

2008 saw the most exceptional and volatile market conditions for at least a generation. The insurance and financial services sector is set to see big changes in the future. Yet we remain committed to setting the bar high for our members. Only by putting **professionalism first** will we see our profession come through the tempest stronger than ever.

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“Professionals in this sector have a duty to help customers pick their way through the credit crunch crisis in a practical way.”

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# Message from the President

2008 saw the most exceptional and volatile market conditions for at least a generation. Commentators agree that the UK is in the midst of a global recession from which it is unlikely to emerge until 2011. While there has been a great deal of focus on the impacts on banking, the breadth of the recession reaches into all sectors.

The CII Group defied the economic climate in 2008 by achieving a growth in revenue of more than 7% to £30.3m and a 2% rise in membership to over 93,000 members. We are encouraged by these financial results, which suggest that our members are focusing on their personal development and increasing their value by undertaking more qualifications and training. This provides us with a strong base to continue to support members in the ongoing unstable environment.

One major impact of the recession – in addition to the obvious economic one – for our members is the further decline of the public perception of financial services. Although bankers are the biggest targets, insurers and financial advisers are bracketed by some in the same category. The general view is that the financial markets have been driven by greed and excess risk taking, without the appropriate sense of professionalism, ethics or public interest. Thus, issues of professional competence and high levels of probity have been brought to the forefront of policymakers' agendas.

As the leading professional body in financial services, the CII has long advocated higher professional standards. We are playing a key role in shaping this debate as the FSA's Retail Distribution Review comes into effect for the retail financial services market. A better standard in the industry is all the more important now that our customers face a such a worrying time with job security, meeting mortgage payments and ensuring that they and their families are properly protected. At the same time we must set out a practical roadmap for the industry to move to this new level.

The theme I adopted for my presidential year was 'Bringing Professionalism to Life'. I encouraged members and firms to embrace a step change in professionalism to improve standards of knowledge and behaviour, which will ultimately result in better services for the public. We are optimistic that the profession can and will make this transition successfully over the next few years.

In these difficult economic times it is important to focus attention on our members' needs. For this reason, the Boards of the CII and the Australian New Zealand Institute of Insurance and Finance decided in December 2008 to defer their merger proposals for the time being. We believe there are strong strategic reasons for a merger and will keep this matter under review.

2009 may be a watershed year for financial services. The challenging economic climate, and associated increased regulation of some sectors, makes it hard to determine what the new 'normal' will be.

What we do know is that professionals in this sector have a duty to help customers pick their way through the credit crunch crisis in a practical way.

My hope is that the silver lining in this downturn will be more engaged customers managing their money, and a more responsive and responsible industry building on principles of professionalism to deliver solutions that are in our customers long-term interests.

It has been an honour to serve as CII President, and I hope that, despite the difficulties our profession and industry must navigate, the CII will continue to grow from strength to strength to serve the public interest.

“ My hope is that the silver lining in this downturn will be more engaged customers managing their money, and a more responsive and responsible industry building on principles of professionalism. ”



Trevor Matthews  
CII President

# Message from the CEO

It would be an understatement to say that the UK economy has been through some difficult times lately. So far, impacts on the insurance industry have been smaller – certainly on the general insurance side – compared to the huge effects seen in the banking sector. Still, financial services as a sector, including both financial advice and insurance, is set to see big changes in the future.

In this context, I can say that the CII's continued focus on professional standards in 2008, and increasingly active role in shaping the future of professionalism in the sector, is right on target. 2008 proved to be a year of considerable progress because of our strong commitment to helping members raise standards.

Our membership increased to 93,400, representing a growth of 50% on the number of members we had in 2000.

Exam volumes increased by over 6% on 2007 and exams in the financial planning sector at Diploma level (which the regulator has suggested to be at the proposed qualifications benchmark) showed particularly strong growth, increasing by over 55%.

Overall revenues increased by 7% to £30.3m, (2007: £28.4m) and membership rose by 2% to 93,400 members. Operating surplus was £0.8m (2007: £0.6m) and the net surplus, after investment returns and taxation, was £1.9m (2007: £1.0m). We consider this to be an exceptional performance at a time when many organisations are reporting contraction.

Our financial strength and stability are vital to ensure we continue to support our members' needs and aspirations, to maintain our work to raise professional standards across the profession, and to enhance further CII activity to facilitate this. We are noticing a very strong beginning to 2009 but we are exercising suitable caution due to the unstable environment.

Our corporate relationships greatly contributed to our success in 2008 with a number of major organisations implementing partnerships with the CII across both our main markets – financial services and general insurance.

