



Shaping your future profession

The CII Annual Review 2010

Message from the president



Chris Hanks



Chris Hanks, president,
Chartered Insurance Institute

2010 was a productive year for the CII, in which we proved that despite difficult economic conditions we are able to look to the future and conceive a positive strategic vision for our sector.

Our customers are facing tough times. Business activity is reducing. Personal savings are being eroded. Public trust in financial services is greatly diminished. Yet, it is because of these things that we have a singular opportunity to engage with our customers and revive their faith in our sector. And if our profession wishes to continue to enjoy its position at the centre of the British, and indeed global, economy, we must invest in our future.

To achieve this we must sharpen every facet of professionalism, from pursuing the highest standards of technical competency and expertise through to exhibiting ethical behaviour in all we do. At the heart of this lies a resolute commitment to developing our people. In the past year we have made great progress in achieving this.

The Professionalism Task Force, established by my predecessor Barry Smith, published the Aldermanbury Declaration in March 2010.

Since its launch we have seen the vast majority of the sector embrace the challenge it presents.

And in the financial services sector we have seen thousands of our members advance in their professional qualifications to meet the new standards set by the Financial Services Authority in the retail distribution review.

Successful companies attract talented people, and the same can be said for a profession. The theme I chose for my presidential year was 'talent' so I am pleased to see that Discover Risk, the CII's initiative to encourage students and young people to consider a career in insurance, has built creative and effective relationships between the general insurance sector and schools and universities.

This year will see a similar programme, titled Pathways, re-launched in the financial services arena. I encourage every member to think about how they can support these programmes; they are essential in providing the future lifeblood of our profession.

It has been a privilege to serve as president this past year. I have come to see firsthand how diligently the CII seeks to promote our sector and profession. I would particularly like to thank all the volunteers across the local institutes and regions that display such commitment and professionalism.

While we have many challenges to face we are a great profession which should grasp the opportunity to rekindle the public's wholehearted trust in us and our services. The CII's Charter states its purpose is to "secure and justify the confidence of the public". The future health of our profession depends on nothing less.

Discover Risk 2010

41,000 visits to www.discoverrisk.co.uk • Visitors from **141** countries

70 events in schools and universities • More than **60** supporting partners, from SMEs and global companies through to apprenticeship providers and universities



The CII in figures 2010

Membership

Almost **97,000** members in **150** countries

16% of members are based outside the UK

Chartered

306 Chartered financial planning firms

2,247 Chartered financial planners

63 Chartered broking firms

4 Chartered insurers

17,949 Chartered general insurance practitioners

Customer service

881,516 letters posted

235,495 calls handled

50,605 emails handled

124,476 sets of study materials despatched

34,669 records of achievement issued

Knowledge services

25,959 unique visitors from **145** countries*

RevisionMate

105,694 unique visitors

6,550,956 page views

Learning materials

71,592 study texts bought = more than **3.5 million** learning hours (50 hours per text) = **half a million** working days (7 hours a day) = **2,300** working years (220 working days a year)

30,000 assignments marked as part of **4,000** continuous assessment and exam preparation course enrolments

Exams

Around **85,000** people sat CII exams in 2010

83 online corporate exam centres

64 online exam centres

60 written exam centres

100+ overseas exam centres

400 examiners and assessors who are practising professionals

Nearly **70** exam units with **17** qualifications on offer

*All figures for 12 months to 31 December 2010, except *, which covers 1 September–31 December 2010.



Alexander Scott

Dr Alexander Scott, CEO,
 Chartered Insurance Institute

The year 2010 was extremely important for the CII. We entered the year facing a fragile economic situation, both for ourselves and our members, and a general election that could have significant implications for the political and regulatory environment in which we all operate. These pressures were fully represented in our strategic plan; indeed one of the three themes was “managing the risks of the recession”.

With the support of our members and corporate partners we can claim to be on a sound financial footing and, despite the challenges of the economy, we emerge from last year in good shape. Our revenues for future investment continued to grow (+5.1%) and are now comfortably in excess of £30m

and we have managed to achieve a reasonable operating surplus (£764,000).

A clear strategic vision together with a disciplined approach to our operating costs ensures we have sufficient funds to meet the needs of members and to invest in new initiatives that support the obligations laid out in our Royal Charter, specifically to “secure and justify the confidence of the public”.

While the UK struggles to emerge from the most severe economic downturn in 50 years, the consequences will remain for many years – and will have far-reaching implications for everyone engaged in the financial services sector.

Our membership now stands at more than 97,000, compared with just 64,000 a decade ago. It is reassuring to know that our industry is increasingly choosing to embrace ethical behaviour, continuous professional development (CPD) and technical competency – all things that consumers identify with a true profession.

All that we achieve is only possible because of the hard work and commitment of those members who believe excellence is the benchmark by which our profession should be judged. We offer our gratitude to those members who advocate professionalism and provide so much support to our work.

Highlights from the year include:

The successful launch of the **Aldermanbury Declaration** – a practical framework for embedding professionalism into general insurance

We continue to influence the thinking of Government and regulators on a number of important issues as witnessed by FSA’s adoption of higher professional standards for financial advisers and the government’s inclusion of a number of our proposals in their recent skills strategy

The continuing support we have offered firms and individuals as they seek to meet the challenges of the **retail distribution review and the post-2012 regulatory framework**

The development of our free **gap fill tool** (and free CPD) to assist those members required by the Financial Services Authority to ‘top up’ their existing qualifications

The growing number, success and profile of the **Chartered** brand

A diverse and expanding suite of **CPD materials and examination units** for members

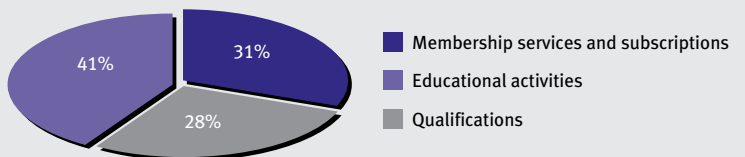
Being invited by the **Indian regulatory authorities** to support the overhaul of key aspects of the life sector in India

Summary of financials

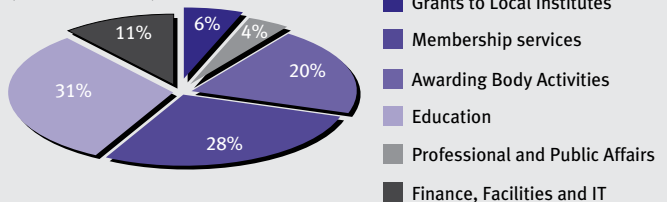
Consolidated Balance Sheet	2010 £'000	2009 £'000
Fixed assets	11,058	9,381
Current assets	20,345	20,562
Current liabilities	(12,503)	(11,881)
Net assets	18,900	18,062
Accumulated funds		
General	8,372	7,299
Charitable	10,528	10,763
	18,900	18,062

Consolidated Income and Expenditure account	2010 £'000	2009 £'000
Operating income	33,970	32,315
Operating expenditure	(33,206)	(31,046)
Operating surplus	764	1,269
Non operating income and costs	74	(197)
Net surplus	838	1,072

£33.97m operating income gross resources by source
 (2009: £32.32m)



£33.21m operating expenditure by activity
 (2009: £31.05m)



The summary financial information presented is extracted from the Institute’s full audited financial statements for the year ended 31 December 2010, which were approved by the Board on 23 March 2011. The full financial statements contain an unqualified audit report. Members who require full financial statements may contact the Secretariat Department at the Institute.

Aldermanbury Declaration

In March 2010 the Insurance Profession Task Force published the Aldermanbury Declaration.

The Task Force comprised senior individuals from the general insurance sector and spent many months shaping a common framework for professional standards.

The declaration sets out a clear vision for a new era of professionalism in insurance and the benefits it will bring for those working within insurance and for society. Its common framework of professional standards represents a determined statement of intent to raise the reputation of our profession with the public.

We believe the proposals outlined in the declaration are ambitious but realistic and a recent survey of Chartered Insurance Institute (CII) members and MPs showed the Aldermanbury Declaration to have already received wide recognition and support from both within and outside the general insurance market.

During 2010 we saw a growing number of firms covering the vast majority of the market pledge to commit to the Aldermanbury Declaration and their intention to embed its principles into their businesses by 2013.

For further details on the Aldermanbury Declaration and a full list of signatories visit: www.cii.co.uk/aldermanburydeclaration



Creating the insurance profession

1. Commitment to excellence

All firms should operate policies towards:

- Customer service
- Ethical conduct
- Qualifications
- Continuing professional development (CPD)

These policies should be easily accessible to their customers and staff.

2. Training and development

Employers should ensure that people in the profession participate in formalised training and development programmes. These programmes should:

- Lead, wherever relevant, to a professional qualification
- Underpin career development and increased professional standards
- Support the development of knowledge, skills and expertise

3. Professionalism within insurers

Insurers should meet the criteria for corporate Chartered insurer status within relevant business divisions, as a demonstration of their commitment to excellence.

4. Professionalism within brokers and insurance intermediaries

Insurance intermediaries should meet the criteria for Chartered insurance broker status, as a demonstration of their commitment to excellence.

5. Broking standards

Insurance intermediaries should ensure that at least half of their operational management team is qualified to Advanced Diploma in Insurance (ACII). Other relevant qualifications should be encouraged.

6. Underwriting standards

Insurers should ensure that at least half the people in the senior underwriting management team are qualified to Advanced Diploma in Insurance (ACII), and all authorised underwriting agencies should ensure their lead underwriters are qualified to Advanced Diploma in Insurance (ACII). Other relevant technical qualifications should be encouraged.

7. Claims standards

Insurers should ensure that at least half the people in the senior claims management team are qualified to Advanced Diploma in Insurance (ACII). Other relevant technical qualifications should be encouraged.

8. Management standards

Insurers should ensure those people in key leadership and management positions, for example broker relationship managers and risk managers, are members of an appropriate professional body and hold relevant professional qualifications.

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A survey of CII members and MPs showed:

84% of general insurance members are aware of the initiative

75% believe it will or might have a positive impact

85% of MPs surveyed support the aims of the declaration

2010 Insurance Profession Task Force

Barry Smith (chair) – past president, Chartered Insurance Institute and chief executive officer, Ageas UK

Amanda Blanc – chief executive officer, commercial lines, AXA UK

Simon Bolam – chartered insurance broker, E H Ranson

Benedict Burke – chief executive, UK & Ireland, Crawford

Alec Finch – chairman, AFL Insurance

Sian Fisher – managing director, OIM Underwriting

Eric Galbraith – chief executive, British Insurance Brokers' Association

Chris Hanks – president, Chartered Insurance Institute and general manager, Allianz Commercial

Grahame Millwater – president, Willis Holdings

Charles Philipps – chief executive, Amlin

Sandy Scott – chief executive, Chartered Insurance Institute

Angus Tucker – past president, Chartered Institute of Loss Adjusters

David Tyers – director of direct insurance, Aviva

Retail Distribution Review

In June 2010 the Financial Services Authority (FSA) issued 'CP10/14: Delivering the RDR: Professionalism, including its applicability to pure protection advice'.

This consultation paper contained proposals to improve the professional standing of the individual retail investment adviser through consistently applied and enforced standards.

The Chartered Insurance Institute (CII) has consistently supported the objectives of the retail distribution review (RDR), particularly its aim to promote better standards of professionalism across the advisory sector. We were mindful of the feedback we have received from members in the past five membership surveys since 2007 and echoed them in our response to the FSA.

We highlighted to the FSA that raising the level of professional qualifications and behaviour would improve the public's confidence and trust in the sector. We argued that public trust is vital to the future health of the sector.

Equipping members to meet the RDR

2010 saw the launch of a number of specific initiatives to support our members meet the challenge of the RDR. In June we launched the Diploma in Regulated Financial Planning which meets fully all the mandatory qualification requirements of the RDR.

