

Bye-Laws Webinar questions

A number of questions which did not relate to the bye-laws were raised at the webinars. We have responded to each person who raised one of these questions but they have not been published here. The questions below relate to the changes to the Bye-laws.

What are the projected costs of these changes?

There are no material costs which will affect the CII's cost base. However, there will be some annual cost increases to the CII as we will be looking to remunerate the Independent Chair and Committee Chairs. There will also be the costs of working with technology providers to enable us to hold hybrid AGMs. This will not have an impact on annual membership fees.

In addition, there are some one-off costs for 2019 as although we do not have to pay Privy Council to apply to make changes to the Bye-laws, we have consulted lawyers who have expertise in this area. We have also required technological support to the webinars which we have set up to consult members and stakeholders on the changes.

What are the annual fees?

There will be no impact on annual fees.

Corporate Governance standards has the Board as exceeding 50% of non-executives. Do the proposals reflect this position?

Yes, our current Board only has two executive positions (CEO and COO) out of 13 and this will continue in the new structure.

Are Engagement Board members voted into position by CII members?

No, they will not be elected as the President and Deputy President are. They will go through an appointment process overseen by the Nominations and Remuneration Committee and they will need to have past experience of member engagement. As with all other board roles, members will be able to vote to ratify their positions at the AGM after they have been appointed.

What areas do you feel are not represented by the top team?

We have worked hard to create a recognisable Executive Management Team (EMT), a clear group of "officers" of the business (Finance Director, Risk Director, General Counsel, People Director, Company Secretary) and a clear direct report group of the Directors of the business, representing all our key activities and teams. We call this group the Senior Management team. In all this is a team of 25 people from our overall staff of around 245. We will always need to keep the skills and make up of this group under review, but we feel we have a current team with a good spread of skills and experience.

Have we now lost the member representative on the board voted for by members?

The Engagement Board members will be the member voice on the Board. There will be a requirement that they have had past member engagement experience and there will be bi-annual

webinars to enable them to communicate with members. This is too improve the current position where the current member roles only come from a pool of 25 local institute members meaning that the wider membership does not have a voice.

Whilst the new roles will not be elected to the Board, members will have the opportunity to vote to ratify their appointment at the following AGM.

Would the board consider including members from abroad and not just UK to provide diversity and also better representation?

Yes, absolutely. All member roles will be advertised with all our members both in the UK and overseas.

How diverse is the CII board currently, do you see that changing with the new roles?

This is one of the reasons that we are seeking to change the Board. Currently we have three women on the Board but there is little diversity otherwise. By increasing the pool of people who can apply for the Engagement Board member roles to the whole membership, we hope to improve the diversity of the Board. It will also enable us to have Board members from our international membership.

Considering that Representative Council was meant to be entirely representative of the whole of CII membership (to include Faculty/Society/Committee Chairmen, Student, CertCII, DipCII, ACII and FCII Representatives and Overseas Representatives with a total in excess of 60 people with only 24 places taken by local institutes) why did local institutes, in effect, dominate this body/why did the CII not actively ensure all parts of membership were represented and how will all parts of the membership have an active and heard voice going forward?

It would be fair to observe that the Representative Council, introduced in 2007, did not live up to expectations either of the attendees or the management. It has been a recurring theme of the attendees that they were not sure what the Representative Council was for and there was an attempt to "fix it" with a consultative review undertaken by Ernst & Young, followed by a change to its aims and responsibilities in 2010 voted on by the members of the Rep Council itself. The attendees did not see a great value in receiving formatted reports from the staff and wanted more input into the agendas but were unable to produce agenda items on anything other than a sporadic basis. Frustration ensued

In retrospect, the dominance of local institutes did not facilitate the voice of these other areas of membership being heard. Initially all the other positions were actively recruited and filled. However, due to the dominance of local institutes on Representative Council, the discussions were largely local institute focussed and the other member positions found it difficult to engage.

Going forward, the four elected local institute positions will be replaced by engagement positions. These people will be appointed through a recruitment process overseen by the Nominations and Remuneration Committee and previous member engagement experience

will be a prerequisite for anyone applying for these roles. In addition, the CII will organise bi-annual webinars with the engagement board members which all members will be invited to so that they can ask questions and raise issues with board members directly.