In financial services the market focus on the Retail Distribution Review has driven much of our activity. Major organisations such as Positive Solutions, RBS, Simply Biz and Towry Law have introduced professional development programmes for their advisers whilst a number of the major providers notably Norwich Union (now Aviva) and Scottish Widows have worked closely with us to support large numbers of intermediaries in their study for CII exams.

In general insurance we continue to work closely with the major companies such as AXA, Zurich, and Towergate in supporting staff development. We are also seeing a strong move to raise standards amongst the broking community where we are playing a very active role.

The CII's work on the Retail Distribution Review – including leading the Edinburgh Declaration with other professional bodies and the work with the FSA Professionalism Group, whose proposals were largely adopted by the FSA in its November 2008 Feedback Statement – is testament to the importance and resource we have invested in ensuring this 'step-change' for the public interest is adopted.

With 2009 forecasted to be the start of a period of recession, it will be no surprise that we are planning to take a 'back to the basics' strategic approach in the coming year. While we will not stop developing new ideas and finding creative ways to improve our offering, we will concentrate our focus in four main areas: pushing forward our views on high standards in professionalism, particularly in general insurance, becoming a powerful and respected commentator on issues of relevance to our sector, maintaining tight control of our operations, and sustained international growth.

I would like to pay tribute to our current President Trevor Matthews for his significant contribution, unflagging support and enthusiasm, and resolute commitment to raising professional standards.

I would also like to express my gratitude to all our officers and volunteer members, our staff and colleagues across the organisation, whose hard work and commitment to the CII enable the Institute to set truly professional standards for our members and future members worldwide. At the end of 2008 we were successfully reaccredited for Investors In People despite it being more stringent than before – a great tribute to all our staff.

The sustained growth of our membership, our financial stability, increasing reputation and public policy influence, and our expanding international reach all demonstrate clearly the progress the CII has made not only in 2008 but also over a sustained period of years. We set the bar high for our members, and we remain committed to helping them achieve higher standards of professionalism than ever before.

“Our financial strength and stability are vital to ensure we continue to support our members' needs and aspirations and our work to promote the public interest amongst our profession.”



Dr Alexander Scott  
Chief Executive Officer  
Chartered Insurance Institute

## The CII in figures 2008

# 93,400 members

9 independent Thinkpieces published

750 Apprentices taking a pathway with CII qualifications

11 student-facing presentations delivered at universities

# 71 affiliated institutes internationally

Revenues increased by 7% to **£30.3m**

# 637,000 unique visitors to the CII website

Exam volumes increased by over 6% overall

Total chartered members reached **18,953**

80,000 visitors to the Talent website, and 700 students applying for graduate employment through its application centre

More than 5,000 students in schools reading CII content on linked website b-live

# Growth of 50% on the number of members we had in 2000

Net surplus increased from £1m to £1.9m

# 14,197 members based outside the UK, an increase of over 10% on 2007

22 universities promoting our Accreditation of Prior Learning scheme

72% of members support our campaign to raise the status of insurance and financial services to be on same standing as other professions

Exams in the financial planning sector at Diploma level increased by over 55%

# 195 firms qualified for Chartered Financial Planner status

# 5 position papers on professionalism published

# 56 firms qualified for Chartered Insurance Broker status

# What members told us

The CII Group's fourth annual survey shows that members are increasingly signing up to the Institute's campaign to drive up standards of professionalism within insurance and financial services.

The survey is an important way of listening to the views of members. It helps the CII to focus its activity and the support it provides to members on those areas which are of most interest to the membership. The online survey was managed by an independent research agency with over 6,000 CII members responding in December 2008.