Designed by practitioners for practitioners its modular approach offers flexibility in studying as well as unrivalled study support and year round entry. We saw more than 9,600 R unit sittings by the end of 2010.

The new modules can also be selected by advisers choosing to complete our existing Diploma in Financial Planning, providing the benefit of more choice, flexibility and relevance to their studies. We also started a pilot to develop an 'alternative assessment' route for advisers and this was launched in early 2011.

For advisers holding FSA-specified CII 'transitional qualifications' there will be gaps they need to bridge between these qualifications and the new RDR exam standards. To help our members bridge these gaps, our gap fill tool, launched in July 2010, identifies every member's individual gaps and provides a solution. The gap fill tool is free to all members.

Looking forward to 2011

It is encouraging to see the financial services advice sector embracing the step change in professionalism marked by the RDR.

We have already seen the vast majority of our members make strides to meet the qualification requirements of the RDR and we anticipate that this momentum will continue in 2011. We are working with many firms, large and small, including national advisers such as Towry, AWD Chase de Vere and St James's Place to help advisers make the transition to the new requirements.

The support offered by many external RDR academies has no doubt helped the advisory community on this journey. We have been very glad to work with all the major providers as well as media partners like Money Marketing.

The high street banks have also moved decisively to meet the RDR requirements. HSBC, Lloyds Banking Group (wealth), RBS and Santander have all made a significant commitment to working with the CII to ensure their advisers meet the level 4 qualifications for 1 January 2013.

Key points of FSA's consultation paper CP10/14

The FSA will carry out supervision and enforcement of the new professional standards.

Firms will be required to ensure that all advisers under their employment hold a Statement of Professional Standing (SPS).

Organisations that want to issue SPSs will have to meet certain criteria to become an accredited body.

Advisers will have to undertake 35 hours of continuing professional development (CPD) per year, of which 21 will have to be 'structured learning'.

The final list of appropriate qualifications was issued. This clarified that an element of gap fill will be required for most qualifications and that this must be completed by December 2012.

Meeting the RDR requirements*

Nearly 19,000 of all our PFS members already held the Diploma in Financial Planning or a higher qualification

44% of PFS adviser members already held a Diploma level qualification

47% of PFS adviser members were working towards a Diploma level qualification

65% increase in the number of individuals sitting Diploma or Advanced Diploma units in 2010 compared with 2009

78% more Diploma qualifications were completed in 2010 compared with 2009

*As at the end of 2010

Chartered

Royal Charters are granted very rarely and as an organisation that holds one the Chartered Insurance Institute (CII) is expected to meet a number of demanding criteria.

Once a professional body is granted a Charter, it is then able to grant Chartered titles to individuals and firms that meet strict qualifying criteria. Holders of the CII's Chartered titles must have successfully completed extensive study and professional qualification, commit to constantly updating their professional knowledge and abide by a clear code of ethics.

Chartered provides a benchmark for quality advice and ethical behaviour that is recognised by both customers and peers.

Consumer attitudes to Chartered status

77% of consumers recognise the Chartered title for people giving financial advice

Consumer recognition of the Chartered title for general insurance practitioners is five times higher than others

58% of consumers say they would have more trust in advice from a Chartered professional

Chartered financial planning

The retail distribution review (RDR) has created many challenges to the financial planning sector in the past year. Many members are going beyond the FSA's requirements and we have seen an astonishing 25% increase in the number of Chartered financial planners in the past 12 months.

At the end of 2010 there were 2,247 Chartered financial planners and 306 Chartered financial planning firms. We expect to see continued strong growth in 2011 and will continue to encourage and support our Personal Finance Society members to aspire to Chartered status.

Chartered insurance brokers

The number of Chartered insurance brokers has grown to 63 since last year, spread across 170 towns and cities in the UK.

In 2010 we published the findings of a research project conducted among Chartered insurance brokers to help us understand what value being Chartered brings to their businesses. We found that the overarching factor in motivating firms to apply for Chartered status is that they want to publicly demonstrate their commitment to professionalism and that 77% of existing Chartered insurance brokers we surveyed would recommend becoming Chartered to other insurance brokers.

Chartered insurance broker research

Motivations for applying for Chartered status

100% to highlight the standards to which they operate

97% to demonstrate their commitment to delivering a professional service

94% for enhanced professional status

77% to increase the level of trust and loyalty from customers

Effect of Chartered status in enhancing perceptions of their business

71% felt it enhanced the perceptions of prospective customers

69% felt it enhanced the perceptions of potential new staff

63% felt it enhanced the perceptions of existing customers

66% felt it enhanced the perceptions of existing staff

The first CII Chartered Broking Awards were announced at BIBA 2010.

The winners were:

Chartered broker, individual – **Karen Brown, Lockton**

Chartered broker, corporate – **Heartland**

The 2011 CII Chartered Broking Award winners will be announced at the UK Broker Awards in September 2011.

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Chartered insurers

Chubb was the first insurer to be awarded Chartered insurer status for its underwriting operations and then its claims business. It was followed by Towergate Underwriting and Amlin Underwriting. We expect to see several more firms achieve Chartered status in 2011.

Chartered numbers

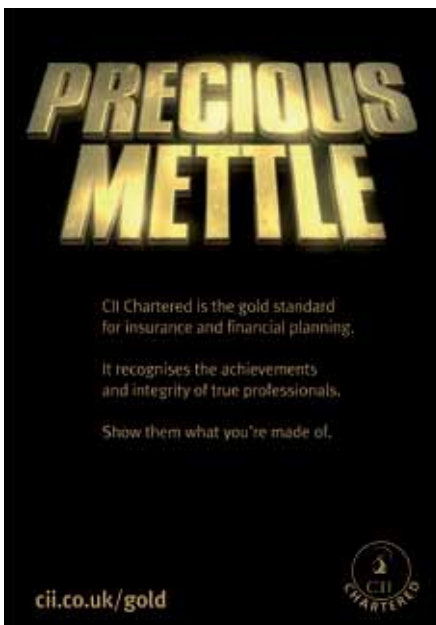
63 Chartered broking firms

17,949 Chartered general insurance practitioners

4 Chartered insurers

2,247 Chartered financial planners

306 Chartered financial planning firms



Personal Finance Society

The year 2010 presented many challenges for our members. The regulatory and economic backdrop has remained challenging and we have sought to equip our members with the tools they need to achieve and maintain the high levels of professionalism required of them.

As the largest professional body in our field, and as part of the Chartered Insurance Institute (CII) Group, the Personal Finance Society (PFS) is well placed to help our members with the challenges presented by the retail distribution review (RDR) and 2010 saw a number of key initiatives.

We are very encouraged that PFS membership grew by nearly 10% against the previous year – reaching more than 28,000 at the end of 2010. We hope for continued growth in 2011 as we direct considerable resources to helping all our members that need to be RDR-ready achieve this goal.

Chartered activity

2010 was a busy and productive year for our Chartered activity. The desire for Chartered status continued to increase in 2010 with particularly strong growth in the number of chartered financial planners.

To support the growing network of Chartered financial planners and firms we provided a broad range of events and activities. Our Chartered Business Dinners provide an opportunity for Chartered members to build relationships with peers in their regions. Chartered Connection events bring together Chartered financial planners with other professionals, such as solicitors and accountants, in their region with a view to identify areas of common interest and opportunity.

Chartered Champions are being appointed to each PFS region. Their role is threefold: to be a local advocate for Chartered status in their region; to build a programme of Chartered Connections events; and to raise public awareness of Chartered status in their region through local media.

Chartered events

- 15 Chartered Business Dinners**
- 8 Chartered Connections Events**
- 20 Chartered Champions**



Annual conference and awards

The 2010 annual conference in Warwick, our flagship event entitled '*A golden future for financial planning*', provided attendees with the opportunity to consider the vital role financial planning will play in the UK over the next few years given the quantum economic and demographic change expected. Speakers at the conference were drawn from both within and without the financial services sector and included leading economist Roger Bootle, BBC 'Dragon' Doug Richard and many more. The event received more than 500 attendees including a delegation from the Dutch financial planning sector.

Plans for the 2011 conference in Birmingham, '*A wealth of opportunity in financial planning*', are already well underway and further details can be found at www.thepfs.org/conference

2010 Personal Finance Society Chartered award winners

Personal Finance Society Chartered financial planner of the year – **Joel Adams, LIFT-Financial**

Personal Finance Society Chartered financial planners of the year – **Moore Stephens Financial Services (East Midlands)**

Personal Finance Society volunteer of the year award – **Tony Cohen, Nsure**

Personal Finance Society highest achiever Diploma in Financial Planning award – **Rachel Kitching, Cooper Parry Wealth Strategies**

Personal Finance Society highest achiever Advanced Diploma in Financial Planning award – **Thomasina McGuigan, Brooks Macdonal Group**

The John Ellis award recognises outstanding achievement and service. In 2010 it was presented to the late Ian Thorneycroft for his work with prominent financial companies, charities and helping to launch the New Model Business Academy.

Pictured left, **Justin Urquhart Stewart** Director at Seven Investment Management, speaking at the 2010 annual conference



Regional activity

The PFS calendar of regional activity for members was extensive in 2010, ranging from regional conferences through to graduation ceremonies.

Our regional conferences are free for members and offer high quality continuing professional development (CPD). We would especially like to thank all the regional chairmen and committee members whose help is vital in delivering our regional events and conferences.

The RDR continues to be a hot topic for our members, especially the issue of qualification gap fill. In addition to the CII's online gap fill tool, the PFS ran six gap fill events around the country to give members the opportunity to complete a high proportion of relevant gaps for free and in a structured manner. There will be a full programme of these events in 2011.

Qualifications are only part of the challenge presented by the RDR. Many members also face the prospect of restructuring their business to accommodate the change in adviser remuneration rules. To help members prepare for this, the PFS offered five Business Transition Workshops series, with each workshop covering four days spread over three months.

77 regional conferences

12 area conferences

9 one day technical conferences

6 gap fill events

5 Business Transition Workshop series

2 day life planning conference in association with the Kinder Institute

2 day annual conference and awards ceremony

1 day officers' conference

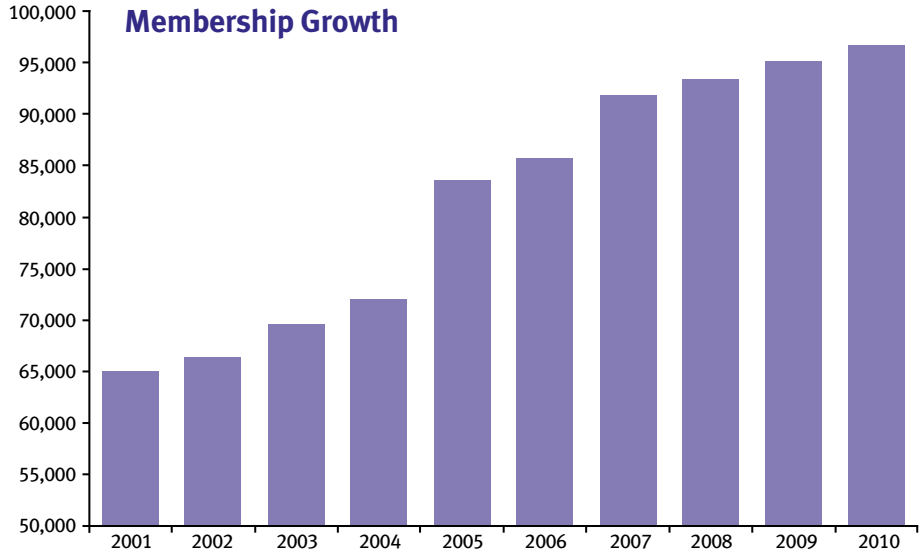
2 graduation ceremonies

1 RDR conference

Membership

Chartered Insurance Institute (CII) membership reached almost 97,000 in 2010 – marking a 2% increase on 2009 and almost a 50% increase during the past decade.

While growth in membership is welcome we are equally encouraged by members' feedback that they value their membership and the active role our members play in shaping their profession and its future.



