaller associations needs to be considered to ensure an inclusive approach

Survey Question 10 and 11 Results

10. Is your association satisfied with the voting rights allocation?

		Based on Voting Rights
Yes	60.6%	49.0%
No	6.1%	12.0%
Somewhat	27.3%	36.0%
Not Sure	6.1%	3.0%

11. Does your association believe there should be a link between voting rights and level of dues?		
		Based on Voting Rights
Yes	36.4%	51.0%
No	24.2%	17.0%
Somewhat	27.3%	26.0%
Not Sure	12.1%	6.0%

Observation

The response on the voting rights was fairly diverse as most member associations believe that the allocation of voting rights should take into consideration the membership numbers and ensure that the smaller associations are still able to have a voice.

For the larger associations the voting rights proportion is not considered equitable. Currently the voting rights are proportioned as follows:

Number of fully qualified actuaries in the Full Member association	Number of voting rights
up to 75	1
76 to 500	2
501 to 1,500	3
1,501 to 3,000	4
3,001 to 5,000	5
5,001 to 7,500	6
7,501 to 10,000	7
Over 10,000	8

The allocation of voting rights may be viewed as skewed towards smaller membership associations. An example of this is a full member association with 5000 fully qualified actuaries has 5 voting rights compared to an association with 50 members with one voting right. The larger association is 100 times the size of the smaller association but only has five times the voting rights.

Recommendation

The IAA has fairly recently revised the voting rights of member associations to incorporate a number of factors. In addition the IAA strives to reach a consensus when decisions are taken and where items are potentially contentious, careful consideration is followed by the IAA to ensure the decisions taken are inclusive and equitable.

The revision of the proportion of voting rights may be reconsidered in the future in order to ensure an equitable allocation of voting rights within the IAA. It is however not a critical area that requires attention at this stage as, in Deloitte's opinion, the voting rights are aligned to common practice in general.

Survey Question 12 Results

12. Does your association believe that the current mechanisms and timelines for Council (e.g. 60-day agenda, 30-day agenda, and electronic voting ballots) are adequate to allow member associations to make meaningful contributions to the matters of the IAA?

		Based on Voting Rights
Yes	72.7%	64.0%
No	6.1%	10.0%
Somewhat	18.2%	25.0%
Not Sure	3.0%	1.0%

Observation

Overall the member association are comfortable with the current mechanisms and timelines in place to ensure associations are able to prepare and contribute to the agenda setting and meetings of Council.

Key observation regarding the communication methods, use of the Presidents' Forum, transparency of decisions and debate at the Council Committees could contribute further to the member associations' contributions at the Council meetings.

Certain challenges such as frequency of Council meetings and language barriers have been mentioned in the comments however the Council sessions are the forum for final decision making and this process cannot be hindered by logistical or administrative concerns. This decision making cannot be diluted or delegated to other forums or committees.

Survey Question 13 Results

13. Does your association feel there is adequate consultation with member associations before matters are presented to Council?

		Based on Voting Rights
Yes	48.5%	38.0%
No	9.1%	16.0%
Somewhat	36.4%	43.0%
Not Sure	6.1%	3.0%

Observation

48.5% of the member associations believe that there is adequate consultation with member associations before matters are presented to Council. This is an area that the IAA should improve on to enhance greater consultation in order to achieve a majority view.

Recommendation

Matters that should be considered to improve consultation include:

- Greater time allocation for agenda items requiring decision making.
- Electronic ballot voting process should not discourage debate and should be facilitated more effectively.

- Greater transparency of discussion and debate at Council.
- Clear indication of the agenda items requiring decision making and the supporting committee reports to assist the Council delegates in making decisions.

Survey Question 15 Results

15. Does your association believe that the current schedule of Council meetings (twice per year) and time allocated are sufficient for Council to adequately conduct its work?

		Based on Voting Rights
Yes	75.8%	73.0%
No	6.1%	6.0%
Somewhat	15.2%	20.0%
Not Sure	3.0%	1.0%

Observation

Even though the concerns noted above regarding consultation and level of debate at Council meeting were raised, the general response was that the Council meeting schedule is sufficient to adequately conduct its mandate. This may be influenced by the voluntary part time nature of the delegates as well as the cost involved in attending meetings.

It is therefore clear that the solution is not to schedule more Council meetings but to have more transparent communication and reporting of items prior to the Council sessions.

Recommendation

The IAA should consider the formalisation of a workplan for the year and this workplan would highlight the items to be addressed at each meeting. This workplan should be circulated to all delegates so that they are aware of the matters to be addressed during the period.

Special Council meetings could be arranged via video or teleconferencing facilities to deal with items that require urgent attention.

Survey Question 16 Results

16. Does your association believe other mechanisms for Council discussion should be considered, such as conference calls, WebEx, other?

		Based on Voting Rights
Yes	33.3%	43.0%
No	21.2%	15.0%
Somewhat	30.3%	33.0%
Not Sure	15.2%	9.0%

Observation

Overall 33% of member associations believe that other mechanisms should be used for Council discussions. The views expressed by the member associations are that the use of technology would contribute to the following:

- More in-depth discussion of topics.
- Smaller associations could contribute without incurring the cost associated with travel.
- Where more urgent decisions and consultation are required, modern communications technology could be employed to achieve this.

The use of technology could also enhance consultation prior to Council meetings as noted in Question 13.

Recommendation

The IAA should consider the use of tools such as Webex to facilitate discussion outside of general Council meetings or in the event of urgent special session. The IAA should also consider the participation of the smaller associations through the use of conferencing facilities to increase participation. In most jurisdictions the validity of voting can be facilitated online.