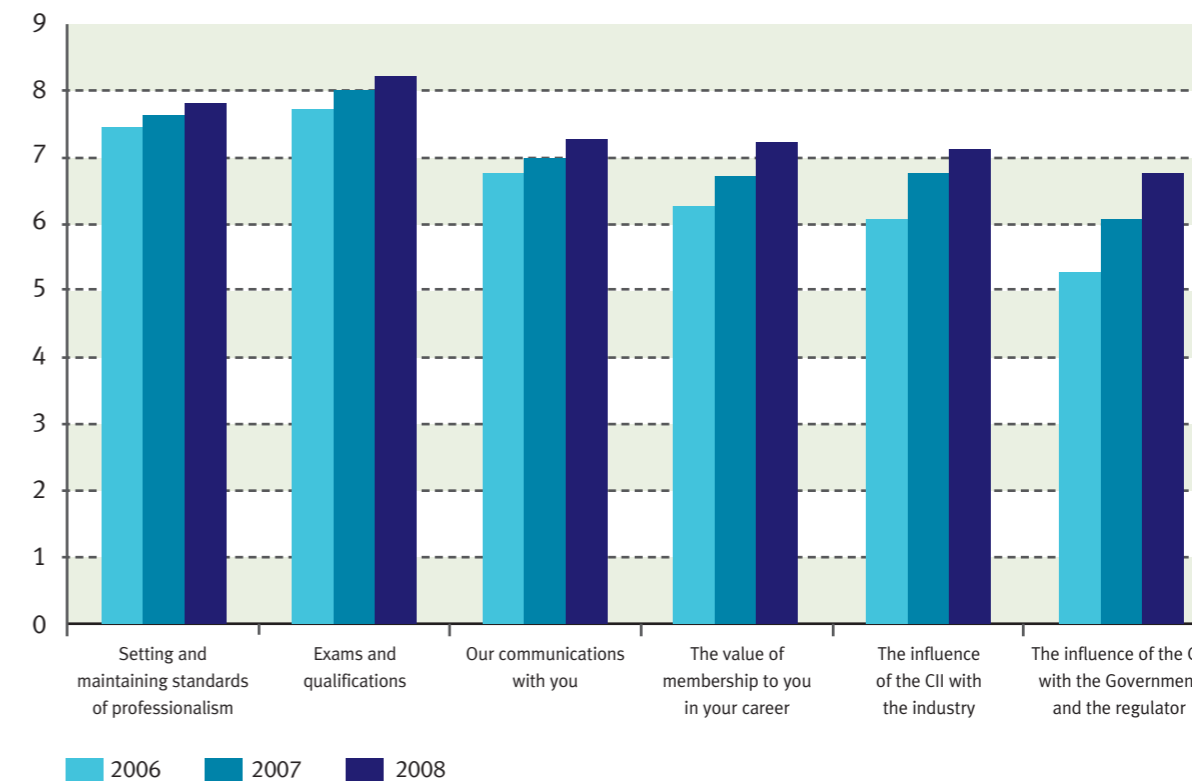
The key findings include:

All six key performance indicators for the CII improved for the third year running. In particular, 'the value of membership to you in your career' increased significantly from the 2007 survey and it is also encouraging to note that the influence of the CII with the industry, the regulator and the government continued to improve reflecting the Institute's increasing focus on these areas.

“We had a strong message in the last survey for more technical and knowledge based services and online member benefits. We listened, implemented changes and will again look closely at the latest findings to see where we can enhance the value of membership.”

Martin Reid, Head of Membership Marketing

## Key performance indicators



- Our drive towards professionalism is bearing fruit. 83% of members are aware of our efforts to raise standards of professionalism in the industry. Almost three quarters (72%) believe that the CII should continue to push the professionalism initiative (up 7% from last year)
- 81% of members believe we should be publishing more high profile media reports and launching more events in Westminster
- Members remain highly interested in the provision of online knowledge services and using new technologies like audio and video podcasts. They also welcome initiatives to make their dealings with the CII simpler like the launch of the online learning statement download
- Not surprisingly, the current economic situation featured prominently and is of paramount importance to members – far ahead of the next four issues, skills, the insurance market cycle, FSA, and TCF implementation
- But, it is interesting to note that members are much more optimistic about their own companies' prospects than about general economic prospects
- Four out of five members said they were looking to improve their skills and/or qualifications to protect themselves from the threat of redundancy or to enhance their prospects in the employment market.

*“The research suggests that this effort is paying off. We are getting a higher profile and we are punching our weight on the public stage. That's good for the profession and good for our members.”*

Martin Reid

# Our strategy

Successful organisations have always had to rise to the challenge of a changing world.

In responding to the tumultuous events of the past twelve months, the CII has undertaken a thorough business strategy review.

We have reassessed the themes that were set out in our 2008 – 2010 plan, concluding that some of our previous priorities remain mission critical, but that others must be refined, amended or supplemented.

The result is a more focused plan which concentrates on fewer initiatives, while ensuring they are the ones that will make a difference, and that our execution is outstanding. We are calling this approach ‘focusing on the basics’.

As a result of this thinking, we will be pursuing four strategies which, we believe, will ensure we remain relevant to today’s evolving marketplace, dynamic and valued.

## Professionalism

As part of its vision of ‘protecting the public by guiding the profession’, the CII is committed to improving both standards of professional practice among its members and the standing of the profession in the eyes of its various stakeholders.

Our mission is to transform the CII into a ‘new wave’ professional body, embodying the best characteristics of modern professional standards. To this end we are driving forward a long-term programme of development which involves an expanded capacity for professional standards, such as CPD and ethics, thought leadership through lobbying, research and policy development, and engagement with our Professional Standards Board (PSB).

In particular, this strategy will involve developing a ‘package of professionalism’ for general insurance, which will ensure that the general insurance sector takes the opportunity to be proactive in evolving its own standards before regulation is imposed.

