Strategy & Finances Survey
Part I - Association Strategies
Greg Martin
President
Institute of Actuaries of Australia

Nov 2008
Agenda

• Overview of Survey
  - Purpose
  - Responses
  - Overall Actuarial Profile

• Part I: Association Strategies (Greg Martin)
  - Results
  - Observations

• Part II: Finances Survey (Thomas Behar)
Firstly.....Thank you!

• A big thank you to all the Associations (and actuaries) that responded
  – Especially the volunteer actuaries from the smaller Associations; and
  – Especially those that translated details into English

• Disclaimer: Interpretation and paraphrasing is mine only...
Overview of Survey - Purpose

• Information of considerable interest to Presidents in general:
  - Enhance understanding of respective focus areas and issues
  - Identify and highlight common issues and goals
  - Share ideas on strategic approaches to common goals

• Input to considering the overall profession’s strategic direction
  - Input to the IAA leadership in terms of helping it with the next stage of the IAA strategy implementation

• Realistic resources actually available to pursue or consider future potential strategies and/or action

• Input to issues being discussed later on the PF agenda, e.g.:
  - Role of the actuary
  - Global risk issues
Survey Responses

- Survey sent to 60 Full Member Associations

- 23 responses received covering 24 Associations (UK provided a combined response for IoA and FoA):
  - FQA’s: 36,500
  - Associates: 14,500
  - Students (approx): 30,000
  - Other members: 1,000
  - Total: 82,000

- Also used some data from previous IAA Survey:
  - A further 26 Associations’ data
  - A further 4,400 FQA’s (18,000 total members)
### Actuarial Numbers

<table>
<thead>
<tr>
<th></th>
<th>Assoc's (Reported)</th>
<th>FQA's (Actual*)</th>
<th>FQA's (Reported)</th>
<th>Associates (Reported)</th>
<th>Students (Reported)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PF Survey Responses</td>
<td>24</td>
<td>36,660</td>
<td>32,300</td>
<td>14,532</td>
<td>29,046</td>
</tr>
<tr>
<td>Previous IAA Survey</td>
<td>26</td>
<td>4,370</td>
<td>3,300</td>
<td>760</td>
<td>6,354</td>
</tr>
<tr>
<td>Other Associations</td>
<td>10</td>
<td>20,952</td>
<td>4,700</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>61,982</strong></td>
<td><strong>40,300</strong></td>
<td><strong>15,292</strong></td>
<td><strong>35,400</strong></td>
</tr>
</tbody>
</table>

**PF Survey Coverage %** 40% 80%  
**PF + IAA Survey %** 83% 88% 

* Estimate of duplicates removed.  
Numbers not available  
First + Second Lines: Financial analysis coverage. 

Above covers IAA Full Member Associations only.
FQA Work Areas

Global FQA Profile

- Life Insurance: 27%
- P&C: 18%
- Pensions: 20%
- Investment & Finance: 5%
- ERM: 1%
- Other: 29%

Global FQA Profile ex Other

- Life Insurance: 38%
- P&C: 25%
- Pensions: 28%
- Investment & Finance: 8%
- ERM: 2%
Groups by Similar Profiles

USA & Canada
- Life Insurance: 35%
- P&C: 28%
- Pensions: 29%
- Investment & Finance: 5%
- ERM: 2%

UK & Ireland
- Life Insurance: 40%
- P&C: 16%
- Pensions: 35%
- Investment & Finance: 8%
- ERM: 0%

Europe & Australia
- Life Insurance: 36%
- P&C: 28%
- Pensions: 14%
- Investment & Finance: 19%
- ERM: 3%

Asia & Other
- Life Insurance: 61%
- P&C: 24%
- Pensions: 14%
- Investment & Finance: 1%
- ERM: 0%
Question 1: Mission

• Of 23 responding surveys:
  - 20 indicated a formal Mission Statement or significant statement of objectives
  - 16 statements/lists of (translated) details

• Almost universal missions/objectives:
  - Research, actuarial science development: 13
  - Promoting use of actuaries, “brand”: 13
  - CPD/competence support: 13
Question 1: Mission (cont)

• Common references include:
  – FQA education/qualification: 10
    • Educating Association had this. Others less so.
  – Professional standards: 11
  – Contributing to public debate, etc: 9

• Some less common references:
  – (Explicitly) Serving members: 2 (!)
  – Role in “recruitment” into actuarial: 3
  – Providing practice guidance (versus standards): 1

[above scores indicative only]
## Question 1: Mission (cont)

<table>
<thead>
<tr>
<th>Area</th>
<th>Paraphrased (Inferred) Objectives</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FQA Education</strong></td>
<td>Provide basic education in the fundamentals of actuarial science.</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Provide (promote, support) FQA professional education / education routes.</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Establish / maintain / support achieving standards of FQA qualification.</td>
<td>2</td>
</tr>
<tr>
<td><strong>CPD</strong></td>
<td>Provide (support) professional development &amp; CPE.</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Provide meetings, seminars and other forums for discussion.</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Promotes enhancement of actuarial knowledge and ability of actuaries.</td>
<td>4</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>Promote (publish) research and development of actuarial science.</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Conduct research into experience and into public policy matters.</td>
<td>2</td>
</tr>
<tr>
<td><strong>Professional Standards</strong></td>
<td>Promote high professional standards / competence / ethics / quality (not licensing).</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Provide &amp; enforce professional standards &amp; licences.</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Provide practice guidance.</td>
<td>1</td>
</tr>
<tr>
<td><strong>Promotion &amp; Growth</strong></td>
<td>Recruiting &amp; attracting people to be actuaries / promote diversity in profession.</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Promote awareness &amp; use of actuaries / actuarial science / &quot;brand&quot;.</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Actively support development of the global actuarial profession.</td>
<td>8</td>
</tr>
<tr>
<td><strong>Support Public</strong></td>
<td>Contribute to public discussion on community issues and increase influence.</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Serve the public interest.</td>
<td>2</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>Provide valued member services / protect member rights.</td>
<td>2</td>
</tr>
</tbody>
</table>
Question 1: Mission (cont)

