

# Function of Enterprise & Financial Risks Advisory Group

18 June 2011

# Agenda

**General Principle**

**Terms of Reference**

**Proposed Amendments**

**Long-term Aims**

# General Principle

EFR AG advises on developments in risk management across industries, and in particular consider:

- Actuarial Practice Standards
- CPD/ education opportunities to enhance skills of members
- Emerging professional, business and industry issues in ERM
- Enhancing the role of the profession in ERM

# Agenda

**General Principle**

**Terms of Reference**

**Proposed Amendments**

**Long-term Aims**

1. To be responsible for addressing issues in respect of EFR that are referred to it or the Group considers appropriate to address and advise the President/Council for appropriate action;

Well-defined	Expected deliverables	Success indicators
Yes	Short term: Advice to be provided within timescales that are agreed on a case-to-case basis.	Advice is acted upon by the Institute

2. To be responsible for putting in place and reviewing Actuarial Practice standards (Guidance Notes) that are required for members of the institute who work in EFR;

Well-defined	Expected deliverables	Success indicators
Yes	<p>Long term : Draft actuarial standards / guidance note for ERM</p> <p><i>This deliverable is emanating from some global developments for eg the actuarial profession in the United States is currently drafting actuarial standards in ERM; the IAIS is reviewing its Insurance Core Principles including the one on ERM in which the IAA is providing its comments; the IRDA has introduced a substantial element of ERM in the Appointed Actuary's report for life insurers, it is also asking life and non-life insurers to submit their Economic Capital reports</i></p>	<ol style="list-style-type: none"> <li>1. Guidance Note(s) are to the satisfaction of the Council and are formally adopted.</li> <li>2. Consistent and sound approaches to actuarial issues are adopted across the industry.</li> <li>3. In case of education material satisfaction of the Council and promulgation of material amongst members</li> </ol>

3. To design and carry out Continuing Professional Development Programs including seminars and workshops for enhancement of skills of members of the profession in EFR;

Well-defined	Expected deliverables	Success indicators
Yes	<p>Short term: Design and carry out a CPD program in 2011 and subsequently on an annual basis</p> <p>Medium term: Increase awareness of ERM among all IAI members</p>	<ol style="list-style-type: none"> <li>1. First CPD program in ERM to be carried out in 2011</li> <li>2. Initiatives including CPD program, launching of CERA, articles in the magazine</li> <li>3. Feedback from IAI members based on survey</li> <li>4. Feedback from Council, IAI</li> </ol>

4. To be in know of and advise the Institute on emerging professional issues affecting EFR industry within and outside India;

Well-defined	Expected deliverables	Success indicators
<p>Yes, though there are potential overlaps with Strategic Advisory Group on Professionalism, Ethics and Conduct.</p>	<p>Provide regular updates to the Council of IAI on ERM matters emanating from regulatory, professional, and business issues  <i>This deliverable would address several existing functions and provide further specific tasks for the Group to address. This would include an update on IAA’s activities in ERM through regular participation at the IAA bi-annual meetings</i></p>	<p>Timely updates provided to Council / President of IAI on all relevant issues</p> <p>Feedback from Council / President</p>

5. To be in know of and advise the institute on emerging business and industry issues affecting EFR industry within and outside India;

Well-defined	Expected deliverables	Success indicators
Yes	Advice to the Institute.	Timely updates provided to Council / President of IAI on all relevant issues  Feedback from Council / President

6. To advise the Institute on any regulatory or market issues that potentially may affect the status of the profession.

Well-defined	Expected deliverables	Success indicators
<p>The additional advice in this area may relate to regulatory developments/ issues but given the significant overlap with 5 above we could consider merging 5 and 6 by including regulatory issues in 5.</p>		

# Agenda

**General Principle**

**Terms of Reference**

**Proposed Amendments**

**Long-term Aims**

## Proposed Amendments

- ❑ In addition to these functions our recommendation is that the CPD element of the Group be extended to cover educational requirements for qualifying as actuary. Based on the current thinking this would encompass an optional subject at the Specialist Technical (“ST”) level of examinations of the IAI. It is therefore recommended that the following be added:

*To design, in consultation with the Education Advisory Group, the educational requirements for members who wish to specialise in the field of enterprise risk management*

This would provide necessary impetus towards signing the CERA treaty.

- ❑ The group also recommends that it be renamed as “Enterprise Risk Management Advisory Group” as the term ERM is well established and encompasses the entire spectrum of risks including financial risks.

# Agenda

**General Principle**

**Terms of Reference**

**Proposed Amendments**

**Long-term Aims**

# Long-term Aim

The long-term aim of the EFR AG should be to promote the role of actuarial profession in risk management

The success indicator for this would be the profession's standing in risk management