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## Communications

The CII has a unique position within the sector to shape a positive agenda and reflect the interests of our many stakeholders, most of all the general public.

Over the past few years, we have been steadily raising the profile we take within our sector, both in the wider media and in the ‘corridors of power’. We see this as a core part of the objectives set out by our original charter.

In 2009, we will strive to be a powerful and respected commentator in all areas related to the CII public interest professionalism remit, and to provide an analytical evidence base for the CII’s professionalism work.

We will continue to publish regular ‘thought leadership’ through channels such as policy briefings, position papers, consultation responses, and ‘Thinkpieces’. We will focus on addressing new themes as they emerge and identifying the best means to take these forward and communicate them.

Members can also expect a series of activities planned for 2009 to communicate our plans, solicit their input and understand their concerns, such as roadshows, meetings with Institute Boards, and member surveys.

## Control

Tight control of our operations has long been a CII priority, but in the current financial climate it is all the more important that we continue to secure the financial strength and reputation of the Institute during the recession.

In light of this we are taking steps to ensure that we offer a sophisticated and enhanced member experience, vital for the CII’s long-term prosperity. This will involve an upgrade of our current outdated IT system, which will allow us to meet the needs of a modern membership body.

We will maintain tight control of our staffing numbers and expense, focusing above all on ensuring that the trend of rising productivity continues. As a professional body, we are committed to practicing what we preach – lifelong learning. At the end of 2008 we were successfully reaccredited for Investors In People despite it being more stringent than before – a great tribute to all our staff.

## International

International growth has featured as a key strategy in our strategic plans for many years, and the CII remains firmly committed to sustained international growth. With the UK economy struggling, international presence has become all the more important as we look to other markets to protect our income. Our vision is that, over the medium term, the CII will be an important catalyst in the adoption of consistent, professional, global standards in financial services.

In the next two to three years, we will accelerate our plans in priority markets such as India, the Middle East, Hong Kong, Singapore and China. We will also look at opportunities to strengthen our proposition in Africa, where we are seeing rapid membership growth. To strengthen our international presence in these areas during 2009, we aim to build our local presence, deliver propositions that are globally relevant, and foster global relationships with major corporates and key educational bodies.

Taken together, these four priorities should take our strategic vision through the current economic maelstrom. We remain ambitious for our long-term strategic priorities but wish to develop them within the framework of a sturdy foundation.

# Setting the agenda

The CII not only responds to current issues but also works to shape those issues that will affect the future of our market and profession.

In order to remain relevant as a professional body, the CII must address public distrust, a major consequence of market turbulence. Our sector is facing global regulation, not to mention what is predicted to be significant fallout from the economic downturn.

*“As the credit crunch has taken hold it has become evident how intertwined the whole financial service industry is, not just in UK or Europe, but globally. General insurers do not sit in a bubble unaffected by this wider turmoil.”*  
Jonathan Swift, Post Magazine, 30 October 2008

Policy development is a key driver to enhancing our reputation and ultimately trust in our industry. This includes tracking key events in the financial regulation landscape and providing thought leading research to contribute and if necessary lead the debate. Members agree that this must be a vital part of the CII proposition, with 81% of members believing that we should be publishing more high profile media reports and launching more events in Westminster.

Through the Policy and Public Affairs capability, newly established in 2007, we have played a leading role in major debates over regulatory and other issues in 2008. Some of our key initiatives for 2008 are outlined below.

## Retail Distribution Review (RDR)

The CII has been helping to facilitate debate on all aspects of the various consultation phases of the FSA Retail Distribution Review, including multiple surveys canvassing the views of our membership on the RDR.

We have had major influence in the final FSA report through the Edinburgh Declaration and our work with the FSA Professionalism Group. Our proposals were largely adopted by the FSA in its November 2008 Feedback Statement, a testament to the importance and resource we have invested in ensuring this ‘step-change’ for the public interest is adopted.

An overwhelming 80% of members are aware of our campaign to raise professionalism, with over two thirds of our members believing that the RDR should be extended to general insurance. Raising standards in general insurance will thus be a key part of our strategic plan to increase professionalism in 2009.

## Money guidance

Supporting efforts to enhance consumer financial capability is consistent with the CII’s public interest professionalism Charter remit. We continue to back the Government’s financial capability action plan, particularly the Money Guidance project which we believe if properly implemented could improve public access to financial services and restore public confidence in this sector. Throughout the Government’s Thoresen review of generic financial advice, we provided technical advice on training and accreditation issues as well as feedback on some of the pilots; and we supported the Treasury’s decision to take forward a large-scale pathfinder starting in spring 2009.