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CII membership survey key findings

Almost 9 out of 10 members say membership is relevant or very relevant to their career

85% of members support the CII's pledge to raise the status of insurance as a profession

More members than ever attribute a financial value to their qualifications and use of their designations

During the past year we have introduced a range of new member benefits including: an online ethics course; a new continuing professional development (CPD) events calendar; and an enhanced knowledge services website. To ensure we continue to offer our members what they need, we extended our member engagement programme beyond the annual survey to include regional road shows and focus groups.

Online ethics course

The launch of the new online ethics course is designed to help members across the world update their knowledge of the CII's code of ethics. The course covers five key elements:

- What do we mean by ethics?
- Ethics and the business environment
- Ethics in insurance and financial services
- Ethics and your working environment
- How to handle ethical issues

CPD events calendar

CII members can now search a comprehensive range of events, regionally and nationally, using the CPD events calendar on the CII website. The calendar includes hundreds of events organised by the CII, the Personal Finance Society and the local institutes.

Attendance at these events can be included as part of CII CPD requirements where they are relevant to a member's professional development needs.

Enhanced knowledge services website

CII knowledge services is a unique source of technical and market information on insurance, risk and related financial services, exclusive to CII members. In 2010, we improved the site so members can now:

Perform sophisticated searches – all content is tagged so you can search the entire site for your chosen subject.

Set update alerts – this allows you to tailor information and news alerts to suit your interests.

Log activity – bookmark content to read later or mark to add to your CPD record.

International

The Chartered Insurance Institute (CII) is committed to sustained international growth as a key part of our long-term strategy. Our vision is that the CII can, and will, be an important force in the adoption of consistent professional global standards in insurance and financial services.

In recent years we have continued our focus on India, the Middle East, and the Asia-Pacific region. These territories show clear growth in the insurance and financial services markets and have active market regulators with a strong appetite for higher professional standards.

India

The Indian market regulator, The Insurance Regulatory and Development Authority (IRDA), is leading a number of initiatives to improve professional standards throughout the market to inspire consumer confidence.

One key component is to enhance the pre-recruitment qualification for life agents in India and the CII has been asked to work with the IRDA to develop this new qualification for agents leveraging our experience in the UK. It will be available from July 2011.

The CII is also working with the Life Insurance Corporation, the business process outsourcing market and educational institutes, such as the Mumbai Educational Trust, to provide CII qualifications and membership for their employees and students in the Indian market.

Middle East

The CII and the Bahrain Institute of Banking and Finance (BIBF) were jointly awarded the best education and training qualification at the 2010 International Takaful Awards.

This award recognised the work of the CII and BIBF in developing the ‘Principles of Takaful’ exam unit. The International Takaful Summit and Awards recognise those who have developed and delivered exceptional Takaful advice and products internationally.

Islamic (Shariah) finance is increasing both internationally and in the UK, with Islamic insurance experiencing especially rapid growth. The CII and BIBF Takaful exam unit continues to be popular with more than 300 candidates taking the exam in both English and Arabic at the October sitting.

The CII intends to expand the examiners’ team in 2011 to meet the increasing popularity of this examination.

The Qatar Finance and Business Academy introduced the CII’s Award in General Insurance, which is currently the minimum standard required to be allowed to practise in Bahrain. In 2011, the Lord Mayor of London will visit Qatar and present successful candidates with their certificates.

Asia Pacific

In June 2010, the Lord Mayor of London visited young insurance professionals from the Singapore College of Insurance who were studying for the CII’s Advanced Diploma, a globally recognised qualification.

The students were studying as part of the Insurance Executive Scholarship Programme (IESP) at the Singapore College of Insurance which is part of the Singapore insurance sector’s plan to regenerate the talent pool and meet the needs of the growing Singapore insurance sector on a global scale.

Supported by 29 insurance players including AXA Insurance and Marsh, the scholarship programme allows students to study for the CII’s Advanced Diploma in one year.

Strategy for 2011

In 2011 we will build on our existing activity and accelerate our growth in key territories by working with regulators such as the IRDA and the Central Bank of Bahrain.

We will also work with corporates to help them in their ambitions to equip the insurance and financial services sector globally with greater skills and expertise.

Almost 97,000 members in more than 150 countries

Largest insurance and financial services professional body in the world

16% of the CII’s members are based outside the UK

A network of 70 affiliated institutes in Asia, Africa, Europe, the Caribbean and the Middle East



The CII is very well-respected as an organisation with high standards throughout the world.

Lord Mayor of London 2009–2010, **Nick Anstee**, commenting on the CII’s Advanced Diploma

Exams and Qualifications

The Chartered Insurance Institute's (CII) qualifications have been developed to enable candidates to develop the knowledge and expertise needed to perform effectively and efficiently in the workplace.

We offer qualifications to meet all needs across both the general insurance and financial services sectors. The CII recognises prior learning but where further examination is required we offer an unrivalled portfolio of learning and revision materials and flexible examination options. The qualification frameworks we offer have been designed to provide a clear path for people looking to begin and develop a career in either the general insurance or financial services markets.

General insurance

Throughout 2010 and 2011 we have been reviewing the general insurance framework. Some units have been re-levelled and qualification rules have also changed to reflect this.

Our key objective is to ensure our qualifications remain closely aligned to the insurance sector's current and future professional requirements and roles.

Advanced Diploma

Changes to the Advanced Diploma reflect that, in the future, learning and examination for it will place greater emphasis on the application of knowledge using case studies and scenarios. Candidates will also be expected to include relevant examples and evidence of further reading in their examinations.

A number of further changes are planned for 2011

A number of further changes are planned for 2011 including the introduction of more, and the enhancement of existing, Advanced Diploma units.

Advanced Diploma changes in 2010-2011

New units

Advanced underwriting

Enhanced units

Economics and business (previously business and economics)

Risk management

Advanced claims (previously claims management (non-life))

Advanced insurance broking (previously insurance broking)

Marketing insurance products & services (previously marketing)

Award in London Market Insurance

2010 saw the launch of the CII's Award in London Market Insurance (ALMI).

This new qualification provides an essential grounding in the workings of the London market, and is designed for those who are starting work in the market itself or who will have dealings with it.

Designed in consultation with leading market practitioners, it provides a solid grounding for those embarking on a career in this area. It provides a practical and user-friendly introduction to London market legislation, regulation, market practice and distribution. The award is made up of two units that provide a solid grounding for those embarking on a career in this area.

This new qualification provides an essential grounding in the workings of the London market, and is designed for those who are starting work in the market itself or who will have dealings with it.

Full details of all the CII's general insurance qualifications can be found at: www.cii.co.uk/generalinsurance/qualifications.aspx

IF7 Health Insurance

We worked with the Association of Medical Insurance Intermediaries (AMII) to develop and substantially update this health insurance examination. It was launched in July 2010 and is part of the CII's Certificate in Insurance.

The new unit covers seven key areas: the structure of the UK healthcare insurance market; key features of healthcare provision in the UK and overseas; healthcare product types; different roles and responsibilities of intermediaries and providers; applying risk assessment, rating and underwriting considerations; applying the claims function; and, applying legal and regulatory considerations.

Financial services

Diploma in Regulated Financial Planning

In 2010 the CII launched the Diploma in Regulated Financial Planning. This saw the fulfilment of a major project, including work with the Financial Services Authority (FSA), to deliver six new units for advisers that together fully meet the new FSA exam standards of the retail distribution review (RDR).

As part of developing the qualification we took into account feedback from the market about the format, methodology and availability of the examinations. The result is the new benchmark qualification for advisers, suitable for both new entrants and experienced advisers.

In 2010 we also piloted a different examination route for the Regulated Diploma in Financial Planning – Alternative Assessment; a single, intensive assessment day. This route is designed for experienced advisers seeking a non-exam route to meeting the level 4 qualification requirements. It is a demanding option that involves satisfying all of the learning points associated with the RDR exam standards. This route was developed via a pilot throughout 2010 and launched in early 2011.

New Diploma in Regulated Financial Planning

No gap fill – meets the FSA exam standards in full

Year-round entry – plan study around business commitments

Modular learning – learn at your own pace

Pay-as-you-learn – fees are payable as you take each unit

Multiple choice testing – providing immediate notification of results

60 exam centres with year-round testing – take exams at a convenient time & location

Unrivalled study support – widest range of learning & revision materials

Faculties

Life and pensions

The life and pensions faculty promotes professionalism and technical expertise for everyone working in the life and pensions sector. The faculty was launched in March 2006 and has more than 5,000 members.

Retail Distribution Review (RDR)

In 2010 the faculty continued to support the CII's contribution to the Financial Services Authority's (FSA) RDR by seeking views from members and leaders from distributors, providers and bancassurers.

Talent

As part of the faculty's ongoing commitment to developing talent, the Future Leaders programme was launched again in 2010, with 22 representatives from across the sector. The year 2010 saw the fifth intake and to date more than 100 individuals have taken part in the programme, which supports the retention of talent and the development of tomorrow's leaders.

The 2010 programme

The 2010 programme has been created to complement existing company executive talent programmes. Participants will have the opportunity to consider different leadership styles, contribute to developing relevant continuous professional development (CPD), broaden their market understanding beyond their individual roles or experience and gain an insight into how the media works, and how they can work with it.

Society of Mortgage Professionals

The Society of Mortgage Professionals (SMP) is dedicated to raising standards in the mortgage industry

As the prime provider of professional services to those engaged in the mortgage industry, the SMP continues to be proactive in working with the Financial Services Authority (FSA) as it develops its proposals for regulation of the industry, including undertaking member surveys to help formulate constructive comment.

Members of the SMP subscribe to a code of ethics that sets out clear standards of professional conduct.

This includes a requirement for members always to work in the best interests of the client and to undertake a structured programme of continuing professional development (CPD) designed to maintain and enhance levels of technical knowledge.

Over the coming year, the society will continue to promote professional standards and furnish members with a wide range of support including relevant qualifications and updates on market and regulatory developments.

Members of the SMP subscribe to a code of ethics that sets out clear standards of professional conduct.



Many thanks to you and the team for arranging the recent event for the Future Leaders Forum. It proved to be thoroughly enjoyable and of great benefit to us all. We have already started networking on the back of it.

The event last week was excellent and a great way for us to understand more about our business and how it can learn from outside.

Thank you for the events over the past few months, they have been well organised and of really good value.

Future Leaders programme delegates



Faculty board members

Life and Pensions Faculty

Robert Fletcher, ACII, APFS, Chartered insurer, (chair) – bancassurance director, Scottish Widows

John Simmonds – chief executive officer, Bluefin Advisory Service

Elaine McLean – human resources director, UK operations, Legal & General

Paul Matthews – managing director, distribution, Standard Life

Barry Kayes – chairman, AIFA board working group

Margaret Craig – director of life & savings, ABI

Robert Reid, ACII, APFS, Chartered financial planner – managing director, Syndaxi Financial Planning

Ken Davy, FCII – chairman, SimplyBiz

Patrick Gale, non-executive director, HBOS

Angela Seymour-Jackson – intermediary and partnerships director, Aviva

Society of Mortgage Professionals Faculty

Richard Fox – chief executive, Society of Mortgage Providers

Nick Baxter – managing director, Baxters Business Solutions

Michael Coogan – director general, Council of Mortgage Lenders

John Goodfellow – chairman, Debt Advisory Line

John Malone – chairman, PMS

Stephen Smith – housing director, Legal & General

Dave Thompson – sales director, Trigold

Faculties



This detailed piece of research clearly highlights that the claims function is at an insurance company's core – in terms of the significance of both customer experience and of course the bottom-line. Its critical role in delivering the strategy means that engagement at board level to inform that strategy in light of the issues it faces is crucial.

Tony Emms, ACII, chairman of the claims faculty and chief claims officer, UK claims, Zurich Insurance Company

Claims

The claims faculty is a market forum for everyone engaged in claims activities no matter what level of experience. It was established in 2004 and has in excess of 6,600 members.