In considering the use of technology it is important that the face to face Council meetings continue. It is important that the key decision making mechanism remains a forum that physical presence is required to constitute a quorum in decision making.

In addition, some member associations expressed that alternative means of communication should be considered.

Survey Question 17, 18, 19 and 20 Results

17. Does Council receive adequate briefings in Council papers before its meeting(s) and in electronic ballots for it to make informed decisions?

		<i>Based on Voting Rights</i>
Yes	75.8%	64.0%
No	3.0%	5.0%
Somewhat	21.2%	31.0%
Not Sure	0.0%	0.0%

18. Is your association satisfied with the existing strategic objectives of the IAA?

		<i>Based on Voting Rights</i>
Yes	75.8%	70.0%
No	3.0%	1.0%
Somewhat	18.2%	28.0%
Not Sure	3.0%	1.0%

19. Should the IAA focus on specific or narrower objectives?

		<i>Based on Voting Rights</i>
Yes	21.2%	31.0%
No	33.3%	31.0%
Somewhat	21.2%	24.0%
Not Sure	24.2%	14.0%

20. Should the IAA focus on more objectives?

		<i>Based on Voting Rights</i>
Yes	3.0%	3.0%
No	69.7%	77.0%
Somewhat	9.1%	4.0%
Not Sure	18.2%	16.0%

Observation

76% of the member associations are satisfied with the existing strategic objectives of the IAA and that the IAA should not consider more objectives at this stage. The member association comments emphasised the need to focus the strategic objectives on the global perspective.

In the strategic objective planning process the IAA should communicate the resource availability – both financial and knowledge base – to ensure that the objectives are realistic and attainable.

Some member associations have raised the concern regarding the principle of Subsidiarity in the design of the strategic initiatives.

In addition, 21% of the member associations commented that the IAA should focus on fewer strategic objectives. Overall the establishment of six objectives is not considered excessive, when compared to common practices but the allocation of resources to achieve the objectives may influence the focused approach.

Recommendation

The IAA has to ensure that it does not involve itself in the domestic affairs of a member association. In managing the implementation of the Subsidiarity principle it is important that the IAA manage the potential perceptions created by local interference. Managing the perceptions created within the IAA governance framework is just as critical as managing the activities. The strategic planning subcommittee should consider the potential duplication of effort between the IAA and its member associations.

We recommend that the IAA allocate resources and budget to the strategic objectives to allow the member associations to understand where the funds are being spent. The IAA should consider the review of short, medium and long term objectives to ensure achievability of goals.

Survey Question 21 Results

21. Does your association believe the current process for Council adoption of strategy is adequate and efficient?

		<i>Based on Voting Rights</i>
Yes	57.6%	44.0%
No	6.1%	11.0%
Somewhat	33.3%	40.0%
Not Sure	3.0%	5.0%

Observation

Only 6% of the respondents believe that the current process for Council adoption of strategy is inadequate or inefficient.

Member associations have commented that more opportunities for discussion prior to adopting new or expanded strategic objectives need to be considered. In addition, the cost/benefit analysis should be clearly presented, as should the specific outcomes expected to be achieved and the measures that will be used to determine success.

Recommendation

Strategic planning processes should be robust and consultative. The strategic planning subcommittee as well as the Executive Committee play a vital role in ensuring the strategic planning process is inclusive and robust.

Survey Question 22 and 23 Results

22. Does your association feel that the current supervision by Council is sufficient to hold the Officers, Executive Committee and other Committees of the IAA accountable to the member associations in respect of affirming and achieving the strategic objectives?

		<i>Based on Voting Rights</i>
Yes	51.5%	44.0%
No	9.1%	21.0%
Somewhat	33.3%	30.0%
Not Sure	6.1%	5.0%

23. Does your association feel that the current supervision by Council is sufficient to hold the Officers, Executive Committee and other Committees of the IAA accountable to the member associations more generally?

		<i>Based on Voting Rights</i>
Yes	42.4%	35.0%
No	12.1%	23.0%
Somewhat	39.4%	37.0%
Not Sure	6.1%	5.0%

Observation

51.5% of the member associations are comfortable with the level of accountability with respect to affirming and achieving the strategic objectives within the Council and Committee structure. Enhancing the level of accountability should be enabled through better communication of activities at the committee level.

A Council Committee should be accountable for the achievement of the IAA strategic objectives and these achievements should be communicated to all member associations.

Recommendation

Regular progress reporting on the achievement of strategic objectives should be provided to all member associations. Within the IAA structure the party/ies accountable should be identified as the 'owner' of the strategic objective in order to ensure monitoring and reporting of progress.

Progress reporting could incorporate structured short reports with KPIs (Key Performance Indicators) against the goals and achievements and concise commentary.

7.3 Executive Committee

Survey Question 25 Results

25. Is your association satisfied with the structure of the Executive Committee based on geographical representation (Europe, United States/Canada, Rest of the World)?

		Based on Voting Rights
Yes	69.6%	55.0%
No	12.1%	21.0%
Somewhat	21.2%	20.0%
Not Sure	6.1%	4.0%

Observation

The geographical representation of the Executive Committee is less of a concern than the limited membership committees mentioned in Question 5.

Certain member associations raised comments relating to having permanent seats on certain committees including the Executive Committee.

Recommendation

The geographical representation of the Executive Committee is an area that should be considered when reviewing the representation of the statutory and limited membership committees.

Survey Question 26 Results

26. Is your association satisfied with the process for electing the members of the Executive Committee?

		Based on Voting Rights
Yes	78.8%	66.0%
No	6.1%	13.0%
Somewhat	9.1%	15.0%
Not Sure	6.1%	6.0%

Observation

Overall, almost 80% of the member associations are satisfied with the process of electing members to the Executive Committee through the Nominations Committee. The sentiment raised is that this process needs to be more transparent.