In addition, the Vice President for local institutes will be attending every board meeting and will have a specific slot at alternate board meetings to raise local institute issues. The Chairs of each of the society boards will also be asked to attend one board meeting each year so that the voice of those societies can be heard by board members.

How will taking the four seats on the board reserved for local institute representatives and opening them up to the whole of membership acknowledge the herculean (and often unsung) effort expended by volunteers across the whole of the UK who represent the CII to members and are the eyes and ears of this great voluntary membership movement? (Here I speak with authority as having sat on the Management Committee that had six LI reps which then was proposed to go down to three and I personally led a campaign to increase that to four for the new board.) Will the CII thus marginalise/eradicate robust and constructive input from those who are the most passionate (and active) about the CII?

Previous membership engagement experience is a prerequisite for anyone applying for the four new positions on the Board so anyone who has been involved with their local institute will already have some of the experience required. Opening up these roles also gives volunteers who are not involved in local institutes the opportunity to apply and to have their voices heard for example, people involved in the Personal Finance Society regions, other faculties and societies and the market advisory groups based in our overseas markets.

Local Institute regions are able to appoint two representatives to the Local Institute National Forum. The Forum is chaired by the Vice President for Local Institutes who will be invited to attend every CII Board meeting and will have a slot to discuss local institute issues twice a year.

Local Institutes will continue to be able to send delegates to the Network Conference run by the CII which will be taking place twice a year.

The changes will enable the Board to act as a filter to member motions. Is there not still the risk that this could be self-serving? With what rigour will this be guarded against?

It is really important that motions are properly discussed and that only crazy ones do not get through. The Board will have to provide an explanation as to why a member motion is not credible and we have a majority of non-executives who will ensure that a rigorous decision is made

Are there any real instances of members raising pointless motions in recent years? The 'red socks' does not sound genuine.

No, this was used as an example only and we would not expect our members to raise such an issue. However, if this did happen, we would not be able to prevent the vote from taking place. In a world of social media, we need to ensure that we are in a position to prevent this from happening in the future.

The Vice President position will be available only to those with CII qualifications, will these be any level of qualifications or limited to chartered and above only?

Any level of qualification

What is the difference in criteria of a Fellow and an Associate?

There is clear guidance on our website. However, associateship is part of our academic qualifications regulated by Ofqual there is no requirement other than to pass these qualifications. If you want to be a Fellow or Chartered, you must be a member and have completed at least five year's sector experience for chartered and for Fellowship have been employed (or self-employed) in insurance for at least four years overall; plus for the Fellowship programme you have to complete a number of elements <https://www.cii.co.uk/learning/qualifications/fellowship-qualification>

What was meant by qualifications with no examinations?

Some of our qualifications can be passed by alternative assessment methods such as course work or multiple-choice questions. In today's world we are required to give people the opportunity to pass qualifications in various ways.

We have also provided a webinar to our key corporate stakeholders explaining the changes and the feedback received has been positive.

Are there any change in the requirements to apply or continue holding the title - ACII or FCII?

No The existing requirements are the same and can be found on the CII's website at <https://www.cii.co.uk/learning/qualifications/>

Does the range of chartered titles not confuse, rather than assist, the public's understanding of insurance. Chartered Accountants appear not to need different designations.

Our sector covers a wide range of communities and our members want chartered titles which reflect their roles. We do have the Chartered Insurance Practitioner title to cover all roles but this is not popular.

Arguably, it is more confusing to have less titles as it is not clear to the public what role they are dealing with. For example, an insurer a manufacturer but a broker is the agent of the customer and the advisor.

Surely the Chartered Insurance Practitioner and Chartered Insurance Broker for general insurances are sufficient, Chartered Insurance Practitioner covers underwriters which is effectively the role of staff working for MGAs

Whilst currently an underwriter might choose to use the Chartered Insurance Practitioner title, the intent of that title is really to cover General Practitioners

There is increased importance being placed on the role of the MGA in both the UK and International (re)insurance sector. Over 300 fully fledged MGA firms underwrite approximately £5 billion of the annual £47 billion UK general insurance market premium income for over 5 million customers. Their importance to the insurance sector is considerable.