It draws upon the expertise of the Chartered Insurance Institute (CII) and, by combining it with direction and support from the market, encourages members to progress to qualified status. It provides information, research, events and guidance on the maintenance of good practice in claims.

It exists to support and inform its members to ensure that customers receive the very best from their insurers or insurance advisers at the time when customers need it most.

Research and education

In 2010 the claims faculty worked with Ernst & Young to deliver a major piece of research titled *Strategy Matters*. The report, launched in March 2010, identifies the key factors driving change in claims strategies and operating models, and provides a comprehensive insight into the implications of these changes for the claims sector.

Recent years have seen extreme weather conditions in the UK, which have dominated the news headlines. The claims faculty hosted *Spotlight on Claims* – a member seminar at which market experts shared their views on how the weather is affecting claims and the insurance industry. The event was filmed and is available for members to view online.

The current economic climate has significantly increased the number of fraudulent claims. Working with the other general insurance CII faculties, the claims faculty produced three videos illustrating how attention to detail and use of surveillance can fight insurance fraud. The films are available for members to view online.

The claims faculty provided four podcasts in 2010, all of which are available on the claims faculty section of the CII website. The podcasts cover: snow and ice claims; reinstatement costs; late notification; and claims communication.



Tony Emms
Claims



Alan Woof
Underwriting

New Generation Claims Group

The New Generation Claims Group was developed by the claims faculty in August 2010 with a brief to “encourage collaboration in the claims sector, for the benefit of customers and the reputation of the industry”. The group’s chosen project is to consider the use of social media in surge events and it will publish its report in 2011.

New Generation Claims Group members

- Tim Andrews – Aviva UK
- Clare Ditum – AXA Insurance
- Paul Handy – Crawford & Company
- Neil Higgins – QBE Insurance (Europe)
- Jonah Lee – Zurich Insurance
- Gary Lobb – Fortis Insurance
- Paul Mayes – Cunningham Lindsey
- Robin Stagg (leader) – Allianz Insurance

Underwriting

The Chartered Insurance Institute (CII) launched the underwriting faculty in 2006 and it has more than 7,000 members. It supports the needs of people who work in underwriting and the organisations for which they work.

The underwriting faculty aims to promote professionalism and raise standards of best practice. It encourages members to progress to Chartered insurer or Chartered insurance practitioner status and provides them with research, podcasts, masterclasses and guidance on maintaining competence and good practice.

Research and education

The faculty has been working with Ernst & Young on its next major research piece looking at the UK retail motor insurance market, titled *Bringing profitability back from the brink of extinction*. The report will examine the changing face of the retail motor insurance market and consider where future investment will take place. It is due to be released in early 2011.

The masterclass series, in conjunction with RSA, continued with presentations on volcanic ash and insurer credit ratings. The faculty provided four podcasts in 2010: *Introduction to pleasure craft insurance*, *Church insurance*, *Soft skills* and *The Bribery Act*. These are all available on the underwriting faculty page of the CII website.

Faculty board members

Claims

- Tony Emms**, ACII, (chair) – chief claims officer, UK claims, Zurich Insurance Company
- Gerry Loughney**, FCII – chairman, Cunningham Lindsey
- David Williams**, FCII – claims director, AXA Insurance
- Gary Bass**, ACII – claims consultant, Lloyd’s Market Association
- Graham Cave** – development director, Chartered Institute of Loss Adjusters
- John Kenny**, FCII – chief claims manager, NFU Mutual
- Andrew McBride**, ACII – claims director, QBE European Operations
- Benedict Burke**, ACII – chief executive officer, Crawford & Co UK & Ireland
- Mary Rogerson** – group insurance claims manager, Rolls Royce

Underwriting

- Alan Woof**, FCII, (chair) – head of technical underwriting, Zurich Financial Services
- Neil Clutterbuck**, ACII – director of engineering, Allianz
- Mark Haynes**, FCII – director of commercial underwriting, Aviva
- Clive Nathan**, ACII – chief executive officer, underwriting, Towergate Partnership
- Nick Hankin**, ACII – underwriting and technical director, RSA
- Roy Watkinson**, FCII – technical and commercial insurance director, AXA Insurance
- Jeremy Diston**, ACII – commercial underwriting manager, NFU Mutual
- Adam Clarke** – underwriting director, Fortis Insurance (now Ageas)
- Paul Bloxham**, ACII – underwriting director, Ecclesiastical

Insurance broking

The insurance broking market plays a key part in the insurance sector. It covers everything from house or car insurance through to travel, commercial and even mobile phone insurance.

The Chartered Insurance Institute formed the faculty of insurance broking in 2004 and it has more than 8,300 members.

It is a market forum managed by experts in the broking market combined with direction and support from the CII. It is for everyone who works in the market no matter what their level of experience.

It aims to promote technical expertise and good practice in the market and encourages progression to qualified status, by providing information, events, seminars and relevant research.

The Chartered Insurance Institute formed the faculty of insurance broking in 2004 and it has more than 8,300 members.

Education and awareness

In 2010, the faculty provided advice and content on a range of hot topics for *The Journal* helping to generate debate and improve understanding on various issues.

The topics supported by the faculty in 2010 were: business continuity; credit hire; and consolidation.

The faculty contributed to two round table events, which were run across all the faculties, looking at the issues of ethics and innovation. It also supported a joint research report from the CII and the Business Continuity Institute considering the insurance benefits of business continuity management.

A number of podcasts were developed by the insurance broking faculty for its members. These are available on the insurance broking faculty page on the CII website and cover the following topics: inadequacies in gross profit in reference to the manufacturing sector; historic and listed buildings; PI environmental damage; and extradition.

Chartered status

The faculty has continued to promote chartered status within the insurance broking sector. The faculty supported research conducted among Chartered insurance brokers to understand how gaining Chartered status has affected the perception of firms and key business metrics like winning business, increasing referrals and attracting staff.

London market

The London market is the world's largest wholesale insurance and reinsurance market with an underwriting capacity in excess of £25bn.

The Chartered Insurance Institute formed the London market faculty in 2004 to support the needs of people working in this market and faculty has almost 3,000 members. Membership of the faculty is designed to help support the training and competence needs of its members.

Research and education

In 2010 the London market faculty hosted *Spotlight on London Market* – an event in association with FINEOS looking at the risks presented by large events and examining how insurance is a fundamental element underpinning the ability to deliver such events.

The topic was particularly timely as while London looks forward to the 2012 Olympic Games and the opportunities it presents, there has been a great deal of commentary about the size of the task the insurance market is facing.

Adrian Ballardie, chairman of the London market faculty, hosted the event and was joined by other experts in the field.

Members can view short films of all these activities, or listen to the podcasts, online at the London market page of the CII website.

Three podcasts were delivered by the faculty in 2010: *fine art and jewellery insurance; reservation of rights; and claims management – the ability to learn from an organisation's own experience*. The faculty also participated in the general insurance faculties' round tables on ethics and innovation and Adrian Ballardie took part in the general insurance faculties' webinar on talent.

Members can view short films of all these activities, or listen to the podcasts, online at the London market page of the CII website.



Lynn Richards-Cole
Insurance Broking



Adrian Ballardie
London Market



I am a great advocate of Chartered status and have seen the benefit it has brought to my own firm. Working with my colleagues within the faculty, I want to encourage more firms and individuals to achieve Chartered status and so firmly establish the reputation for professionalism that is growing within our sector.

Lynn Richards-Cole, ACII, chairman of the insurance broking faculty and associate director of Perkins Slade

Insurance broking

Lynn Richards-Cole, ACII, (chair) – associate director, Perkins Slade

Mark Radburn, ACII – chief executive officer, international networks, Willis

Eric Galbraith, ACII – chief executive officer, British Insurers Brokers' Association

Amanda Blanc, ACII – chief executive officer, commercial lines, AXA UK

Matt Donnelly, ACII – managing director, Griffiths & Armour Insurance Brokers

Liz Foster – managing director, Ingram Hawkins & Nock

Stephen James, FCII – regional managing director Northern Ireland, Oval James

Alec Finch, FCII – chairman, AJF Management

John Moore, ACII – chief executive officer, Thomas Carroll Group

Stephen Lark, ACII – director, Lark Insurance Broking Group

London market

Adrian Ballardie, ACII, (chair) – chief underwriting officer, Tokio Marine Global

Julian James, ACII – chief executive officer, Lockton International

Sian Fisher, ACII – managing director, OIM Underwriting

David Matcham, FCII – chief executive officer, International Underwriting Association

Nicholas Gooding, FCII – senior cargo underwriter, XL London Market

Paul Maynard, FCII – chief placement officer, Willis UK & Ireland

Terry Hayday, FCII – manager of professional standards, Lloyd's Market Association

Jonathan Clark, ACII – technical director, Cunningham Lindsey

Local Institutes

The network of local institutes across the UK provides Chartered Insurance Institute (CII) and Personal Finance Society (PFS) members with services in their local area.

Institutes offer continuing professional development (CPD) events and activities, career guidance, mentoring and knowledge services, as well as providing local examination centres.

The institutes are supported by a network of area marketing managers, who help the institutes enhance the local membership experience for existing members and also provide marketing activity to encourage new members to join.

The year 2010 saw a number of new and successful marketing initiatives and recognition of the commitment and service given by members of the local institutes.



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Network Know How

Network Know How is a set of guidelines on best practice to help local institutes manage their grant and services to members.

The guidelines have been developed to focus on a number of local institute key objectives and cover a number of topics including: communications, examinations, running council meetings, developing events and building relationships with key stakeholders.

Feedback from the local institutes has been very positive and the project is expected to launch in full by the middle of 2011.

Pilot continuous professional development (CPD) programme

A pilot CPD programme was rolled out across the local institute network in 2010.

This programme offered 20 off the shelf events covering four subjects: treating customers fairly; claims research; Solvency II; and an economic overview.

The response from local institutes and their members was strong – many events were fully subscribed within a week of their announcement. A more extensive programme will be available in 2011.

Local institute websites

During the course of 2010 every local institute has been given its own website.

The websites are built on a single template which allows a consistent look and feel across every location, but content is managed by the local institute so they can use the website to promote their local membership activities and events to their own membership base.

Network Conference 2010 (NC2010)

The local institute officers' conference, NC2010, attracted a record number of attendees with all of the active local institutes represented.

NC2010 was a one day conference developed to allow local institute council members to network and share best practice. The conference also offered an opportunity to celebrate the annual awards in recognition of the work of institutes and members as advocates of the insurance profession.

Award winners

The Insurance Institute of Perth & Dundee – centenary award

Lillian Boyle – president's award for her outstanding work and career in insurance

Eric Alexander – distinguished service award for coaching new examiners

Awards for exceptional commitment in volunteering were presented to:

Carol Smith – Cheltenham & Gloucester Institute

Sian Fisher – London Institute

Ewan Scott – Kendal Institute

Clair Brand – Royal Tunbridge Wells Institute

Paul Maynard – London Institute

Corporate Social Responsibility

Investors in People



The CII has been accredited as an Investors in People since 2003.

This accreditation is reviewed every three years and, to retain the accreditation, the CII has to show how it meets the rigorous requirements of this nationally recognised business standard, which helps organisations transform their business performance.



Sunday Times 100 Best Companies

In 2010 we applied for the first time to be included in this guide, which is recognised as the UK's definitive survey for workplace engagement and satisfaction.

Competition is fierce for a listing in this survey and although we did not make the top 100 this year, we were delighted to have been recognised as 'One To Watch' and consequently have gained a listing in the *Best Companies Guide*. Our feedback from the survey indicates that we have strong potential to achieve the standard in the future and we will reapply in 2011.

Learning and development

As a professional body we appreciate the value of developing our employees.

In 2010 our employees benefited from an average of 42 learning and development hours each. This figure includes providing employees with access to professional qualifications. We use a blended approach to learning covering topics from business skills through to market knowledge as well as soft skills.