Recommendation

The IAA should consider profiling of the possible candidates to be considered, which would inform all member associations of the candidate's background, skills set, experience and involvement with the IAA. As highlighted previously, the diversity of candidates needs to be considered by the nominations committee is selecting candidates.

Survey Question 27, 28 and 29 Results

<i>27. Does your association believe that the current duties and associated delegated powers of the Executive Committee are appropriate?</i>		
		<i>Based on Voting Rights</i>
Yes	81.8%	73.0%
No	0.0%	0.0%
Somewhat	12.1%	21.0%
Not Sure	6.1%	6.0%
<i>28. Does your association believe the EC is effectively exercising those powers?</i>		
		<i>Based on Voting Rights</i>
Yes	60.6%	49.0%
No	3.0%	5.0%
Somewhat	21.2%	35.0%
Not Sure	15.2%	11.0%
<i>29. Is the EC fulfilling its accountability responsibilities towards Council?</i>		
		<i>Based on Voting Rights</i>
Yes	69.7%	65.0%
No	0.0%	0.0%
Somewhat	24.2%	31.0%
Not Sure	6.1%	4.0%

Observation:

The majority (82%) of member associations agreed that the current duties and associated delegated powers of the Executive Committee are appropriate stating that the Executive Committee acts as the 'gateway' to Council.

The Executive Committee has been delegated the responsibility to carry out the operational aspects of the IAA, prepare strategy proposals and material for Council consideration, and monitor the implementation of the strategic plan. These functions can be assigned to other committees but the Executive Committee is ultimately responsible to the Council.

Recommendation

The Executive Committee should communicate to the member associations on the fulfilment of its terms of reference and the specific duties it has carried out over the period. The Executive Committee produces a report to the Council on its activities and meetings. This report should be aligned with the agenda of the meeting, the agenda should take into consideration the workplan of the Executive Committee which in turn needs to address the terms of reference of the Executive Committee. Providing this clear link between the actions and the terms of reference will assist the Council and member associations' interpretation of the functioning of this committee.

An example to illustrate the above is that the specific duties of the Executive Committee are to provide oversight and coordination for the Committees and Sections. Comments indicate that the Executive Committee should have a performance evaluation function to ensure that committees are acting within a mandate, and are achieving what they have aimed to. The Executive Committee should then have power to act to rectify underperformance by committees. Based on the reporting it is not clear whether these mechanisms exist or whether the performance is reviewed but not included in the report.

Survey Question 30 Results

30. Is the communication flow from Executive Committee to Council and member associations adequate?

		<i>Based on Voting Rights</i>
Yes	66.7%	65.0%
No	6.1%	10.0%
Somewhat	24.2%	22.0%
Not Sure	3.0%	3.0%

Observation

In general the communication flow from Executive Committee to Council and member associations is considered to be adequate.

Consideration should be made in enhancing the transparency of communication and feedback to member associations. Some member associations would like to directly feed into the Executive Committee activities however this may complicate the mandate of the Executive Committee and the key stakeholder relationship – being the Council.

The Executive Committee through the Council is dependent on the member association delegate to provide feedback to the member association.

Recommendation

Communication and transparency of information sharing are fundamental to ensure all member associations are well informed. The communication strategy needs to consider using alternative methods and ensuring the information is easily identifiable and accessible.

Survey Question 31 Results

31. Does your association think it is appropriate for the Executive Committee to establish specific mandated limited membership committees to assist it with performing its duties, e.g. the Strategic Planning Subcommittee?

		<i>Based on Voting Rights</i>
Yes	72.7%	73.0%
No	6.1%	3.0%
Somewhat	15.2%	19.0%
Not Sure	6.1%	5.0%

Observation

73% of the member associations agree with the establishment of specific committees. The Executive Committee is responsible for a wide range of areas and requires committees to assist in the delivery of its mandate to Council.

A concern was raised as to whether the Executive Committee should establish committees that are not restricted.

Recommendation

In the formation of these committees it is important to consider the points raised regarding representation through the engagement with member associations and transparency of information.

It is also important that the Governance structure is simple and conducive to enabling the right culture and tone at the top. With the establishment of additional committees and the limited membership committee the level of accountability and transparency may be diluted.

Survey Question 32 Results

32. Is your association satisfied with the consultation process embarked on by the Executive Committee or its mandated Strategic Planning Subcommittee to obtain input from member associations before Council meetings on the current strategy of the IAA?

		<i>Based on Voting Rights</i>
Yes	66.7%	60.0%
No	12.1%	24.0%
Somewhat	15.2%	11.0%
Not Sure	6.1%	5.0%

Observation

Overall 67% of the member associations are satisfied with the consultation process for input into the current strategy of the IAA. Comments were however raised that the level of input could be improved by encouraging more debate and discussion at Council as well as the Executive Committee facilitating greater input into the strategic plan.

Recommendation

Consideration for the points noted previously regarding greater communications, use of technology and encouragement of discussion and debate at a Council level will assist in enhancing the consultation process.

The Task Force added that communication that is addressed to the relevant participant and clearly states the communication objective will enhance communication sharing.

7.4 Officers

Survey Question 33 Results

33. Does your association believe that the required criteria and selection process to elect the Officers is transparent enough?

		Based on Voting Rights
Yes	63.6%	63.0%
No	12.1%	18.0%
Somewhat	18.2%	15.0%
Not Sure	6.1%	4.0%

Observation

The majority of member associations are comfortable that the required criteria and selection process to elect Officers is transparent.