The CII’s reputation as a respected public interest commentator on money guidance issues has also been solidified by two key strands of related activity in 2008. Firstly, the PFS continued to provide practical assistance with the Citizens Advice Money Plan project, whereby PFS members give pro bono advice to consumers referred by their local CABs in a project to continue into 2009. Secondly, the CII published two major research reports in 2008 discussed in more detail in the *Consumer Research* section opposite.

Finally, the PFS has contributed to enhancing consumer capability directly by publishing a series of online guides as part of its redesigned Find-an-Adviser site. These six guides cover general financial planning as well as specific topics such as investments and protection insurance and feature links to help consumers find a PFS adviser specialising in those areas. They were prepared by leading finance journalists, and comments were solicited and received from consumer groups as well as the FSA.

## Skills

In turbulent economic times the issue of skills takes on even greater importance as both firms and individuals look to ensure they have the right skill sets to succeed in a downturn.

The CII has been heavily involved in the skills arena during 2008, engaging with our members, politicians and other key opinion formers. In April we ran, for the second time, a membership skills survey. Findings showed an increase on last year in the number of employers suffering from skills shortages (up 5% to 76%). We also increased stakeholder activity in this area including presenting our messaging on skills in general insurance and financial services to politicians at the party conferences.

We have looked to shape policy development at both national and sector level through responding to a number of consultations – seven in total. These included government department consultations, evidence to Parliamentary Select Committees, and contributions to the Financial Services Skills Council.

The quest for developing new talent continued with our ongoing commitment to the Apprenticeship scheme. A number of new providers received CII accreditation in 2008 for their courses and several large firms began to offer Apprenticeships in general insurance and financial services. We have increased our engagement with the higher education sector to promote careers in our industry, not only through an extensive series of university visits supported by employers, but also through practical developments such as our Accreditation of Prior Learning scheme which applied to all UK universities and the development of a number of sandwich and foundation degrees which contain CII units or qualifications.

In the further education sector we have successfully brought together employers and students to offer a package of qualifications and work placements, in several cases resulting in full-time employment.

Many individuals’ views on careers are shaped at school, therefore it is important to engage as early as possible. We sponsor content on insurance careers within b-live, an interactive careers and community youth site for secondary school students. Over 5,000 young people have accessed insurance content through the site and we are delivering in-school events to raise further the profile of the sector in an interesting way. In addition we are part of the Financial Education Partnership in Scotland which visits schools promoting careers in financial services.

## CII ethics and integrity review

Ethics and ethical standards are of great significance in both the professional and regulatory context, as recent events with the credit crunch have indicated to the general public and practitioners at all levels.

As part of our comprehensive professionalism agenda, the CII began in early 2008, way before the current furore, a fundamental review of its Code of Ethics as well as a root-and-branch review of what we do in this area. We commissioned a firm of experienced external consultants in this field to lead the project, which will support the revision and updating of the CII’s Code of Conduct, which also came under review this year. The CII Group also consulted members as a part of this project. We conducted small focus groups in London and Manchester and undertook a detailed quantitative survey of all PFS and CII members in October.

In 2009 we will see the launch of the new Code as well as our proposals to enhance ethics within our profession.

## Consumer research

Good policy development depends upon high quality research. Consumer research and initiatives are thus a critical part of the CII’s progressive approach to thought leadership and communications. In 2008, we undertook two major consumer research projects.

In July 2008, the CII published a report examining the public’s views on financial capability against the backdrop of the ongoing credit crunch. The findings proved a valuable insight into public attitudes towards financial security, financial advice, and confidence in the banking system.

In November 2008, the CII published in association with the think tank Reform a major research project examining the financial issues and habits of adults aged 18-34. This study shows that the group known as IPODS (Insecure, Pressurised, Over-taxed and Debt-ridden) could be at the highest risk in any economic downturn.

## Opening up the debate

New thinking is vital to ensuring the financial sector’s ongoing relevance in today’s fast moving world. As such, the CII actively promotes new and challenging ideas. We provide a forum for building dialogues on key issues of interest to all stakeholders in general insurance and financial services.

Our Thinkpiece programme was launched in May 2008 for just this reason. Each Thinkpiece is a short paper contributed by an expert and published with minimal editorial interference by the CII. We do not necessarily endorse our authors’ points of view, we are interested in sparking new thoughts and encouraging members and the public to start conversations.

We published nine Thinkpieces in 2008, on a variety of topics including retirement savings, consumer psychology, insurance for rehabilitating offenders, and attitudes towards risk. Our series has continued into 2009, and we expect to have published nearly 20 Thinkpieces by the anniversary.

In turbulent economic times the issue of skills takes on even greater importance as both firms and individuals look to ensure they have the right skill sets to succeed in a downturn.