Employee engagement

Our internal staff survey showed an overall satisfaction rating of 73% – a 5% improvement on the last survey.

This is an excellent result and indicates that our employees feel motivated, engaged and proud of what they do. To support this we provide a broad internal communications programme from regular CEO updates to breakfast briefings and roundtables.



Diversity

We continue to be granted use of the Two Ticks disability symbol, which recognises our commitment to encourage disabled people to apply for vacancies at the CII.

In 2010 we provided 171 hours of diversity-related training workshops.

Community

In 2010 our people raised more than £11,000 for charities, including The Prince's Trust, Insurance Charities and many others.

Environment

CII is a member of The Carbon Trust and we continue to implement the Trust's recommendations to reduce our CO2 emissions.

We have fitted double glazing and sensor lighting to our buildings at Aldermanbury, as well as introducing energy-saving solutions for electrical office equipment.

Where possible we use energy from sustainable sources and prefer suppliers with green credentials.

All paper and cardboard is recycled at our customer services office in South Woodford. At our Aldermanbury office all waste is recycled by the City of London.

We are also members of ClimateWise, a collaborative insurance initiative to respond to the risks and opportunities of climate change. Each year we report on our actions on climate change adaptation.

Governance

The governance structure of the Chartered Insurance Institute (CII) is a multifaceted system.

It aims to balance the objectives of promoting the efficiency and improvement in the practice of insurance and securing and justifying the confidence of the public, with the individual needs of the Institute's diverse professional membership.

It has four key component parts:

- The board
- The executive
- The representative council
- The committee system

The role of the board includes responsibilities for entrepreneurial leadership, risk management, strategy, securing the necessary financial and human resources and performance review. The board sets the CII's values and standards and ensures it meets its obligations to members and others. It is the governing body of the CII.

The role of the executive staff is to execute the board's objectives and strategy and operating within given delegated authority limits run the CII group on a day-to-day basis.

The executive is responsible for the development of policy and strategy for further consideration by the board, appointment and removal of management and staff, supporting the governance process, delivering services, measuring performance and general administration.

The role of the representative council is to act as an interface between the members of the institute and both its strategic and general management. It is two-way and acts as a forum for updating representatives in terms of the Institute's current performance, future plans and strategic direction. It aims to give representatives the information they need to, in turn, inform their regional and other membership constituencies.

It is also the forum through which representatives can raise issues of concern to the members who elected them (in the case of constituency representatives) or in the case of committee chairmen appointed by the CII, have more general applicability to the membership at large.

The representative council is one way for the membership to feed back its views on how the institute is doing.

Underwriting, endorsing and informing policy while validating the tripartite approach to governance, is the Committee system. This recognises the expert practitioner contributions of our members and acts as a

further check and balance on the actions of the board and executive.

Individual committees are recruited through open and transparent procedures and although the board has the final responsibility for overall management, each committee exercises a specialist function. This may be advisory (such as the professional standards board) or executive (such as the disciplinary and appeals panels) and some combine the two (as with the qualifications, examinations and assessments committee).

The committee system feeds back into the governance structure through regular reporting and scrutiny at the CII board and the attendance at council of the respective committee chairmen, who are there to represent their specialist areas (and express their views from their unique perspectives) as well as to answer any questions from the membership.

The contribution of lay members to the committee system should also not be underestimated. It is the particular function of lay members on all committees to be objectively critical and ensure that the Institute makes decisions in the absence of "group think" i.e. where necessary to ensure that our self interest as professionals is not promoted at the expense of our key objective to secure and justify the confidence of the public.

Governance continued

CII Board

Role of the Board

The Board is responsible for the overall management of the Institute, approval of its long term objectives including membership, educational and commercial strategy, annual operating and expenditure budgets.

In order to carry out this role the Board delegates day-to-day responsibility to its chief executive and the executive management team.

Appointment Dates and Composition of the Board

President and Chairman (2010/11)
– C Hanks ACII, Chartered Insurer,
(Deputy President 2009/10)
Appointed 2009

Immediate Past President (2010/11)
– B Smith (President 2009/10)
Appointed 2008

Past President (2009/10)
– T Matthews (President 2008/9)
Appointed 2007, Retired July 2010

Deputy President – J James ACII,
Chartered Insurance Practitioner
Appointed 2010/11

Chief Executive – A Scott, Appointed 2007

Finance Director – P Martin, Appointed 2007

Employer Member – P Hubbard,
Appointed 2007

Employer Member – S Fisher ACII,
Chartered Insurer
Appointed 2007

Elected Member – C Brand ACII,
Chartered Insurance Practitioner
Appointed 2007

Elected Member – K Torrance FCII,
Chartered Insurance Practitioner
Appointed 2008

Lay Member – C Munn
Appointed 2007

Lay Member – J Wells
Appointed 2007

Elected Member – D Sales FCII,
Chartered Insurance Broker
Appointed Sept 2009

Elected member – V Wilkinson, CertCII
Appointed Sept 2009

Immediate Past President (2009/10) Trevor Matthews retired from the Board in July at the end of his three year term. We are very grateful to Trevor for his commitment and leadership throughout his presidential tenure. The Board was delighted however to welcome Julian James ACII, Chartered Insurance Practitioner, as Deputy President 2010/11. Julian was appointed by the Members at the AGM and joined the board in September 2010. The CII very much looks forward to working with him over the next three years.

Sian Fisher ACII, Chartered Insurer, Peter Hubbard, Professor Charles Munn OBE and Jackie Wells were all re-elected by the members at the Annual General Meeting in July 2010 and may serve a further maximum term of three years. Clair Brand

was re-appointed to the Board by the Representative Council in December 2010 and may also serve a further term of three years.

The CII would like to record its gratitude to all of the Board members who devote willingly so much time to the management and strategic direction of the Institute.

Board Meetings

Six meetings were held during 2010:

January – 10 out of 13 attended

March – 12 out of 13

May – 12 out of 13

July – 12 out of 13

September – 12 out of 13

December – 10 out of 13

Main Activities of the Board

The key issues for the Board this year have been the Institute's strategic response to the FSA's Retail Distribution Review as this has unfolded during the year and the Institute's management of its resources in meeting the unprecedented demand for examinations requiring additional centres and trained markers, which has called for some creative solutions including the facility to initiate a mobile testing centre capability. At the beginning of 2010 the CII was running approximately 2,500 online sittings examination per month and by the end in excess of 5,000.

Over 15,000 seats were available between January and June which increased to over 20,000 in the second half of the year. These challenges have been monitored by a number of committees within the CII governance structure including the Professional Standards Board, the Audit Committee and the Qualifications Examinations and Assessments Committee all of whom have endorsed the view that the CII had responded professionally and well within the regulated parameters of the Office of Qualifications and Examination Regulation (Ofqual).

Whilst having no regulatory imperative to do so the general insurance sector has also embraced the need to shape perceptions that professionalism leads to better outcomes both for the profession and the public. This industry-led initiative, known as the Aldermanbury Declaration was launched in March 2010 and by the year end had over 170 signatories from all the major players in general insurance.

The Board's role has been to support the project intellectually and to provide resources to the Professionalism Taskforce which throughout has been chaired by the CII's President. Detailed work is now underway in considering what such incentives might work in practice and this would be further developed throughout 2011.

Internationally the Board continued to oversee the CII's activities in its main developing markets of India the Middle East and Asia Pacific. In Bahrain the regulator had introduced compulsory CII entry level qualifications with the prospect of other regulators in the region

following suit. In India the CII was responding to the regulator's request to assist with professionalising the life agent workforce and review the minimum standards of advice. In Malaysia and Indonesia there was progress towards the increased promotion of the CII's Takaful examination.

Operationally the Board had received reports at each of its six meetings on progress towards the implementation of the Business Improvement (Mercury) Programme and the replacement of the reliable but aged and inflexible Metro database. By the year end the Board had noted the successful live implementation of the examiners and tutors database, the programme's first stage.

Finally the Board approved the Discover Risk campaign to promote the recruitment of talent into the insurance industry and the Institute's business plan which outlines the strategic development of the CII for the next three years. The risk register and other governance aspects were also regularly monitored and reviewed.

Representative Council

Role of the Representative Council (the 'Council')

The aims of the Council include:

- Ensuring that the CII maintains a proper balance between promoting the Charter's objectives and the individual needs of the CII's diverse membership
- Acting as a forum for the two way dissemination of information between the Institute and its members
- Informing and influencing the strategic management of the Institute on the views of the members.

Composition of the Council during the year

The Council is made up of members elected by their respective Local Institute constituencies, plus nationally elected representatives of the Student, Certificate level, Diploma level, Advanced Diploma level and Fellowship communities.

In addition the CII appoint certain ex officio post holders such as the President (who is also chairman), the Deputy President, the Immediate Past President, Vice Presidents, Past Presidents, The President of the Personal Finance Society, Faculty and Committee chairs and lay representative (i.e. non-member) whose role is to bring an independent view to the proceedings.

Appointments from the Board

Chairman Ex officio to 21 July 2011,
CII President – CD Hanks, ACII, Chartered Insurer (Deputy President to 21 July 2010)

Chairman Ex officio to 21 July 2010,
CII President – B Smith (Immediate Past President from 21 July 2010)

Deputy President – JT James, ACII,
Chartered Insurance Practitioner
Appointed 21 July 2010

Immediate Past President – T Matthews
Retired 21 July 2010

Vice Presidents on Council

Vice President – RJ Anderson, FCII, FPFS,
Chartered Financial Planner

Vice President – RJ Reid, ACII, APFS,
Chartered Financial Planner

Vice President – KJ Wallace, FCII,
Chartered Insurer
Retired 21 July 2010

Chairmen of Societies

President – Personal Finance Society,
MP Fosberry, DipPFS
Retired 20 September 2010

President – Personal Finance Society,
ES Grant, FPFS
Appointed 20 September 2010

Past Presidents

Past President – AC Homer FCII,
Chartered Insurer

Past President – RO Hudson, FCII,
Chartered Insurer
Retired 21 July 2010

Committee Chairman

Remuneration – P Hubbard

Audit – L Boyle, FCII, Chartered Insurer
Retired 21 July 2010

RO Hudson, FCII, Chartered Insurer
Appointed 21 July 2010

Disciplinary – JL Neilson, FCII,
Chartered Insurance Broker

Appeals – M Williams
Appointed 24 March 2010

Qualifications, Examinations & Assessments
Dr PJ Williams, FCII, FPFS,
Chartered Financial Planner

Lay Representative

Lay Representative – M Saunders

Elected Institute Representatives

Scotland A – ND Toothill, ACII,
Chartered Insurance Practitioner
Retired 21 July 2010

Scotland A – R Morgan, ACII, DipPFS,
Chartered Insurer
Appointed August 2010

Scotland B – JAS Maguire, FCII,
Chartered Insurer

Anglia A – BS Aldous, Cert CII
Appointed 21 July 2010

Anglia B – LM Harold, Dip CII

North East A – BW Thornton, FCII,
Chartered Insurance Practitioner
Retired 21 July 2010

North East A – S Robertshaw, ACII,
Chartered Insurance Practitioner
Appointed 21 July 2010

North East B – NA Davey, CertPFS,
Cert CII(MP)

North East C – VA Wilkinson, Cert CII

North West A – KP Wood, Cert PFS
Retired 21 July 2010

North West A – AJ Parkhurst, ACII,
Chartered Insurer
Appointed 21 July 2010

North West B – L Bamber, FCII,
Chartered Insurance Broker
Retired June 2010

North West B – MG Cranny, FCII,
Chartered Insurer
Appointed 21 July 2010

North West C – DRJ McKinlay, ACII,
Chartered Insurance Broker

South Central A – KV Peraux, Cert PFS
Retired 21 July 2010

South Central A – SJ Stoddart, ACII,
Chartered Insurer
Appointed 21 July 2010

South Central B – GD Williams, ACII,
Chartered Insurer

South Coast & Channel Islands A
CA Brand, ACII, Chartered Insurance
Practitioner

South Coast & Channel Islands B
THS Wiseman, ACII

South Coast & Channel Islands C
Vacant

East Midlands – KB Torrance, FCII,
Chartered Insurance Practitioner

West Midlands – J Evans, ACII,
Chartered Insurance Broker

South West & South Wales A – P Regan, ACII,
Chartered Insurance Practitioner
Retired 21 July 2010