Certain member associations have raised concern regarding the selection process of the Officers, and the process not being clear or transparent. The concern raised relates to the election and selection process of the president through the nominations committee and the need for the process to be inclusive for member associations to express interest in leadership positions.

Recommendation

The IAA should continue to call for leadership nominations from the associations. The Nominations Committee could consider offering more than one candidate for leadership positions as per the Committee's terms of reference. The Nominations Committee needs to ensure the diversity of the candidates.

Survey Question 34 Results

34. Are the responsibilities of the Officers related to governance defined clearly enough and are those responsibilities being exercised effectively?

		Based on Voting Rights
Yes	66.7%	56.0%
No	3.0%	5.0%
Somewhat	12.1%	14.0%
Not Sure	18.2%	25.0%

Observation

The majority of the respondents are comfortable that the duties of the Officers are clearly defined and that the responsibilities are exercised effectively. There were however comments raised regarding the roles and responsibilities and the need to ensure the performance is monitored. The IAA Statutes and Internal Regulations do not specifically deal with the performance review of the Officers.

Recommendation

The performance review of the Officers should be included in the IAA statutes and Internal Regulations. The review of the Officers performance should be performed by the Council or a delegated committee of Council.

7.5 Nominations Committee

Survey Question 35 and 40 Results

35. Is your association satisfied with the criteria and process for determining the current composition of the Nominations Committee?

		Based on Voting Rights
Yes	66.7%	57.0%
No	6.1%	11.0%
Somewhat	18.2%	22.0%
Not Sure	9.1%	10.0%

40. Are the current process and criteria adopted for appointments clear and adequate to allow member associations to propose candidates?

		Based on Voting Rights
Yes	78.8%	74.0%
No	3.0%	8.0%
Somewhat	15.2%	15.0%
Not Sure	3.0%	3.0%

Observation

Best practice requires that the Nomination Committee consists of members who are independent non-executive members. This is not practical in the IAA environment as all members represent their member associations, however the concept of fostering independence should be adopted where possible.

Additional comments raised added that the process to propose candidates is clear, however there is lack of transparency on how the Nominations Committee selects candidates for Council consideration.

Recommendation

The recommendations regarding transparency in supporting decision making and the need for renewed representation criteria need to be taken into consideration when considering the membership of the Nominations Committee. In addition, the members (other than ex-officio members) proposed by the Nominations Committee for appointment to the Council needs to be adequately substantiated.

Survey Question 36, 37, 38 and 39 Results

36. Does your association believe that the current duties and associated delegated powers of the Nominations Committee are appropriate?

		Based on Voting Rights
Yes	87.9%	82.0%
No	0.0%	0.0%
Somewhat	0.0%	0.0%
Not Sure	12.1%	18.0%

37. Does your association believe that the Nominations Committee is effectively exercising those powers

		<i>Based on Voting Rights</i>
Yes	78.8%	73.0%
No	0.0%	0.0%
Somewhat	9.1%	9.0%
Not Sure	12.1%	18.0%

38. Are the current mechanisms and timelines adopted by the Nominations Committee in carrying out its powers transparent?

		<i>Based on Voting Rights</i>
Yes	69.7%	62.0%
No	3.0%	8.0%
Somewhat	18.2%	23.0%
Not Sure	9.1%	7.0%

39. Is your association satisfied that the Nominations Committee structure is adequate to avoid potential conflicts of interest?

		<i>Based on Voting Rights</i>
Yes	60.6%	58.0%
No	6.1%	8.0%
Somewhat	18.2%	19.0%
Not Sure	15.2%	15.0%

Observation

Member associations are generally comfortable with the functioning of the Nominations Committee. The key observation made regarding the Nominations Committee is the need for greater transparency in the process of selecting candidates for committee representation and the selection of Officers.

In terms of conflict of interest, a view was expressed that the Nominations Committee is reporting into the Executive Committee. Per the governance structure, this is not accurate, and the IAA should ensure that the reporting line into the Council is communicated to all members.

Recommendation

The assessment criteria used by the Nominations Committee in assessing suitable candidates should be distributed to Council for input.

7.6 Presidents' Forum

Survey Question 41 Results

41. Does your association believe that the Presidents' Forum adds significant value to the existing formal structures of the IAA?

		<i>Based on Voting Rights</i>
Yes	36.4%	24.0%
No	15.2%	20.0%
Somewhat	30.3%	40.0%
Not Sure	18.2%	16.0%

Observation

The response to the value add derived from the Presidents' Forum indicates that either the member associations are not sure of what the function of the Forum is or that the Forum is not adding any value to the IAA. Only 36% of respondent view the Presidents' Forum as adding value.

Comments raised relate to the inconsistency in the format of the meetings and that the Forum could be used more effectively including promoting and hosting discussions among members of the issues facing their associations and the profession globally.

Recommendation

Council should consider the Presidents' Forum and the specific mandate of this structure in enabling value add to Council and the IAA.

As recommended by member associations, the Council should consider that the Presidents' Forum focus on matters such as:

- Consideration of issues that are facing the profession.
- Consideration of issues the Presidents wish to raise with IAA leadership.
- Horizon scanning, on future developments in legislative and economic changes impacting on IAA global response.

Survey Question 43, 44 and 45 Results

43. Should more time be formally allocated at the Presidents' Forum for discussion of the IAA Strategic Plan and ongoing activities of the IAA?

