

Governance Structures of Associations

Presidents Forum

Zagreb, Croatia – 1 October 2011

Survey - August to early September 2011

- Evaluation of results similar to actuarial work and exam grading
 - Data scrubbing
 - Interpreting results
 - "Answer key" developed after reading a sample of responses

Respondents by location

	FMA					AMA	RESPONDENTS	
	Total	< 75	75-500	500-1500	> 1500		FMA	AMA
<u>Total</u>	<u>63</u>	<u>24</u>	<u>20</u>	<u>10</u>	<u>9</u>	<u>26</u>	<u>38</u>	<u>3</u>
North America	6	1	0	1	4	0	5	0
Europe	30	12	10	4	4	7	17	1
Rest of World	27	11	10	5	1	19	16	2
<i>Aust. / N.Z.</i>	2	0	1	0	1	1	2	0
<i>Africa</i>	5	4	0	1	0	6	2	0
<i>Asia – Pac. Rim</i>	10	3	5	2	0	1	7	0
<i>Other Asia</i>	5	2	3	0	0	7	2	2
<i>Americas</i>	5	2	1	2	0	5	3	0

**Excellent response rate – 60% of FMA's and 12% of AMA
(Size split is mix of 2010 and 2011 data for FMA's)**

Respondents by size

	FMA's	RESPONDENTS
Total	63	41
< 75	24	10
75-500	20	13
500-1500	10	9
> 1500	9	9

**All the largest associations, and half of the smaller associations
Overall split is roughly even by size category**

Government charter

	RESPONDENTS	GOVT CHARTER	%
<u>Total</u>	<u>41</u>	<u>19</u>	<u>46%</u>
North America	5	1	20%
Europe	18	10	56%
Rest of the World	18	8	44%
<i>Aust / N.Z.</i>	2	0	0%
<i>Africa</i>	2	1	50%
<i>Asia Pac. Rim</i>	7	3	43%
<i>Other Asia</i>	4	2	50%
<i>Americas</i>	3	2	67%

Rare in North America, more common elsewhere.

Government charter (cont)

	RESPONDENTS	GOVT CHARTER	%
<u>Total</u>	41	19	46%
< 75	10	4	40%
75-500	13	4	31%
500-1500	9	6	67%
> 1500	9	5	56%

Classes of membership

	RESPONDENTS	ONE CLASS	ASSOCIATES	STUDENTS	OTHER
<u>Total</u>	<u>40</u>	<u>4</u>	<u>32</u>	<u>16</u>	<u>20</u>
North America	5	1	4	0	2
Europe	17	2	12	6	7
Rest of World	18	1	16	10	11
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<u>Total</u>	<u>40</u>	<u>4</u>	<u>32</u>	<u>16</u>	<u>20</u>
< 75	10	2	8	3	2
75-500	13	1	10	5	9
500-1500	8	0	7	6	3
> 1500	9	1	7	2	6

**Other includes Affiliates, Correspondents, etc.
Largest and smaller tend to exclude “students”**

***CAUTION: Required interpretations.
Unclear if EU responses referred to Fellow from other EU country as “Associate”***

Classes of membership (cont)

	Total	< 75	75-500	500-1500	>1500
Respondents	40	10	13	8	9
One class	4	2	1	0	1
Associates	32	8	10	7	7
Students	16	3	5	6	2
Other	20	2	9	3	6

Do membership votes occur (other than elections)?

	RESPONDENTS	MEMBER VOTES	%
Total	41	32	78%
North America	5	5	100%
Europe	18	12	67%
Rest of World	18	15	83%
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< 75	10	8	80%
75-500	13	9	69%
500-1500	9	8	89%
> 1500	9	7	78%

**Most have the potential for member votes outside of elections.
No clear size trend was observed.**

How are membership votes conducted?

	RESPONDENTS	ELECTRONIC	IN PERSON	COMBI-NATION	IN PERSON WITH PROXIES
Total	32	3	17	9	
North America	5	3		2	
Europe	12		10	2	
Rest of World	15		7	5	3

North America seems to be the only area relying on electronic voting. Many seem to utilize exclusively in-person, or in-person with proxies.

Which members can vote?

	RESPONDENTS	ONLY FELLOWS	ASSOCIATES	STUDENTS	OTHER
Total	<u>33</u>	<u>10</u>	<u>20</u>	<u>3</u>	<u>4</u>
North America	4	1	3	0	0
Europe	15	4	8	2	2
Rest of the World	14	5	9	1	2
< 75	7	4	3	1	1
75-500	11	2	8	0	2
500-1500	7	1	5	2	0
> 1500	8	3	4	0	1

Associates frequently have voting rights, although may be only for certain items (e.g. elections only)
 Students rarely have voting rights. No clear geographic trends.

CAUTION: Requires interpretation of results. May change with further research.