# Leading the profession through...

## Our members

As the largest professional body for general insurance and financial services, the CII knows that our members lead the way. Despite the economic turmoil our membership has grown in 2008, showing a keen ability to adapt to changing circumstances and a strengthened commitment to professionalism when it matters most.

### Continued growth

Membership grew for the seventh consecutive year in 2008, ending at 93,400 by the end of the year (up 2% on 2007). The largest increase was seen in the financial services sector, in no small part driven by the FSA Retail Distribution Review, as well as the CII's increasing engagement with corporate partners.

2008 also saw a significant increase in the number of members qualifying at Chartered Financial Planner status, regarded as the pinnacle of the financial planning profession, growing by 31% to 1,578 members qualifying. Overall, the number of members holding Chartered status stood at 18,953 at the end of the year.

The number of members based outside the UK also grew to 14,197, an increase of over 10% on 2007. Overall, members based outside the UK now account for 15% of the total membership. The biggest growth was in the Middle East and Hong Kong.

### Outstanding support

In the UK, Branko Bjelobaba FCII became the CII's first Vice President for Local Institutes to lead the ongoing programme of supporting the Local Institute network by developing a best practice toolkit. The CII recruited its third Area Marketing Manager for the North West of England to enhance further the activities of the CII and the Local Institutes in this region. The 2008 CII membership survey showed that awareness of Local Institute activities was 90% in those regions supported by an Area Marketing Manager compared with 63% for the rest of the UK. To read more about their activities, please see the *Local Institutes* section of the report.

The range of technical and knowledge services for members was enhanced in 2008, with new services such as a monthly legal digest, podcasts on Treating Customers Fairly (TCF) and fraud and the launch of regular Thinkpieces on topical issues.

We expanded online services to help members both in relation to their dealings with the CII and by way of supporting their professional development. In particular the CII launched a new web based facility for members to download their personal learning statement and access to a series of video podcasts was made available to members of one of the CII's general insurance Faculties.

Several new support schemes for members were introduced including a scheme for retired members. This offers ongoing membership for just £20 a year for those individuals who have been members for 20 years or more. A similar scheme was also launched for individuals no longer working in the industry wishing to keep up to date with the latest developments and in contact with former colleagues.

### Ongoing innovation

In 2009 the CII plans to focus on supporting its members during the global economic downturn. This will include a series of member roadshows and practical guidance for members affected by redundancy.

We will also continue to expand the range of online benefits and services for members. This will include a searchable database of members and a new 'my CII' area of the website. The CII is planning to increase its development of audio and video based services, which will enable members around the world to benefit from high quality technical and professional skills learning.

In 2009 the CII plans to focus on supporting its members during the global economic downturn.

## General insurance

The CII helps insurance practitioners across a wide range of lines build up their professional qualifications and enhance their performance. We continued to offer a diverse and relevant suite of services and support in 2008, with an eye to members' increasing interest in strengthening professional standards going forward.

2008 saw increased demand for the CII's general insurance products and services. Our corporate partnerships, whereby companies invest in learning and development on behalf of their employees, continued to grow strongly.

Our 'Service in Insurance' Award, designed to reflect learning needs of all customer contact staff, has been promoted successfully into Zurich and Crawford, where it will form the basis for induction and development programmes. Xchanging have also agreed to pilot a scheme for new starters and recent joiners.

Regional activity, too, has been increased. For example, coverage for Broker Academy has expanded with courses now being made available in Belfast, Liverpool and London, and we have been supporting regional events focused on the small independent broker.

The emergence of Apprenticeships in general insurance is a positive development across the whole sector. Insurers such as Aviva, AXA, Fortis and RSA, as well as brokers including Bluefin and RK Harrison, have all launched Apprenticeship initiatives. We have also helped Loss Adjusters Crawford and Cunningham Lindsey to deliver their Apprentice programmes.

Finally, we were also delighted to announce a Motor Insurers' Bureau (MIB) corporate membership deal, resulting in the enrolment of their 200 staff into the CII, building on established corporate arrangements with both Towergate and Zurich.

We continue to promote the Corporate Chartered Insurance Broker Award as part of our drive to encourage professionalism in the coming year. There are currently 55 Chartered Broking firms across the UK able to evidence to their clients a high degree of commitment to professionalism, learning and ongoing development.

In 2008 our corporate partnerships, whereby companies invest in learning and development on behalf of their employees, continued to grow strongly.

## Financial services

Financial services is a complex and challenging sector. In 2008 the industry was faced not only with unprecedented turmoil affecting global markets, but also significant challenges from the regulator. Over the past year we have continued to support our members in improving professionalism in the industry.