South West & South Wales A
LK Clarke, Dip CII
Appointed 21 July 2010

South West & South Wales B
SM Riches, ACII, Chartered Insurer

South West & South Wales C
JM Hancock, ACII, Chartered Insurance Broker

Northern Ireland – SS Wallace, ACII,
Chartered Insurance Practitioner
Retired 21 July 2010

Northern Ireland – PJ McIlreavy, ACII,
Chartered Insurance Broker
Appointed 21 July 2010

London A – ABK McDowall, FCII,
Chartered Insurer

London B – NPG Salisbury, FCII,
Chartered Insurer

London C – DJ Sales, FCII,
Chartered Insurance Broker

Associated – C Lacey, ACII
Retired 21 July 2010

Associated – G Doherty
Appointed 21 July 2010

Members Elected by National Membership Representatives

ACII – CP Leahy, ACII,
Chartered Insurance Practitioner

FCII – CA Smith, FCII,
Chartered Insurer

Cert CII – P Eshun, Cert CII
Appointed 24 March 2010

Council Meetings

Three meetings were held in the year with the attendance records as follows:

March 2010 – 27 out of 40 members

July 2010 – 35 out of 40

December 2010 – 28 out of 40

Activities of the Council in 2010

The Council received full, regular and timely reports from the CII's chief executive officer who attends each Council meeting along with the finance director of the Institute. Throughout the year Council is kept apprised of the progress against the business plan, updates on the Risk Register, financial progress against budgets and news of progress with current developments and future plans. Council availed itself of the opportunity to debate these matters, make appropriate contributions and ask general or specific accountability questions of any key officers or staff.

Clair Brand ACII, chartered insurance practitioner and member of the representative council was re-elected to the Board of the CII in December 2010. This represents a significant additional commitment by Clair to whom the Institute is extremely grateful.

In March 2010 a working group set up to strategically plan the Institute's chartered centenary in 2012. This has reported at each Council meeting during the year and continues to make good progress.

At the request of the Representative Council the CII appointed Ernst & Young to undertake a review of the workings of the Council, three years after its creation as part of the 2007 governance review. Geoffrey Godding, director of Ernst & Young led the review and various suggestions for better effectiveness and member engagement have now been implemented as a result.

Throughout the year the Council have been fully apprised of the progress with the GI qualifications review, the path towards implementation of the RDR and the launch of the Aldermanbury Declaration in early March.

The Chairman of the Awards Panel was invited to the address Council and announced the CII Service Awards for 2010. These included Four members of Council; Sylvia Riches (Distinguished Service) and Carol Smith, Sian Fisher and Clair Brand (Exceptional Service). On behalf of the CII the President extended the best wishes of Council to the recipients.

Governance continued

July 2010 saw Ken Wallace Vice President retire from his role on Council. The Institute is deeply appreciative of the contributions and time commitment made by the Vice Presidents in general and Ken in particular.

Audit Committee

Role of the Audit Committee

The role of the Audit Committee is to review the integrity of financial reporting and the audit process and to ensure that the Chartered Insurance Institute has sound internal financial control systems and systems for the control of non-financial risks.

Composition of the Audit Committee during the year.

L Boyle – FCII, LL.B, TEP, CFSI, Chartered Insurer, Chairman, Isle of Man
Appointed Chairman September 2004
Retired July 2010

RO Hudson – FCII, MBA, BSc (Econ), Chartered Insurer, London
Appointed Chairman July 2010

JM Jarrett – FCII, Chartered Insurance Practitioner, Cheltenham & Gloucester
Appointed November 2004

BE Killick – ACII, B Com, CA (NZ), MInstD, Chartered Insurance Practitioner, London**
Appointed November 2006

R Whitehouse – FCII, B.Soc Sc., MCMI, Chartered Insurer, London
Appointed November 2006

P Howard – FCII, MBA, FIRM, Chartered Insurer, London
Appointed November 2007

A Leslie – ACII, BSc, MIEE, CEng, Chartered Insurer, London
Appointed March 2009

Committee Meetings

Three meetings were held during the year.

March 2010 – 5 out of 6 members**.

June 2010 – 5 out of 6**

November 2010 – 6 out of 6**

**Mr Bevan Killick is now based in New Zealand and attended these meetings via tele-conference.

Main Activities of the Committee in 2010

Financial Accounts

The consolidated accounts for the year ending 31 December 2009 were recommended to the Board for acceptance at the March meeting.

The Committee confirmed that there were no matters known to them which required being brought to the attention of BDO Stoy Hayward prior to the Board's signing of the accounts. The Committee continues to work with the auditors in development of the audit planning and reporting processes.

Internal financial controls and risk management systems

The macroeconomic environment, upheaval at the Office of the Qualifications and Examinations Regulator (Ofqual), uncertainty around the re-licensing of the Financial Services Skills Council (now renamed Financial Skills Partnership), the phased development and roll out of the CII's replacement management and membership information system along with the pressure on resources generated by the huge take up of Qualification and Credits Framework (QCF) Level 4 diploma examinations, had continued to be the focus of activities during the year. The Committee was satisfied that the project management and reporting around the development and phased implementation of the management information system was robust and that at the year end the project was both on time and on budget. It was noted that the director of information services had reported to the CII at each CII Board meeting of 2010 and that activity was otherwise overseen both by a staff steering group and the Institute's director team.

Unprecedented levels of activity had been generated as a result of the FSA's Review of Retail Distribution, from exceptional volumes of examination candidates, through increased requirements for examiners and examination centres to a significant number of lengthy and detailed personal queries to the customer service department at South Woodford. The director of awarding body had reported to the Audit Committee throughout 2010 as well as to the Qualifications Examinations and Assessments Committee whose role it was to ensure compliance with the regulatory requirements of Ofqual. Additionally a number of internal staff committees reviewed the key aspects of examination governance and the Audit Committee had concluded that a resource intensive situation had been well managed under difficult conditions and that the Institute's risk management approach had been properly considered, monitored and executed.

The challenge to monitor and oversee the Institute's risk management approach to revising the compulsory life agents' examinations on behalf of the Insurance Regulatory and Development Authority in India would be addressed in the early part of 2011.

Governance Issues

During the year in order to improve interaction between the Board and the Audit Committee, a formal mechanism of reporting matters of interest or concern from each Audit Committee to the Board was agreed and the Audit Chairman or a deputy had been invited to attend all CII Board meetings. [Post year end note – It has also now been agreed that a member of the Board will correspondingly attend all Audit Committee meetings.]

The CII Board and Committee would like to record its grateful thanks to retiring Chair Lillian Boyle who stepped down in July 2010 at the end of her second three year term. Lillian has made a huge contribution to the life of the CII and has served two local

institutes and the Institute centrally in many official capacities continuously since 1989 including a term as CII President between 2001–2. Lillian is now succeeded by Rick Hudson Past President who took over as Chair with effect from July 2010.

Conclusion

The Committee believes that the substance of its discussions is fairly recorded in the minutes of the Committee. The Committee is pleased to report that, from the extensive information made available to it, it does not consider that there are any other specific issues that need to be drawn to the attention of the Board or members of the CII at this time.

Professional Standards Board

Role of the Professional Standards Board

The role of the Professional Standards Board (PSB) is to develop policy and standards for CII members, including professional conduct and trust, discipline, ethics and competence; to develop appropriate policy and standards for the CII's governance including accountability, diversity, consumer representation and transparency; to monitor and review these standards; to communicate the standards to the members and committees; to promote professionalism and the adoption of high standards within the industry, with government, with regulators and most importantly to consumers.

Composition of the PSB during the year

D McIntosh QC (Hon)

Independent non exec Chairman

Appointed 2006/7

J Bush ACII, Chartered Insurance Broker

Wholesale Market Representative

Appointed 2009/10

A King – Loss Adjusting Representative

Appointed 2003/4, Retired 2010

S Locke – Consumer Interest Representative

Appointed 2005/6

T McGrath – CBE, FCII,

Chartered Insurance Broker,

Regional Broking representative

Appointed 2009/10

N Mullany – Consumer Interest Representative

Appointed 2007/8

J Navare FCII, Chartered Insurance Practitioner

Academic Representative

Appointed 2006/7

R Rennison FCII, FPFS, Chartered Financial

Planner – Financial Services Representative

Appointed 2003/4, Retired 2010

AW Scott – Chief Executive Officer

Ex officio

D Thomson – CEO's Nominee

Ex officio

Roderic Rennison and Andy King retired during 2010 having completed their second term of office. The PSB is thankful for Roderic and Andy's support and sound advice during their term of office.

Meetings

Three meetings were held during the last year with the attendance records as follows:

January 2010 members – 9 out of 10

April 2010 – 8 out of 10

September 2010 – 6 out of 9

Main activities of the Board in 2010

The Professional Standards Board (PSB) has continued to guide the CII's Board and management in its approach and response to the FSA's RDR within the market for financial planning. Under the PSB's supervision the capacity of the CII's examination department to cope with the increased volumes of students moving from Level 3 to Level 4 on the QCF received a thorough investigation. Dr Peter Williams Chairman of the Qualifications Examinations and Assessments Committee (QEAC) reported to the Board in January. QEAC is the body charged with primary oversight of the CII's performance in its regulated examination activities. Dr Williams was able to give strong assurances to the Board that the Institute's strategic planning for the increased volumes had been extremely effective. Whilst accepting that there had been some 'bottlenecks' identified these had been effectively dealt with and overall the system and arrangements were working well.

The shape of the RDR continued to evolve throughout 2010 with the regulator continuing its industry wide consultation and the CII actively engaging in the response process.

In March 2010, the CII launched the Aldermanbury Declaration, an unprecedented call to the general insurance sector to commit to a framework of professional standards. The CII Taskforce, led by the then CII President, Barry Smith, spent six months prior to the launch analysing the challenges facing general insurance, and concluded that clearly defined action was needed to further build public confidence.

The taskforce included representatives of major insurers, small and national brokers, loss adjusters and others. The project built on the foundations of the RDR and sought to highlight such issues as behaviours, ethics and the virtue of Continuous Professional Development (CPD).

Actively supported by The British Insurance Brokers Association (BIBA), the initiative continued to gain traction throughout 2010 and has currently attracted in excess of 170 corporate signatories all of whom are committed to increasing professional standards.

Following the Treasury's decision to reform the UK Regulatory Framework, the CII submitted its responses to the Treasury's consultation paper observing in the process that the proposed transition timeframe was challenging. This had the potential to impact

on the implementation of other projects such as the RDR and Solvency II. The effects of the reform on the CII remained to be seen although there were concerns that in creating dual regulators the potential existed for unintended overlap. It was also unclear that there would be any differentiation between the treatment of the insurance market over that of the banks.

A key focus of the Professional Standards Board in 2010 has been the encouragement of the diversity agenda at all levels of interaction within the CII. It is the CII's stated position that it fully supports equality of access and opportunity for all members and those who aspire to participate in Institute activities. A number of initiatives were set in train during the year including surveys of the CII's local institute network and most importantly PSB Diversity Action Group's appointment of external consultants to undertake a full organisational diversity audit. As the oversight body, the PSB have regularly reviewed the progress of the audit which is now in its final stages. The report is expected in Spring 2011.

Professional Standards Board Diversity Action Group

Role of the PSB Diversity Action Group

The Diversity Action Group is a sub group of the Professional Standards Board. Its role is to:

- To raise awareness of diversity issues amongst CII members, committees, management and staff
- To consider how the CII can become a more inclusive professional organisation
- To develop appropriate diversity policy and actions for implementation by the CII
- To monitor and review the CII diversity actions to ensure implementation and to maintain relevance and effectiveness
- To communicate the diversity policy to CII members, committees, management and staff to encourage the highest possible level of compliance
- To advise and be consulted on the CII diversity policy.