		<i>Based on Voting Rights</i>
Yes	48.5%	50.0%
No	27.3%	31.0%
Somewhat	6.1%	3.0%
Not Sure	18.2%	16.0%

44. Should the Presidents' Forum be used as a sounding board for key decisions before they are taken to Council?

Yes	48.5%	52.0%
No	15.2%	20.0%
Somewhat	21.2%	15.0%
Not Sure	15.2%	13.0%

45. Should the Presidents' Forum be used as a regular forum for discussion of issues of current concern?

Yes	63.6%	65.0%
No	12.1%	11.0%
Somewhat	21.2%	21.0%
Not Sure	3.0%	3.0%

Observation

48.5% of the responses added that the Presidents' Forum should be used to discuss IAA strategies as well as focus more on global development, changes within the actuarial profession and forward looking assessment.

Recommendation

The Council should consider the Presidents' Forum and the specific mandate of this structure in enabling value add to Council and the IAA. The mandate should include:

- Consideration of issues that are facing the profession.
- Consideration of issues the Presidents wish to raise with IAA leadership.
- Horizon scanning, on future developments in legislative and economic changes impacting on IAA global response

Survey Question 46 Results

46. Should the Presidents' Forum become part of the formal governance structure of the IAA?

		<i>Based on Voting Rights</i>
Yes	21.2%	22.0%
No	57.6%	55.0%
Somewhat	0.0%	0.0%
Not Sure	21.2%	23.0%

Observation

58% of the member associations do not think the Presidents' Forum should form part of the IAA's formal governance structure. The Presidents' Forum is currently not part of the formal governance structure and therefore should remain as is in terms of structure within the IAA.

7.7 Committees

Survey Question 48 and 49 Results

48. Does your association believe that the current committee structure is appropriate for carrying out the strategy of the IAA?

		Based on Voting Rights
Yes	81.8%	76.0%
No	3.0%	2.0%
Somewhat	9.1%	13.0%
Not Sure	6.1%	9.0%

49. Does your association believe that the oversight of the committees by the Executive Committee is adequate to enable the IAA to achieve its objectives efficiently?

		Based on Voting Rights
Yes	72.7%	58.0%
No	6.1%	13.0%
Somewhat	18.2%	26.0%
Not Sure	3.0%	3.0%

Observation

82% of the member associations are satisfied that the current committee structure is appropriate to carry out the strategy of the IAA. Some suggestions have been made regarding reducing the number of committees within the IAA.

It is however important to ensure all committees have formal terms of reference and workplans in place to ensure the committee agendas are established to fulfil the responsibilities of the committees. Concerns were noted regarding the evaluation assessment of the committees and monitoring the performance of the committees by the Executive Committee. Best practice is to formally evaluate the effectiveness of the Council and the Committees every two years.

Recommendation

The IAA should consider the effectiveness evaluation process of the Council and Committees. This assessment could be facilitated internally and should assess the Council and Committee's effectiveness and performance in terms of its mandates.

7.8 Other general questions

Survey Question 50 Results

50. Does your association believe that the IAA should seek new/additional sources of funding without impairing its objectivity (for example through supranational organizations)?

		Based on Voting Rights
Yes	41.9%	43.0%
No	19.4%	10.0%
Somewhat	16.1%	25.0%
Not Sure	22.6%	19.0%

Observation

Only 42% of member associations agreed with the proposal that the IAA seeks new or additional sources of funding. The lack of broader support for such an initiative may be due to member associations not fully understanding what is intended with such a proposal and the potential implications thereof.

Recommendation

If the IAA considers adopting a process of seeking new or additional funding going forward, it should ensure that a thorough business case is put together in line with the principles of transparency and accountability as highlighted previously in this report. This should also be robustly debated together with all the potential implications from a risk and reward perspective.

8. Annexure B: Member Association Questions

General

(Reference: Internal Regulations, Nominations Committee Protocol)

1. Is your association familiar with the current Statutes, Internal Regulations, Policies and Protocols of the IAA available on the website? **Response Options:** Yes, No, Somewhat, not sure
2. If not, how more effectively can these be communicated to member associations?
3. Does your association believe that the current geographic basis (Europe, United States/Canada, Rest of the World) of representation for statutory and restricted membership committees continues to be appropriate? **Response Options:** Yes, no, somewhat, not sure
4. Individuals who serve as a member of statutory or restricted membership committees should do so as an independent non-executive director (*where the interest of the IAA is their primary mandate*). Does your association agree with this? **Response Options:** Yes, no, somewhat, not sure
5. How can we improve on dialogue within the IAA in general?

Council

(Reference: Statutes, Internal Regulations, Paper on Role of Council Delegates, Strategic Plan)

1. Individuals who serve as a delegate of Council should do so as a shareholder (*where the interest of the member association is their primary mandate*). Does your association agree with this? **Response Options:** yes, no, somewhat, not sure
2. Is your association satisfied with the criteria of determining the current composition of Council? **Response Options:** yes, no, somewhat, not sure
3. Is your association satisfied with the voting rights allocation? **Response Options:** yes, no, somewhat, not sure
4. Does your association believe there should be a link between voting rights and level of dues? **Response Options:** yes, no, somewhat, not sure
5. Does your association believe that the current mechanisms and timelines for Council (e.g. 60-day agenda, 30-day agenda, and electronic voting ballots) are adequate to allow member associations to make meaningful contributions to the matters of the IAA? **Response Options:** yes, no, somewhat, not sure
6. Does your association feel there is adequate consultation with member associations before matters are presented to Council? **Response Options:** yes, no, somewhat, not sure
If not, please identify on what issues more consultation is needed and in what form
7. Does your association believe that the current schedule of Council meetings (twice per year) and time allocated are sufficient for Council to adequately conduct its work? **Response Options:** yes, no, somewhat, not sure
8. Does your association believe other mechanisms for Council discussion should be considered, such as conference calls, Webex, other? **Response Options:** yes, no, somewhat, not sure
9. Does Council receive adequate briefings in Council papers before its meeting(s) and in electronic ballots for it to make informed decisions? **Response Options:** yes, no, somewhat, not sure
10. Is your association satisfied with the existing strategic objectives of the IAA? **Response Options:** yes, no, somewhat, not sure
11. Should the IAA focus on specific or narrower objectives? **Response Options:** yes, no, somewhat, not sure
12. Should the IAA focus on more objectives? **Response Options:** yes, no, somewhat, not sure
13. Does your association believe the current process for Council adoption of strategy is adequate and efficient? **Response Options:** yes, no, somewhat, not sure
14. Does your association feel that the current supervision by Council is sufficient to hold the Officers, Executive Committee and other Committees of the IAA accountable to the member associations (i) in respect of affirming and achieving the strategic objectives and (ii) more generally? **Response Options:** yes, no, somewhat, not sure
If not, what additional measures could improve accountability?