As you know the MGA is distinct from the broker in that their primary fiduciary duty is to its Insurer principal rather than the customer as is the case for the broker and not the same as the insurer as they bear no risk, underwriting under delegated authority on behalf of and with the capital of insurers.

Classed as intermediaries for regulatory purposes, MGAs provide professional underwriting services on behalf of insurers who want to access niche markets without setting up their own distribution channels. At the same time, they provide brokers and their clients, the policyholders, with focussed service and a wider range of product and insurer options.

This has led the CII firstly to conclude that the chartered titles it currently administers, no longer adequately reflect the role played by a growing number of its members who are working in the MGA sector as underwriting agents.

Secondly, there are no common standards or widely recognised qualifications for the Managing General Agent's business as insurance underwriting agents and the qualification path to the Chartered Insurance Practitioner title is non-specific

The intention of the new chartered title is to provide a clear, robust and relevant standard for the MGA insurance businesses as underwriting agents obtainable through a separate, direct qualification route and to evidence that they operate to the highest ethical and professional standards so maintain the public's trust and confidence.

Why the new title for Underwriting Agents and not simply for Agents in general?

It is the autonomy of the role of Underwriting Agents in relation to critical consumer facing classes of Insurance which has raised their profile. In the UK but also other parts of the world many specialist classes of hard to get insurance are not underwritten or claims managed by Insurers themselves, but by Managing General Agents (MGAs). There has been a significant increase in the number and coverage of business underwritten by MGAs but they are not the Insurer so it is important for policyholders to realise that they need to know that the MGA is professional and is using reputable Insurer backing. This is also why it was not right for us to be muddling MGAs into our "Chartered Insurer" title.

Why does the CII, which is not a company but a professional body incorporated under Royal Charter, feel it must be structured as a company and would it be a surprise to the CII to learn that most professional bodies (have looked at 10+) do not actually operate as companies (there to principally make a profit) but have a majority of volunteer members at the core of decision making?

We presume you mean 'commercial company'. The CII is in fact a company incorporated by Royal Charter. It is a legal person, separate from its members and may sue and be sued in its own name. Its primary function is not to make a profit and there are no shareholders to whom profits are distributed. Surpluses by definition are re-invested into the Institute to further its objects.

The CII's raison d'être is to secure and justify the confidence of the public and employers. However, in order to continue to fund and develop public trust activities and to ensure both our financial stability and growth, we like all other professional bodies, need to generate a surplus. We are not publicly funded. The CII needs to be underpinned by a governance structure which facilitates open and transparent activity with its members whilst at the same time generating a surplus.

In accordance with the Charter, the government and control of the Institute and its property, affairs and business is vested in the Board subject to the provisions of the Charter and Bye-laws.

I understand that members will be consulted on proposed changes, however, what feedback and thoughts are coming from the major and other employers in our sector?

We have a major users forum and we have undertaken specific engagement with our major corporate stakeholders and the Responsible Members of our Chartered firms. The feedback has been very supportive, as the changes are seen to be all part of good governance and in line with our commitment to ensure that the CII is "modern, relevant and diverse."

What are the international geographies that CII is exploring expanding to, and whether there is an impact on the expansion plans as a result of these changes?

The CII has always had an International membership and a revenue of around £4m from our learning and qualifications sold to overseas students and firms. We have 38 "associated and affiliate" overseas Institutes. It will not be a surprise that these Institutes largely mirror the Commonwealth. We have always had a strong relationship with our sister Institute in the Republic of Ireland.

We have an on the ground presence in India, Dubai and Hong Kong, so these regions are serviced directly. But we also have good relationships, from London, with a number of our sister Institutes in Africa. We are very privileged that in many countries in the world, it is still either mandated or strongly encouraged, that senior staff have their ACII qualification. There is a new strength of focus around the world on Regulation of Insurance and Financial Advice, and we are currently working with a number of projects most notably currently in the UAE.