Composition of the PSB Diversity Action Group

A Darling FCII – Chairman
Appointed 2005

S Wilkinson FCII, APFS – Vice Chairman
Appointed 2005

K Rose FCII, FIRM, Chartered
Insurance Practitioner
Appointed 2005

G Young ACII
Appointed 2007] Amory LLB Hons
Appointed 2009

D Bailey
Appointed 2009

N Butt ACII
Appointed 2009

P Gupta FCII, MA, FIII, Dip DM, MAICD
Appointed 2009

M Maddocks MA (Cantab) ACII
Appointed 2009

S Natha BA, MBA
Appointed 2009

Action Group Meetings

Four meetings were held in 2010 with the attendance records as follows:

11 February 2010 – 5 out of 11 members

24 May 2010 – 8 out of 11 members

9 September 2010 – 6 out of 11 members

7 December 2010 – 7 out of 11 members

Main activities of the Action Group during the year

The main focus of the Diversity Action Group during 2010 has been to monitor progress of the diversity audit of the CII. The audit was commenced at the behest of the action group and its purpose has been to establish the CII's diversity fitness and to ensure that the CII is an inclusive organisation striving towards best practice. The audit is close to completion and the draft recommendations will be submitted to the first Diversity Action Group meeting in 2011.

There has also been a focus on LI during 2010. A diversity survey was circulated to all LIs and as a result of the outcome of the survey, diversity training will be carried out for a representative from each LI in 2011 with special attention being paid to arranging events. A pack of diversity related information was also circulated to LIs through the 2010 Network Conference and the action group have also been consulted throughout the LI Network Knowhow project which is being rolled out by the CII's marketing department.

In addition, the action group have been reviewing the content of the diversity page on the website and publishing regular articles in the Journal and Financial Solutions on diversity related issues. They also receive regular presentations from different departments within the CII who advise how they meet the requirements of a diverse customer base.

Governance continued

The Qualifications, Examinations and Assessments Committee (QEAC)

The Role of QEAC

The main purpose of the committee is to ensure that candidates are treated fairly through application of the CII's qualifications, examinations and assessment quality assurance processes. It also looks at how those processes can be refined and improved. Through doing this QEAC ensures that the CII both maintains its professional standards and integrity and also complies with the requirements of its regulator Ofqual, which is now an independent regulator reporting directly to parliament.

Composition of QEAC during the year

Dr PJ Williams FCII FPFS DProf,
BA(Hons), DipM, MCIM, Cert T.Ed,
Chartered Financial Planner
Appointed 2008, Chair
Appointed 2008

Dr J Robson ACII, PhD, BA(Hons), MCIM
Appointed 2008
Vice Chair
Appointed 2010

J Barron ACII, Chartered Insurance Broker
Appointed 2010

G Bottrill FPFS, FGS,
Chartered Financial Planner
Appointed 2008

P Bowen APFS,
Chartered Financial Planner
Appointed 2008

P Davis ACII, BA(Hons),
Chartered Insurance Broker
Appointed 2010

M Hawtin FCII, Chartered Insurer
Appointed 2008

Dr G Kenney-Wallace
Appointed 2008

IS Morton FCII, FPFS,
Chartered Financial Planner
Appointed 2008

L Nicholls BSc Hons, MCIPD
Appointed 2008, Retired 2010

Dr P Ring PhD, MSc, LLB, BA(Hons),
Dip LP, FHEA
Appointed 2008

PRA Smith FCII, MA, Chartered Insurer
Appointed 2008, Retired 2010

CJ Williams ACII, MA, MIRM,
Chartered Insurance Practitioner
Appointed 2008

L Nicholls and PR Smith retired during 2010 having come to the end of their terms of office. The committee thanked both the members for their substantial contributions to the work of QEAC.

Following the retirements, two new members, P Davis and J Barron were appointed to QEAC.

Committee Meetings

Two meetings were held in 2010 with the attendance record as follows:

April 2010 – 7 out of 11 members

September 2010 – 6 out of 11

A third meeting scheduled in December 2010 had been postponed to January 2011.

Main activities of the Committee in 2010

During the year, the Committee maintained a general oversight of the CII's approach to:

- The evolution of the general insurance qualification framework development
- UK Qualification Frameworks and the EQF (European Qualification Framework)
- Apprenticeships and the promotion of professionalism
- Examination statistics e.g. on re-marks etc
- The examination department's Risk Register and internal audit reports
- The implementation of legislative requirements e.g. access arrangements and special considerations, etc
- Accreditation of prior learning
- Corporate accreditations
- General appeals
- Work based assessment
- Impacts of the Retail Distribution Review (RDR)
- Examination and assessment criteria and how this may evolve.

The committee continued to play an executive role in deciding on certain cases of Prior Learning Accreditation referred to it by the Accreditation Team. It also devoted considerable time to ensure that the Institute's resources were sufficient to ensure the continued validity and reliability of examination outcomes by reviewing the examination department's Risk Register.

QEAC was pleased to note that the CII had received formal confirmation that its application for 'QCF Supplementary Recognition' had been accepted by Ofqual. This meant that the CII maintained its recognised awarding body status and could operate in the new framework.

As a result of FSA's RDR, the number of exam entries increased considerably in 2010; regular training days were held to increase the examining resource for marking due to entries being significantly above plan.

A new diploma called the QCF Level 4 Diploma in Regulated Financial Planning was launched in June 2010, and together with the existing Diploma in Financial Planning was being offered to current and new advisers.

In 2010, business also increased in the Middle East, India and more recently, S E Asia through CII's local partners. Takaful unit exam had been translated in Arabic from April 2010 and local examiners recruited for marking. Governance of local marking continued to be challenging and a local CII representative had been recruited to oversee the process.

Delivery of new QCF level 4 RDR units was on track and new question banks were being built for the new online multiple choice questions.

The committee also oversaw the development of the Advanced Diploma in General Insurance which supports the enhancement of professionalism in the insurance sector. From the perspective of the candidate, it was designed to meet their needs regarding current and future professional requirements and job roles. From the perspective of an employer, it was designed to attract, develop and retain talent by providing core knowledge and skills and enhancing professionalism across a diverse insurance market. It was noted that there was a major emphasis in the Advanced Diploma in General Insurance on practical application and it will continue to evolve to meet the changing needs of the insurance market.

Disciplinary Committee

Role of the Disciplinary Committee

The role of the Disciplinary Committee is to:

- Consider any complaints made against CII members in accordance with the disciplinary regulations rules and procedures. 153 cases were investigated in 2010 other than cases where members had failed to produce CPD records.
- To oversee the process by which the people who fail to produce CPD records on request are disciplined. In 2010, 2,826 qualified members were randomly selected to provide CPD records and as a result of this 38 people had their designations and/or chartered titles rescinded.
- Appoint a panel from within the Committee membership to hear the complaint
- Determine the validity of any complaint
- Where the complaint is upheld, to decide appropriate disciplinary action against a respondent
- Review applications for membership from bankrupts, people with criminal convictions, IVAs and previous disciplinary complaints. Twenty six applications were considered in 2010.

Eight applications were withdrawn.

Two of these applications were from people with criminal convictions both of which were accepted.

Thirteen applications were from IVAs and bankrupts: twelve were accepted, one application was deferred.

Three applications were from previous disciplinary cases: one was successful, two were deferred.

Composition of the Disciplinary Committee during the year

* Please note that by a decision of Council dated November 2005 appointment dates are deemed to run from 2002 or actual date of appointment if later

JL Neilson FCII, Chartered Insurance Broker
Appointed 2002 (Chairman from
27 September 2007), Harrow and Ealing

SE Cockerill QC – Barrister, London
Appointed 2009

A Darling FCII, Chartered Insurance
Practitioner, London
Appointed 2009

J Ferguson OBE, FRPharmS,
FPS (NZ), (lay member)
Appointed 2002

E Goddard (lay member)
Appointed 2002

S Kearney LLB (Hons) – Solicitor, London
Appointed 2010

S McGregor JP FIMI, (lay member)
Appointed 2004

N McNair (lay member)
Appointed 2003

R Rennison FCII, FPMI, FPFs, CFP,
Chartered Financial Planner, London
Appointed 2010

ERD Scott ACII, Chartered Insurance
Practitioner, Kendal
Appointed 2002

KJ Watson ACII, FCILA, Chartered Insurance
Practitioner, Nottingham
Appointed 2003

RA Weald FCII, Chartered Insurer,
Peterborough
Appointed 2002

Committee Meetings

Generally three meetings are scheduled in the Institute year. The meetings were all held on the same date as disciplinary hearings which took place in the morning.

3 February 2010 – 8 out of 11 members

13 May 2010 – 10 out of 11

16 September 2010 – 9 out of 12

Disciplinary Hearings

Three hearings dates are scheduled for each Institute year, although only three committee meetings were held in 2010. On all of these meeting dates, hearings took place and another five cases were also heard throughout the year. Disciplinary Panels concluded that the following sanctions were warranted:

25 January 2010 – member expelled, fined and reported in the Journal

3 February 2010 – member expelled for three years and reported in the Journal

3 February 2010 – member reprimanded and reported in the Journal

13 May 2010 – member expelled, fined reported in the Journal and the regulator notified of the decision

2 June 2010 – a former member reprimanded declared ineligible for re-admission to the CII for two years and reported in the Journal

16 August 2010 – a non-member, reprimanded, examination paper disallowed, banned from taking examinations for two years, reported in the Journal and Financial Solutions

16 August 2010 – a non-member reprimanded but with examination script allowed

15 September 2010 – former member reprimanded

15 September 2010 – member expelled, fined and reported in the Journal.

Main Activities of the Committee in 2010

The CII's drive to promote professionalism throughout the membership has raised the visibility of the Code of Ethics. This is now commonly cited by complainants when writing to the Institute and has been a helpful tool in assisting members and the public at large in promulgating their claims. The clearer code may be a contributory factor to an increased number of disciplinary hearings held in 2010. It is certainly the case that a more methodical case investigation approach to the monitoring of the web for such matters as the breach of the CII's copyright on its learning materials and a more active financial services regulator have both contributed to increased caseload leading to disciplinary action.

The Committee has continued work to finalise and ensure that the Disciplinary Regulations and Procedure Rules have been put into practice. Considerable attention has been made to update the Membership Application Sub-Committee (MASC) guidelines and this has been reflected in the review and change of the Terms of Reference. Training has focused particularly on hearings where the committee has been able to challenge, develop and identify problems and positives within the hearings process.

Role of the Appeal Committee

Role of the Disciplinary Committee

The role of the Appeal Committee is to:

- consider appeals lodged by appellants against the decisions of the Disciplinary Committee in accordance with the CII's Disciplinary Regulations 2010
- appoint a panel from within the Committee membership to hear the appeal
- act as the Disciplinary Committee's review and oversight body.

Composition of the Appeal Committee during the year

* Please note that by a decision of Council dated November 2005 appointment dates are deemed to run from 2002 or actual date of appointment if later.