The FSA's Retail Distribution Review (RDR) has continued to impact upon the financial services sector in 2008. As a consequence our financial services income saw significant increases and with Diploma examinations increasing by 55% this is a sure sign that the FSA's proposals are now gaining momentum.

The CII has been central to the professionalism debate and proactive in maintaining and developing close working relationships with our corporate partners across distribution, providers, major IFA firms and bancassurance, to build a more confident and trusted industry.

The number of organisations funding professional body membership for their staff is also increasing, examples of which include Prudential, Standard Life, and Bank of Scotland Investment Services (now part of Lloyds Banking Group). In addition, providers have played a key role in developing their own staff and supporting IFA's through academies.

We have helped drive professionalism in the industry with an extensive range of support programmes and initiatives in 2008, such as:

- Building on the success of Norwich Union Financial Adviser Academy and Scottish Widows Professional Adviser Study System (PASS) with the launch of further IFA support initiatives such as those from AXA Winterthur and Positive Solutions together with support for distributors such as SimplyBiz and Tenet
- Creation of staff development programmes to drive up professional qualifications, such as Prudential, Standard Life, AEGON, and Scottish Widows
- Accreditation of companies' own learning & development programmes, including those from Scottish Widows Investment Partnership's (SWIP's) and Norwich Union (now Aviva).

Finally, we are delighted to report that 2008 saw the number of Chartered firms rise to 195, with more firms of all sizes, including intermediaries, operating at the highest level within the market place than ever before.

The CII has been central to the professionalism debate and proactive in maintaining and developing close working relationships with our corporate partners.

## Local Institutes

2008 saw the Local Institutes continue to enhance and refine services for members in their own communities.

The network of Local Institutes provides CII and PFS members with networking opportunities, continuing professional development (CPD) events and activities, career guidance, mentoring and knowledge services, and education and examination facilities. There are currently 60 Local Institutes across the UK, and each one offers a calendar of activities to support CII members at a local level.

A typical Institute will offer six or seven technical or CPD events and four social activities per year as well as an Annual Dinner. The technical events often meet market needs and cover a wider range of topics, from Climate Change through to Business Interruption, whilst the social events and activities offer our members the chance to network with their colleagues and peers.

*"I initially became a CII member to gain the necessary qualifications to enhance my career opportunities. However I gained more from my membership than expected. The networking opportunities via my Local Institute have been pivotal, not only in enhancing my career progression but improving technical skills and awareness."*

Matt Green, Managing Director, GI Resource Management Ltd, Insurance Institute of Birmingham

The Institutes are funded centrally by the CII and receive an annual grant dependent on their size (12% of the membership fee). This grant is utilised by the Institutes to provide the calendar of events as well as to help them fund additional projects which can help them engage with members and non-members alike.

Institutes within East Anglia, the North-West and Scotland & Northern Ireland are currently supported by an Area Marketing Manager, whose primary objective is to help the Institutes enhance the local membership service and experience for existing members, as well as to encourage new members to join through local marketing activity.

### Enhancing communications

The further development of the Local Institute Toolkit (Phases 1 and 2) throughout 2008 has helped Institutes' communicate with members, raising their profiles and attracting more members to take advantage of events and activities. First introduced in East Anglia, the North-West, and Scotland & Northern Ireland, the success of the Toolkit within these regions then prompted a wider UK rollout, with a total of 59 of the 60 UK Institutes signing up to the project in 2008. We expect all Institutes to use the Toolkit to increase visibility in 2009.

*"With the introduction of the Local Institutes Toolkit the Belfast Insurance Institute has taken the opportunity to utilise the stationery templates, streamline our syllabus, produce a couple of Local Institute Newsletters and distribute catchy e-flyers to advertise our various events. Without doubt this has lifted our profile and provides a consistent and professional platform when communicating with our members."*

Paul McIlreavy, President, Belfast Insurance Institute

We aim to launch Phase 3 of the Toolkit – a web and extranet proposition – by the end of quarter two in 2009. The web proposition will provide, for the first time, an interactive web offering for all of the Local Institutes.

### 'What Good Looks Like'

It was announced in 2008 that Branko Bjelobaba, CII Vice President, will support the Local Institutes throughout his three year vice presidential term. The 'What Good Looks Like' project, headed up by Branko, commenced in 2008 and will result in a 'model of best practice' for all Local Institutes to take on board. The project kicked off with a number of Institute consultation events across the UK, which allowed Institutes to feedback their expectations of this key project.

### Building relationships

The development of relationships with key partner organisations such as the PFS, ACCA, BIBA and the CIOBS throughout 2008 has resulted in a number of joint initiatives that will be taken forward throughout 2009. The Local Institutes also built ties with educational establishments across the UK in 2008. A key project for 2009 will be to build on this success and develop a programme to allow Local Institutes to engage with secondary school students about the insurance profession.

