Institute of Actuaries of Australia

IAA Governance and Structure

Martin Stevenson
President, Institute of Actuaries of Australia

IAA Governance and Structure

Background

- Paper "The IAA – A possible model for change" presented at Rio.

- Chosen as one of six topics to be discussed in Paris.

- Survey sent out in April 2006.

- 21 respondents out of 53 – or 40% response rate.

IAA Governance and Structure

Approach adopted

- **Actual survey results sent to 53 senior IAA representatives.**

- **Responses to questions ranked by level of consensus.**

- **Areas of consensus identified and conclusions drawn.**

Institute of Actuaries of Australia

IAA Governance and Structure

Overwhelming consensus		
	Agree	**Agree + Neutral**
There is a need to review the governance and structure of the IAA	**90%**	**100%**

Conclusion: **A Task Force should be formed to report to the President's Forum in Edinburgh.**

Institute of Actuaries of Australia

IAA Governance and Structure

Suggested core is members who indicated interest on the list server:

Jean-Louis Masse (President)
Yves Guerard (Secretary-General)
Peter Clark (President-elect)
Alf Guldberg (Past President)
Nicole Seguin (Executive Director)
Peter Perkins (AAA President)
Kevin Cronin (AAA Executive Director)
Michael Steinmetz (DAV Executive Director)
Andrew Gale (IAAust Past President)
Fred Rowley (IAAust President-elect)

First task is to choose additional members and then "balance" the Task Force members to reflect IAA membership.

IAA Governance and Structure

High Consensus		
	Agree	**Agree + Neutral**
The current environment is inefficient due to ambiguity in respect of the rules of Council, Executive Committee and President	**80%**	**95%**
The current environment is inefficient due to ambiguity between functions of Council meetings and President Forum	**76%**	**86%**

Conclusion: **The Task Force should investigate the role of Council, the Executive Committee and the President, and the functions of Council meetings and Presidents' Forum with a view to remove ambiguity.**

Institute of Actuaries of Australia

IAA Governance and Structure

Subsidiarity			
	3 Agree	2 Neutral	1 Disagree
The IAA should remain subsidiary to the local associations in all aspects.	43% 9	24% 5	33% 7
The actuarial profession should be represented by one strong global body, with the role of the local associations mainly being to implement the decisions of the global organisation and to deal with local issues.	19% 4	14% 3	67% 14

IAA Governance and Structure

Subsidiarity (cont)			
	3 **Agree**	2 **Neutral**	1 **Disagree**
3. Local associations should remain sovereign but should be encouraged to cede some powers to the IAA where advantages attach to operating globally rather than locally. Ceding of power would be voluntary but certain rights and privileges will attach to those associations that do cede power	60% 12	30% 6	10% 2

Conclusions: (1) There is no desire to move to one strong global body.

(2) The Task Force should investigate areas where there are operational efficiencies in local associations ceding powers to IAA.

Institute of Actuaries of Australia

IAA Governance and Structure

Governing Body				
The voting in respect of the structure of the Governing Body was (with 1 being the most favoured and 4 the least favoured).				
	1	**2**	**3**	**4**
Current structure (each member has a delegate)	33% 7	33% 7	33% 7	0% 0
A relatively small Council, elected by the membership	5% 1	20% 4	40% 8	35% 7
A mid sized body reflecting regional groupings	40% 8	40% 8	15% 3	5% 1
Other	27% 3	9% 1	9% 1	55% 6

Conclusion: The Task Force should consider options in respect of moving the governing body from a structure of each member having a delegate to a mid sized body reflecting regional grouping.

Institute of Actuaries of Australia

IAA Governance and Structure

Consensus (1)	Agree	Agree + Neutral
The IAA currently has 22 Committees and sub-committees. A preferable approach is to have a relatively small number of Committees (possibly as low as four) and a number of Taskforces with specific deliverables and deadlines	67%	91%
The IAA currently has 7 Sections. To achieve greater value for their members, these Sections need to be more active between IAA meetings	62%	95%
Greater use of technology should be made rather than relying on face to face meetings	57%	81%

Conclusion: The Task Force should investigate the number of Committees and Sections with a view to making recommendations in respect of the number of Committees and Schemes and their method of operation.

Institute of Actuaries of Australia

IAA Governance and Structure

Consensus (2)		
	Agree	**Agree + Neutral**
The IAA is under resourced.	**57%**	**90%**

Conclusion: The Task Force should make recommendations about the extent (if any) that the resources of the IAA need to be increased to achieve any proposed restructure.

Institute of Actuaries of Australia

IAA Governance and Structure

Other pro change results		
	Agree	**Disagree**
The effectiveness of the Committee is weakened by the extent that members change frequently as they are rotated by the Full Members that they represent.	**48%**	**10%**
The current funding of IAA is equal to C$12.50 per qualified actuary in each Full Member association. To achieve a more effective IAA it will be necessary to substantially increase this payment.	**48%**	**33%**
The governing body should meet more regularly than once every six months.	**43%**	**19%**
The current environment is inefficient due to the lengthy decision making process	**43%**	**24%**
The current environment is inefficient due to duplication of effort from many local organisations that could more efficiently be handled by one global organisation	**43%**	**24%**

IAA Governance and Structure

No change results		
	Agree	**Disagree**
The current environment is inefficient due to Bi-annual committee meetings	**24%**	**38%**
Face to face meetings of Committees and Task Forces should be less frequent than bi-annually, possibly annually	**24%**	**43%**
The current environment is inefficient due to meetings held in changing international venues	**14%**	**43%**

IAA Governance and Structure

Next steps

Today   -   Agree on formation of Task Force

-   Broad approval of Terms of Reference or indicate areas of dissent

Edinburgh   -   Task Force to report back within Terms of Reference

IAA Governance and Structure
Summary of Conclusions

- A Task Force should be formed to report to the Presidents' Forum in Edinburgh.

- The Task Force should investigate the role of Council, the Executive Committee and the Presidents, and the functions of Council meetings and Presidents' Forum with a view to remove ambiguity.

- There is no desire to move to one strong global body.

- The Task Force should investigate areas where there are operational efficiencies in local associations ceding powers to IAA.

Institute of Actuaries of Australia

IAA Governance and Structure

Summary of Conclusions

- **The Task Force should consider options in respect of moving the governing body from a structure of each member having a delegate to a mid sized body reflecting regional grouping.**

- **The Task Force should investigate the number of Committees and Sections with a view to making recommendations in respect of the number of Committees and Schemes and their method of operation.**

- **The Task Force should make recommendations about the extent (if any) that the resources of the IAA need to be increased to achieve any proposed restructure.**

Institute of Actuaries of Australia