• Overall, very significant commonality of focus:
  – R&D
  – CPD
  – “Brand” & promotion of role
  – FQA Education
  – Professional standards
  – Public interest/ support

• Perhaps not surprising…but good to see!
A number of Associations also have a Mission “one-liner”:

• To support our members throughout their careers to have the skills, attributes and knowledge to meet the financial sector needs for quantitative risk professionals.

• To be dedicated to serving the public and our members.

• To encourage and develop actuarial science and application and the skills of actuaries.

• To improve the ability of actuaries to contribute to the sound development of business.

• Leading consultant actuaries to collectively advance actuarial practice.
Question 1: Mission (cont)

- To represent the actuarial profession and maintain, create and expand an environment where the skills of actuaries are widely used and valued.

- To ensure the relevance and enhance the role and reputation of the profession.

- To develop the role and standing of the actuarial profession and enhance its reputation, in particular for serving the public interest.

- To serve the public interest, promote actuarial science, nurture actuaries, promote international exchange with actuaries and the sound development of the profession.

- To advance actuarial knowledge and to enhance the ability of actuaries to provide expert advice and relevant solutions for financial, business and societal problems involving uncertain future events.
Question 2: Vision

• Of 23 responses:
  - 6 have a Vision related to the profession
  - 2 has a Vision related to the Association

• Profession Visions:
  - Actuaries are recognised as the leading professionals in the modelling and management of financial risk and contingent events.
  - Whenever there is uncertainty as to future financial outcomes, actuaries will sought for their valued advice and authoritative comment.
  - Actuaries are recognised and respected as specialists in the area of financial markets.
Question 2: Vision (cont)

• Profession Visions (cont):
  - Actuaries are recognised by society as professionals that contribute to public interest through analysis and solving problems concerned with financial risk, uncertainty and contingent events.
  - Actuaries are widely recognised as the profession that enhances the long term financial security of individuals and institutions.

• Association Vision:
  - Association is recognised globally as a leading resource in educating actuaries and conducting research in actuarial science.
  - Advancing the practice.
Question 2: Vision (cont)

- Observations:
  - Common focus on helping with risk, uncertainty or contingencies.
  - Arguably generally a bit “complex” for communication to wider public?
    - Would a school child understand / be attracted?
    - Do they say what we do? What is the outcome? Tendency to “input” focus.
Question 3: Strategy

• Of the 23 responses:
  – 13 indicated they have a formal Association Strategic Plan
    • 6 are on a 1 year review cycle
    • 7 are on cycles of 3-5 years (4 years mostly)
  – Another 8 indicated they have some other agreed list of actions, plans
  – 19 gave input on “top 5 focus areas” and “2 biggest challenges”
Question 3: Strategy (cont)

Key strategic focus areas (out of 19):

- Provision of CPD, networking, technical skills, seminars: 16
- Promoting brand, profession’s profile, influencing government/regulators: 14
- Member engagement & services, career support/change, information access: 12
- Professional standards, quality, ethics maintenance/improvement: 7
- Expansion of role of actuaries, ERM, actuarial numbers: 6
- International profession engagement, support: 6
- Enhancing/development actuarial education. Educator/examiner engagement: 6
- Association governance, transparency, efficiency: 5
- Encouraging research, publications: 3
- Enhance/develop strategic alliances: 1
- Enhance diversity of members within profession: 1
Question 3: Strategy (cont)

- **CPD, Promoting Brand, Member Engagement**
  - Almost universal focus
  - Note: member services low on Missions?

- **Research lower on strategy, high on Mission**
  - So Associations feel they doing OK here???

- **Middle scores (education, international, ERM, growth) are clearly important**
  - Probably more than score indicates
  - But some comfort with performance versus importance?

- **Association infrastructure/internal operations etc is a key for many (not just smaller Associations)**
Question 3: Strategy (cont)

Key challenges/difficulties (out of 18):

- Limited resources - volunteer time: 11
- Limited resources - employed resources, finances: 5
- Engaging with government, regulators. Being respected: 5
- Attracting membership. Member responsiveness/engagement: 3
- Members to embrace change, range of member views: 2
- Willingness of members to seek out new opportunities: 1
- Market competition from other disciplines (new areas): 1
- Members understanding/embracing Association strategy: 1
- The future of defined benefit pension plans (and thus actuaries): 1
- Co-ordinating with other associations in region: 1
- Current member depth of expertise: 1
Question 3: Strategy (cont)

• A feeling of lack of resources (volunteer members & financial) is a recurrent theme for all (big and small)
  – Member engagement part of this
  – Members joining (smaller Associations especially) also part of this

• Profile and respect (government, regulators) indicated by many
  – Smaller Associations more

• Member resistance, conservatism, not “getting out of comfort zone” a bit of a common theme also:
  – Resistance to change
  – Not supporting strategy
  – Not seeking new opportunities
  – (Loss of defined benefit pension plans in here too?)
Question 3: Strategy (cont)

- Previous IAA survey of small-medium Associations
- Similar “hot button” challenges
  - Resource constraints (volunteers, finances)
  - Member engagement
  - Attracting members
  - Infrastructure (web sites etc.)