M Williams FRSM, Barrister (lay member)
(appointed as Chairman from 15 February 2010)
Appointed 2008

D Azubike JP, PhD, BSc, DIC, MIMMM, C. Eng,
CMIOSH (lay member)
Appointed 2005

C Depel FCII, Cert PFS, CPCU, LLM & JD,
Solicitor, US Lawyer, London
Appointed 2010

E Haggis ACII, Solicitor, FPMI Chartered
Insurance Practitioner, Manchester
Appointed 2002

EDG Hillier FCII, Cert PFS, Solicitor, Chartered
Insurance Practitioner, Royal Tunbridge Wells
Appointed 2002, Retired in July 2010

P Hewitt FCII, LLB, Chartered Insurer, Ipswich,
Suffolk and North Essex
Appointed 2002

P Jaffe FCII, FCI Arb, Solicitor, Attorney at Law,
Chartered Insurer, London
Appointed 2002

H Mawdsley, OBE, JP, DL (lay member)
Appointed 2008

M McDougall, ACII, MA Cantab, Barrister at
Law, Chartered Insurance Practitioner, Bedford
and Milton Keynes
Appointed 2010

P Taylor, Solicitor (lay member)
Appointed 2008

CJ Tilson, ACII, MBA, LLB, London
Appointed 2009

MA Wehrly, JD, MPA (lay member)
Appointed 2009

Committee Meetings

Generally three meetings are scheduled in the Institute year. However the caseload dictates the actual number and frequency of meetings held. In 2010 the following meetings took place:

3 March 2010 – 7 out of 12 members

15 November 2010 – 11 out of 11 members

Appeal Hearing

Two hearings dates are scheduled for each Institute year however there were no hearings in 2010.

Main Activities of the Committee in 2010

Although the Disciplinary Committee has experienced an increase in the number of disciplinary hearings during 2010, this has not translated into an increase in the number of appeal hearings, resulting in no appeal hearings taking place during 2010.

As a result the Committee have focused attention on working closely with the Disciplinary Committee to ensure that the new Disciplinary Regulations and Procedure Rules have been finalised and put into practice and have incorporated areas of data protection and human rights issues.

A new Chairman for the Appeal Committee was appointed at the beginning of the year. As a result some attention was focused on the review and change of the terms of reference for the Committee.

The Appeal Committee has continued to work on guidance notes and templates for use at hearings. The templates tested during the year for all parties in an appeal hearing, were finalised and have now been cascaded to the Disciplinary Committee to adopt the same approach, this was enhanced during training on the Exercise of Judgement in 2010.

Governance continued

Nominations Committee

Role of the Nominations Committee

The role of the Nominations Committee is to:

- Give full consideration to succession planning for such members of the Board as are appointed by the Board itself
- Be responsible for identifying and nominating for approval of the Board, candidates to fill vacancies on the Board and its committees
- Make recommendations to the Board concerning succession for Council Members and in particular the key roles of President and chief executive
- Make recommendations to the Board concerning chairmanship of the various Board committees
- Make recommendations to the Honorary Fellowship Assessment Board concerning candidates for Honorary Fellowship
- Make recommendations to the Board concerning candidates for nominations for National Honours.

Composition of the Nominations Committee during the year

January 2010 to December 2010

Independent non exec chairman appointed Nov 2007 – R Jordan

Committee:

President 2009/10 – B Smith

Appointed July 2008, Retired July 2010

President 2010/2011 – C Hanks ACII,

Chartered Insurer

Appointed July 2009

Deputy President – J James, ACII,

Chartered Insurance Practitioner

Appointed July 2010

Council member – D Sales FCII,

Chartered Insurance Broker

Appointed Nov 2009

Committee Meetings

Five meetings were held during the last year with the attendance records as follows:

January 2010 – 4 out of 4 members

May 2010 – 4 out of 4

July 2010 – 4 out of 4

September 2010 – 4 out of 4

December 2010 – 4 out of 4

Main Activities of the Committee In 2010

It has been a very active year for the Nominations Committee. The year began by considering and endorsing the appointment of a new chairman for the Audit Committee, one of the key governance roles in the CII's management structure. The quality of applicants for this unremunerated post was very high indeed and attracted interest from all over the world. Ultimately the committee

endorsed and the CII Board appointed Rick Hudson FCII, MBA, BSc (Econ), Chartered Insurer. Rick is a Past President of the Institute (2003/4).

January was also the month when the Committee finalised its recommendation for the position of CII Deputy President. As a result the Committee was delighted to report that Lockton International CEO Julian James ACII, MBA agreed to put his name forward and stand at the AGM in July. Julian is a member of the CII's London Market Faculty and is a Vice President of the Insurance Institute of London.

In May 2010 the Committee approved the appointment of a further key governance appointment with Michael Williams subsequently being appointed by the Board to the position of Chairman of the Disciplinary Appeals Committee. Michael is a barrister of the Middle Temple and The High Court of Australia. He was formerly in house counsel with the General Medical Council and a Senior Crown Prosecutor. In keeping with current best practice it should be noted that Michael is not a member of the Institute.

The CII's governance requires the Chairman of the Nominations Committee to be independent and have his appointment ratified by the Institute's members in General Meeting. Robin Jordan is the current Chairman of the Nominations Committee and stood for re-appointment for a second and final term of three years at the AGM in July 2010. The Institute is delighted to report that Robin was duly re-appointed and we are very grateful to him for the expertise he brings to this challenging role. Robin runs his own management and human resource consulting practice in Glasgow and is a Past Chairman of the Chartered Institute of Personnel and Development. He has developed a particular knowledge and understanding of chartered membership bodies, their governance and their operation. He is a companion of CIPD and a public appointments assessor, Commission for Ethical Standards of Public Life in Scotland.

As the calendar year drew to a close the Committee began to consider the approach to recruiting a new chairman for the Disciplinary Committee from which John Neilson FCII Chartered Insurance Broker, would stand down having completed his full term in July 2011. John has made a significant contribution to the life and work of the CII during a long career as Disciplinary Committee member and then as its chairman. We would like to thank him for all he has achieved and his wise counsel during the often difficult deliberations of the disciplinary process. An announcement in relation to this key appointment is expected in the Spring 2011.

For the first time the Committee resolved to employ the services of an external professional consultancy in order to assist the Committee and the Board in their respective search for the Institute's Deputy President 2011/12. This has proved to be a highly effective project which has not only improved the openness and transparency of the entire process, with greater formality and structure but has also produced a virtual talent pool of

potential candidates for the presidency. This bodes very well for the future direction and leadership of the Institute. The Committee's recommendation for the post of Deputy President 2011/12 will be announced in the notice of the meeting for the AGM in July 2011.

On a general level the Statement of Appointments Principles and the associated procedures may be found on the CII website at www.cii.co.uk/nominations

The CII is committed to establishing a Committee governance structure that is open and transparent and where there is equality of access and opportunity to participate for all. Care is taken to ensure the fairness of the recruitment and application process where the CII aims to encourage diversity by taking positive action where appropriate.

Remuneration Committee

Role of the Remunerations Committee

The role of the Remunerations Committee is to:

To determine the remuneration packages, including payment procedures and benefits of any kind of the chief executive and staff of the CII.

Composition of the Remuneration Committee during the year

January to December 2010

Chairman – P Hubbard

Appointed 2007

President 2009/10 – B Smith

Appointed 2008, Retired July 2010

President 2010/11 – C Hanks ACII,

Chartered Insurer

Appointed 2009

Deputy President 2010/11 – J James ACII,

Chartered Insurance Practitioner

Appointed 2010

Committee Meetings

Two meetings were held in 2010 with the attendance records as follows:

January 2010 – 3 out of 3 members

September 2010 – 3 out of 3

Main Activities of The Committee In 2010

All staff members have participated in both mid year and year end Performance & Development Reviews which may affect any incentive payments to employees under the Staff Achievement Bonus Scheme. The scheme had been reviewed in 2009 at the request of the CII's Audit Committee and the Remuneration Committee agreed that there would be no changes to format. Any payments generated by the scheme are dependent on achievement of the CII's business plan and reflect elements of both team and individual performance.

Staff salaries have been benchmarked against external proprietary survey data and a recommendation in accordance with the

business plan was made to the Board of the CII in December 2010.

The Chairman of the Remuneration Committee systematically reviews the performance of the chief executive and thereafter reports to the committee accordingly. External benchmarking and consultancy have been accessed in relation to the CEO's remuneration.

As noted above, in accordance with the Terms of Reference, the Immediate Past President Barry Smith stepped down from the Committee in July. The CII is very grateful to Barry for his help and advice to the Remuneration Committee throughout his tenure as Deputy President and subsequently as President of the Institute.

Personal Finance Society Board (PFSB)

Role of the PFSB

The Board's role is to provide entrepreneurial leadership to the Personal Finance Society within the CII's framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Personal Finance Society's (PFS) strategic aims, ensures that the necessary financial and human resources are in place for the PFS to meet its objectives and review management performance. The Board also sets the PFS's values and standards and ensures that its obligations to stakeholders are understood and met.

Composition of the Board during the year

President (until 20 September 2010),
Immediate Past President (from
20 September 2010) – M Fosberry Dip PFS,
Chartered FCSI
Appointed 2007

President (from 20 September 2010),
Vice President (until 20 September 2010)
– ES Grant FPFS, Dip CII, Chartered Financial
Planner, BA(hons), FinstSMM
Appointed 2008

Immediate Past President (until 20 September
2010) – P Lothian ACII, APFS
Appointed 2006

Vice President (from 20 September 2010)
– J Everill DipPFS
Appointed 2009

Vice President (from 20 September 2010)
– G Hale Dip CII, DipPFS
Appointed 2009

Member Nominated Director
– S Holt ACII, CertPFS
Appointed 2007, Retired 20 September 2010

Member Nominated Director (from 20
September 2010) – D Ingram ACII, CertPFS
Appointed 2010

Member Nominated Director (from 20
September 2010) – B O'Ciobhain APFS
Appointed 2010

Lay Director – T Perchard
Appointed 19 March 2009

Chief Executive Officer – F Goddard
Appointed 2008

CII Chief Executive Officer – AW Scott
Appointed 2004

CII Finance Director – PN Martin
Appointed 2004

CII Director of Policy and Public Affairs
– D Thomson
Appointed 2007

Meetings of the Board

Seven meetings were held last year with the attendance records as follows:

26 January 2010 – 10 out of 11 members

25 March 2010 – 11 out of 11

20 May 2010 – 10 out of 11

15 July 2009 – 10 out of 11

15 September 2010 – 9 out of 11

10 November 2009 – 11 out of 12

Main Activities of the Board in 2010

The board attended a strategy planning day leading to the development of the business plan for 2010–2012. Four key strategies were identified for delivery in 2010, building on the previous year's achievements. These were:

- Maintaining PFS's position as the foremost professional body
- Leading members through RDR and beyond
- Building propositions around different segments of the financial advice community
- The value of advice and chartered status.

Each strategy was supported by KPIs and a detailed action plan, the progress of which was monitored regularly by the directors. Notable director driven activities emerging from the business plan include the production of an exam technique guide and improved use of social media, in particular, setting up a 'President's Think Tank' LinkedIn group and a PFS President's Twitter account.

All member directors attended the Officers' conference in February and the highly successful annual conference held in Warwick in September and participated in sessions; either chairing, speaking or presenting.

Role of the PFS Nominations Committee

The role of the PFS Nominations Committee is to consider the composition of the Board and make recommendations for appointments to the Board after a thorough application process has taken place

Composition of the PFS Nominations Committee

Chairman (until 20 September 2010)
– M Fosberry DipPFS
Appointed 2008

Chairman (from 20 September 2010)
– ES Grant FPFS
Appointed 2009

P Lothian ACII, APFS
Retired 20 September 2010

J Everill DipPFS
Appointed 2010

Chief Executive Officer (from 2008)
– F Goddard
Appointed 2008

CII Chief Executive Officer – AW Scott
Appointed 2007

PFS Nominations Committee Meetings

Four meetings were held during the last year with the attendance records as follows:

25 March 2010 – 5 out of 5 members

27 May 2010 – 4 out of 5 members

Main Activities of the PFS Nominations Committee In 2010

During 2010 the committee have undertaken the application and appointment process for member directors which culminated in David Ingram and Brendan O'Ciobhain being appointed at the AGM in September 2010.

Enclosed with this edition of the Journal is the Notice of the Annual General Meeting 2011 and a proxy form.

These are also available on the website at www.cii.co.uk/agm or may be requested from the Group Secretariat on +44 (0)207 7417 3584 or by email from jemma.spraggon@cii.co.uk

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