Executive Committee

(Reference: Statutes, Internal Regulations, Nominations Committee Protocol)

1. Is your association satisfied with the structure of the Executive Committee based on geographical representation (Europe, United States/Canada, Rest of the World)? **Response Options:** yes, no, somewhat, not sure
2. Is your association satisfied with the process for electing the members of the Executive Committee? **Response Options:** yes, no, somewhat, not sure
3. Does your association believe that the current duties and associated delegated powers of the Executive Committee are appropriate? **Response Options:** yes, no, somewhat, not sure
4. Does your association believe the EC is effectively exercising those powers?
Response Options: yes, no, somewhat, not sure
5. Is the EC fulfilling its accountability responsibilities towards Council? **Response Options:** yes, no, somewhat, not sure
6. Is the communication flow from Executive Committee to Council and member associations adequate? **Response Options:** yes, no, somewhat, not sure
7. Does your association think it is appropriate for the Executive Committee to establish specific mandated restricted membership committees to assist it with performing its duties, e.g. the Strategic Planning Subcommittee? **Response Options:** yes, no, somewhat, not sure
8. Is your association satisfied with the consultation process embarked on by the Executive Committee or its mandated Strategic Planning Subcommittee to obtain input from member associations before Council meetings on the current strategy of the IAA?
Response Options: yes, no, somewhat, not sure

Officers

(Reference: Statutes, Internal Regulations, Nominations Committee Protocol)

1. Does your association believe that the required criteria and selection process to elect the Officers is transparent enough? **Response Options:** yes, no, somewhat, not sure
2. Are the responsibilities of the Officers related to governance defined clearly enough and are those responsibilities being exercised effectively? **Response Options:** yes, no, somewhat, not sure

Nominations Committee

(Reference: Statutes, Internal Regulations, Nominations Committee Protocol)

1. Is your association satisfied with the criteria and process for determining the current composition of the Nominations Committee? **Response Options:** yes, no, somewhat, not sure
2. Does your association believe that the current duties and associated delegated powers of the Nominations Committee are appropriate? **Response Options:** yes, no, somewhat, not sure
3. Does your association believe that the Nominations Committee is effectively exercising those powers? **Response Options:** yes, no, somewhat, not sure
4. Are the current mechanisms and timelines adopted by the Nominations Committee in carrying out its powers transparent? **Response Options:** yes, no, somewhat, not sure
5. Is your association satisfied that the Nominations Committee structure is adequate to avoid potential conflicts of interest? **Response Options:** yes, no, somewhat, not sure
6. Are the current process and criteria adopted for appointments clear and adequate to allow member associations to propose candidates? **Response Options:** yes, no, somewhat, not sure

Presidents' Forum

1. Does your association believe that the Presidents' Forum adds significant value to the existing formal structures of the IAA? **Response Options:** yes, no, somewhat, not sure
2. If not, how can the Presidents' Forum add more value?
3. If so, should more time be formally allocated at the Presidents' Forum for discussion of the IAA Strategic Plan and ongoing activities of the IAA? **Response Options:** yes, no, somewhat, not sure
4. Should the Presidents' Forum be used as a sounding for key decisions before they are taken to Council? **Response Options:** yes, no, somewhat, not sure

5. Should the Presidents' Forum be used as a regular forum for discussion of issues of current concern? **Response Options:** yes, no, somewhat, not sure
6. Should the Presidents' Forum become part of the formal governance structure of the IAA? **Response Options:** yes, no, somewhat, not sure
If so, what should its mandate be?

Committees

(Reference: Statutes, Internal Regulations)

1. Does your association believe that the current committee structure is appropriate for carrying out the strategy of the IAA? **Response Options:** yes, no, somewhat, not sure
2. Does your association believe that the oversight of the committees by the Executive Committee is adequate to enable the IAA to achieve its objectives efficiently? **Response Options:** yes, no, somewhat, not sure

Miscellaneous questions

1. Does your association believe that the IAA should seek new/additional sources of funding without impairing its objectivity (for example through supranational organizations)?
Response Options: yes, no, somewhat, not sure
2. In the area of governance:
 - a. what do you believe the IAA is doing well as an organisation?
 - b. what do you believe the IAA can improve on as an organisation?
2. What governance changes could lead to significant improvements in the IAA's performance against strategic objectives?