Size of Governing Board

	RESPONDENTS	MEAN	LOW	HIGH
<u>Total</u>	<u>41</u>	<u>12</u>	<u>3</u>	<u>30</u>
North America	5	22	16	29
Europe	18	10	3	30
Rest of the World	18	12	4	24
< 75	10	6	2	10
75-500	13	10	5	24
500-1500	9	15	6	24
> 1500	9	21	11	30

Governing Body size is related to association size. Otherwise, no clear geographic trends.

Any appointed Board members?

	RESPONDENTS	ANY "APPOINTED"
Total	41	7
North America	5	2
Europe	18	2
Rest of the World	18	3
< 75	10	0
75-500	13	2
500-1500	9	3
> 1500	9	2

All elect their governing council members. A few have "appointed" members also, either via direct appointment or elected by the other governing council members.

In one country, "appointed" directors are nominated by government.

At least one association presents slate to the members to vote up or down.

Which members can be on the governing body?

	RESPONDENTS	FELLOWS	ASSOCIATES	STUDENTS	OTHER
<u>Total</u>	<u>35</u>	<u>35</u>	<u>16</u>	<u>3</u>	<u>2</u>
North America	4	4	0	0	0
Europe	15	15	8	1	1
Rest of the World	16	16	8	2	1

CAUTION: Ambiguity in Europe regarding the term “Associates”

Can non-members be on the governing Body?

	RESPONDENTS	ALLOW NON-MEMBERS
<u>Total</u>	<u>41</u>	<u>10</u>
North America	5	2
Europe	18	3
<u>Rest of the World</u>	<u>18</u>	<u>5</u>
<i>Aust. / N.Z</i>	2	1
<i>Africa</i>	2	0
<i>Asia Pac. Rim</i>	7	1
<i>Other Asia</i>	4	3
<i>Americas</i>	3	0

Is there an attempt to have the governing body reflect member diversity?

	RESPONDENTS	NONE	GEO- GRAPHY	PRACTICE	EMPLOYER	OTHER	YES, NO DETAILS
Total	37	14	5	14	9	3	1
North America	5	0	3	3	4	0	0
Europe	16	6	1	6	3	2	1
Rest of World	16	8	1	5	2	1	0
< 75	10	5	1	3	0	1	0
75-500	10	6	0	2	3	0	1
500-1500	8	3	0	2	2	1	0
> 1500	9	0	4	7	4	1	0

North America and the largest associations tend to consider geography.

Practice area is the most common concern.

“Other” includes gender, experience/age, race (in one instance). One has reserved seats for underrepresented groups. One has a limit of 3 from the same employer.

Term of office (for Governing Body)

	RESPONDENTS	MEAN	LOW	HIGH
Total	39	2.6	1	6
North America	5	3		
Europe	17	3.2		
Rest of the World	17	2		

Some terms are renewable, particularly for smaller associations.

Some have different terms for different classes of governing body members.

No trend by size – only trend was by region.

How is the President determined?

	RESPONDENTS	MEMBER ELECTION	GOVERNING BODY ELECTION
Total	41	35	6
		85%	15%

No clear geographic or size trends

Term of office (for President)

	RESPONDENTS	MEAN
Total	41	2
North America	5	1
Europe	18	2.5
Rest of the World	18	1.7
< 75	10	2.3
75 – 500	13	2.3
500 – 1500	9	1.8
> 1500	9	1.4

Some terms are renewable, particularly for smaller associations.

Those with shorter terms tend to have succession through VP or President-elect status

Do operational leaders have votes on the Governing Body?

- Near universal “Yes”
- Sole clear exception is the Casualty Actuarial Society (CAS)
- CAS does not include its vice-presidents on the Board – only President, President-elect have a vote

Governing Body minutes available to others besides Governing Body?

	RESPONDENTS	VOTING MEMBERS	ALL MEMBERS	PUBLIC
<u>Total</u>	<u>39</u>	<u>20</u>	<u>18</u>	<u>2</u>
North America	5	4	3	2
Europe	17	9	9	0
Rest of the World	17	7	6	2

Association financial reports are available to others besides Governing Body?

	RESPONDENTS	VOTING MEMBERS	ALL MEMBERS	PUBLIC
<u>Total</u>	<u>41</u>	<u>39</u>	<u>37</u>	<u>8</u>
North America	4	4	4	3
Europe	18	18	17	1
Rest of the World	18	17	16	4

Does the association develop actuarial standards?

	RESPONDENTS	DEVELOP STANDARDS	%
<u>Total</u>	<u>41</u>	<u>27</u>	<u>66%</u>
North America	5	2	40%
Europe	18	11	61%
Rest of World	18	14	78%

	RESPONDENTS	DEVELOP STANDARDS	%
<u>Total</u>	<u>41</u>	<u>27</u>	<u>66%</u>
< 75	10	5	50%
75 – 500	13	8	62%
500 – 1500	9	8	89%
> 1500	9	6	67%

No clear size trend. Half of those that develop standards use a separate organizational body to do so.

Independent Audit Committee within the Governing Body

- A majority (most?) do, but question ambiguities made more definitive analysis unreliable.

Major changes planned?

- 5 of 41 respondents reported “yes”, that major changes are being investigated or planned.

Comments or questions?