9. Annexure C: Member Association Survey Completion

ASSOCIATION	COUNTRY	2013 Member Numbers	Survey completed
Actuarial Institute of Chinese Taipei	Chinese Taipei	231	No
Actuarial Society of Hong Kong	Hong Kong	552	No
Actuarial Society of South Africa	South Africa	916	Yes
Actuarial Society of the Philippines	Philippines	63	Yes
Institute of Actuaries of Australia	Australia	2189	Yes
Aktuarsko Društvo U Bosni I Hercegovini	Bosnia and Herzegovina	23	Yes
Aktuarvereinigung Österreichs (AVÖ)	Austria	268	No
American Academy of Actuaries	United States	17397	Yes
American Society of Pension Professionals & Actuaries	United States	54	No
Asociación Colombiana de Actuarios	Colombia		Yes
Association Marocaine des Actuaire	Morocco	24	No
Association Suisse des Actuaire	Switzerland	666	No
Bulgarian Actuarial Society	Bulgaria	40	No
Canadian Institute of Actuaries	Canada	3427	Yes
Caribbean Actuarial Association		61	Yes
Casualty Actuarial Society	United States	4020	Yes
Ceská Společnost Aktuárů	Czech Republic	68	No
China Association of Actuaries	China	417	No
Col.legi d'Actuaris de Catalunya	Spain	413	Yes
Colegio Nacional de Actuarios A. C.	Mexico	471	Yes
Conference of Consulting Actuaries	United States	1053	Yes
Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires	Argentina	239	No
Cyprus Association of Actuaries	Cyprus	38	No
Den Danske Aktuarforening	Denmark	190	Yes
Den Norske Aktuarforening	Norway	295	Yes
Deutsche Aktuarvereinigung e. V. (DAV)	Germany	3992	Yes
Eesti Aktuaaride Liit	Estonia	8	Yes
Egyptian Society of Actuaries	Egypt	12	No
Félag Islenskra Tryggingastærðfræðinga	Iceland	13	No
Hellenic Actuarial Society	Greece	77	No
Het Actuarieel Genootschap	Netherlands	960	Yes
Hrvatsko Aktuarsko Društvo	Croatia	79	No
Institut des Actuaire	France	1752	Yes
Institut des Actuaire de Côte d'Ivoire	Côte d'Ivoire	9	No
Association Royale des Actuaire Belges	Belgique	431	No
Institute and Faculty of Actuaries	United Kingdom	11264	Yes
Institute of Actuaries of India	India	247	No

ASSOCIATION	COUNTRY	2013 Member Numbers	Survey completed
Institute of Actuaries of Japan	Japan	1337	Yes
Instituto Brasileiro de Atuária (IBA)	Brazil	875	Yes
Instituto de Actuarios Españoles	Spain	1138	Yes
Instituto dos Actuários Portugueses	Portugal	106	Yes
Israel Association of Actuaries	Israel	120	No
Istituto Italiano degli Attuari	Italy	231	Yes
Japanese Society of Certified Pension Actuaries	Japan	503	Yes
Latvijas Aktuaru Asociācija	Latvia	17	No
Lebanese Association of Actuaries	Lebanon	9	No
Lietuvos Aktuariju Draugija	Lithuania	22	No
Magyar Aktuárius Társaság	Hungary	69	Yes
New Zealand Society of Actuaries	New Zealand	171	Yes
Pakistan Society of Actuaries	Pakistan	39	No
Persatuan Aktuari Malaysia	Malaysia	90	No
Persatuan Aktuaris Indonesia	Indonesia	175	Yes
Polskie Stowarzyszenie Aktuariuszy	Poland	149	Yes
Russian Guild of Actuaries	Russia	156	No
Singapore Actuarial Society	Singapore	270	No
Slovenska Spolocnost Aktuarov	Slovakia	29	No
Slovensko Aktuarsko Drustvo	Slovenia	60	Yes
Society of Actuaries	United States	23538	Yes
Society of Actuaries in Ireland	Ireland	622	Yes
Society of Actuaries of Thailand	Thailand	45	No
Suomen Aktuaariyhdistys	Finland	112	Yes
Svenska Aktuarieföreningen	Sweden	156	Yes
The Actuarial Society of Kenya	Kenya	7	No
Udruženje Aktuara Srbije	Serbia	33	No
		82 038	77 736

10. Annexure D: Benchmarking Survey Results

Question 1:

To what extent do the members of your association have an understanding of your constitution, by-laws, statutes, internal regulations, policies and protocols applicable to your association or entity?

Response	Response Percent	Response Count
High	0.0%	0
Medium	62.5%	5
Low	37.5%	3

Question 3:

What types of membership classes do you have?

Response	Response Percent	Response Count
Full Membership	85.7%	6
Executive membership	0.0%	0
Government organisation membership	28.6%	2
Associated membership	57.1%	4
Observer / limited membership	42.9%	3
Individual Membership	14.3%	1
Student Membership	28.6%	2

Question 4:

How are the voting rights of members determined within your association?

Response	Response Percent	Response Count
Membership class	71.4%	5
Size of member	14.3%	1
Level of dues	14.3%	1

Question 8:

Do you have the following committees in place:

Response	Response Percent	Response Count
Council	87.5%	7
Board	62.5%	5
Restricted membership Committees	25.0%	2
Executive committee	62.5%	5
Standards committee	25.0%	2
Working groups	87.5%	7

Question 9:

What criteria are applied in determining the members appointed to the Council/Board/
Executive committee of your association? (representation)

Response	Response Percent	Response Count
Geographic	71.4%	5
Size of membership	14.3%	1
Class/type of membership	57.1%	4
Pure nomination (regardless of geography/ size and type)	42.9%	3

Question 10:

What criteria are applied in determining member association representation on the other committees?

Response	Response Percent	Response Count
Geographic	57.1%	4
Size of membership	0.0%	0
Class/type of membership	42.9%	3
Pure nomination (regardless of geography/ size and type)	28.6%	2

Question 14:

How are meetings facilitated?

Response	Response Percent	Response Count
In person	100.0%	8
Via video conference	37.5%	3
Conference call	50.0%	4

Question 15:

What support structures are in place in developing the strategic direction of the association?

Response	Response Percent	Response Count
Executive Committee	62.5%	5
Strategic Planning Committee	25.0%	2
President, Chairman or Secretary General	62.5%	5

11. Annexure E: Governance Components

Governance Framework

In supporting the IAA's Governance Review the observations and recommendation have been considered against an established Governance Framework. The Deloitte Governance Framework (refer to figure 1 – “the Framework”) was developed to assist Boards/ Councils and executives with assessing their organisations' governance programmes.

The Framework articulates the various elements of the governance program, clarifies the governance roles of the Board/ Council and management, and illustrates an appropriate relationship between governance, management and culture. The IAA Governance Review considered these key elements in order to assess the current governance environment. In developing the recommendations certain elements of the Framework have been used.

Figure 1: Deloitte Governance Framework



Underlying all the elements of the Framework is the corporate governance infrastructure, which is the combination of governance operating models — the people, processes, and technologies — that executive management has put in place to govern the day-to-day activities of the organisation, as well as the processes used to accumulate information and report it to the Board/ Council and external stakeholders. This is represented by the blue band that encircles the entire Framework.

The Board/ Council's role in the operating models, that comprise the corporate governance infrastructure, can vary from being one of oversight to one of an active participant in the processes. The Board/ Council's responsibility for the oversight of the various elements is depicted in the Framework as a flexible overlay, with the level of the Board/ Council's participation in the related operating model decreasing as you move from top to bottom. Risk and culture are at the core of the Framework, influencing and impacting the effectiveness of all elements of governance.

For some elements (depicted in the bottom half of the Framework), the Board/ Council's role could be thought of as one of active monitoring, with the Board/ Council understanding the operating models that are in place, determining whether such models are adequately developed and resourced, monitoring the output and any issues identified in the process, and so forth. We consider four

elements of the governance system to fall into this category for most companies — programs that provide controls over the entity’s planning, operations, reporting (both internal and external), compliance and risk management.

The Board/ Council’s oversight objectives and activities within each of these elements are generally quite similar to one another, and may consist of understanding the organisation’s operating models, considering their adequacy in the circumstances and monitoring output. These same objectives and activities apply to the Board/ Council’s activities for the underlying infrastructure for each of the elements at the top of the Framework.

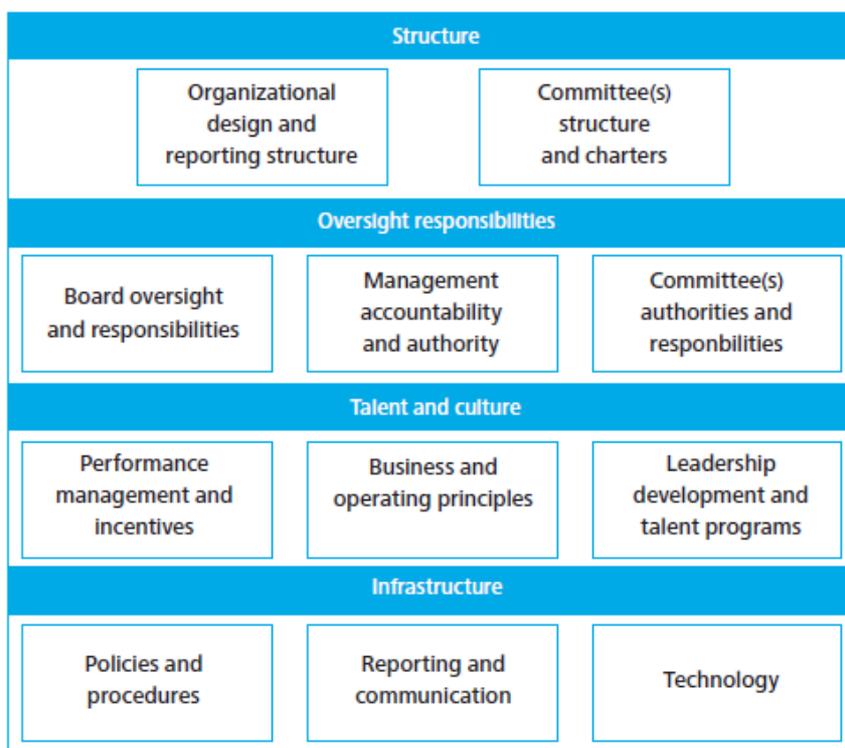
The top half of the Framework highlights areas of the governance system where the responsibility of the Board/ Council is typically heightened. It is not generally considered sufficient for the Board/ Council to merely understand and monitor the organisation’s operating models in these areas. Due to either a specific legal/ regulatory requirements or because of the increased expectations of stakeholders, the Board/ Council is an active party in the process. There are a number of specific duties and decisions related to each of these governance elements that cannot be delegated to the management of the organisation. Recognising that some organisations will choose to draw the line differently, the Board/ Council governance elements that may typically fall into this category include governance (used here to refer to the Board/ Council’s structure and composition), strategy, performance, integrity, talent, and risk governance.

Governance Operating Model

In order to establish a governance framework an operating model should exist to support the framework, consisting of four major components:

- Structure
- Oversight responsibilities
- Talent and Culture
- Infrastructure

Figure 2: An illustration of the Governance Operating Model



During the IAA Governance Review process, key observations impacting on the current operating model have been identified by the member associations. These observations have been detailed in this report for consideration along with related recommendations.