In 2009 we also expect to see the development of initiatives such as a local welcome strategy and local direct marketing campaigns, both of which will aim to provide the UK Institutes with further tools to develop relationships with their membership.

There are currently 60 Local Institutes across the UK, and each one offers a calendar of activities to support CII members at a local level.

## International growth

International growth is a key part of the CII's strategy. 15% of our membership is outside the UK. In 2008, we continued to build a local presence in key areas like India, the Middle East, and the Far East, through CII offices, strategic alliances and partnerships where appropriate.

The CII works with regulators, educational and trade bodies together with major corporates across the world to help raise professional standards through the implementation of minimum standards of knowledge and behaviour. This has relevance across both the life and non-life sectors. We have made particular progress promoting international standards of knowledge through the provision of relevant qualifications, for example, the Award in Financial Planning localised for the insurance market in India.

Highlights of 2008 include:

### India

- Delivery of a localised qualification for the up-skilling of life agents in India for the Life Insurance Corporation (LIC) in India – the focus is very much around addressing customer needs
- Continued progress with key stakeholders in India, including our affiliated institutes, the Insurance Institute of India and the Institute of Insurance and Risk Management.

### Far East

- Establishment of franchises in Hong Kong and Thailand to provide a local contact point for members in these countries
- Working with the Singapore College of Insurance to help raise overall standards of professionalism in the market through qualifications, training and member services.

### Middle East

- Working with local regulators such as the Central Bank of Bahrain who have mandated some CII qualifications as a minimum standard of entry into the market
- Working with the Bahrain Institute of Banking and Finance across the Gulf region to raise overall standards of professionalism through the provision of qualifications, training and member services
- Developing our presence across the region through partnerships with training providers in the Levant region who will promote CII qualifications and membership.

## Continuing to build a global presence

In December 2008 the Boards of the CII and ANZIIF announced that they have deferred merger proposals at the present time. Each organisation has decided that in these difficult economic times it is important to focus all their attention on their own members' needs.

In 2009 the CII will continue to develop membership propositions that are truly globally relevant. For example, we aim to provide a translated CII qualification of the Award in general insurance in Arabic for the regulator in Bahrain, tailored to include international regulatory best practice and to provide a minimum standard of knowledge for insurance personnel in Bahrain.

2009 will also see the launch of a range of online services such as podcasts and videocasts, as well as the continued development of more globally relevant material such as the Chatham House series of Thinkpieces.

In 2009 the CII will continue to develop membership propositions that are truly globally relevant.

## Exams and qualifications

2008 was another very busy and productive year for the CII's Awarding Body.

The Awarding Body is responsible for designing, developing and delivering all the CII's examinations and qualifications in general insurance and financial services and also for their compliance with regulatory requirements. We continue to offer high quality, relevant units and qualifications to meet the needs of our wide customer base from the financial services community.

Qualifications are taken for a wide variety of purposes and we try to reflect this in the way they are developed, assessed and delivered. These purposes include: regulatory compliance; CPD; progression through frameworks to Chartered status; and up-skilling for specific job roles. All qualification syllabuses are reviewed annually to ensure that they remain relevant and meet market requirements. We are also committed to making structural changes to our frameworks where market developments require it.

### Key highlights from 2008

There have been a number of exciting developments in 2008. The qualification requirements for the FSA's Retail Distribution Review are still being formulated by the FSA and the FSSC but the CII is at the forefront of Level 4 developments with its extremely popular QCF Level 4 Diploma in Financial Planning. Entries for this qualification and its constituent units exceeded expectations during 2008 and are continuing to rise, showing a real appetite for a step-change in the sector.

We are currently engaged in identifying the right mix of units to meet the emerging requirements of the RDR and will work closely with all the stakeholders involved to create units and qualification routes that are appropriate for the needs of the market, our customers and the regulators. This will also involve increasing access to these qualifications through provision of the most appropriate delivery mechanisms available.

Our work on the evolution of the general insurance examinations and qualifications continues apace after a year in which a number of new units were introduced and some others withdrawn. The yardstick for this work is to make the units as up-to-date and relevant as possible to reflect changes in the operation of the market and its qualification needs in recent years.

In both general insurance and financial planning we have excellent teams of examiners and markers who contribute extensively to the successful construction and delivery of the examinations.

We have started to offer a new qualification in India known as the Award in Financial Planning (India). This is now operational, and will contribute towards meeting the skills and competence requirements of the emerging adviser population in India, perhaps leading to further developments as the market evolves. We are also designing appropriate examinations for the Middle East markets on the basis of local market feedback.

Our online exams go from strength to strength with the consolidation of our corporate centre offering and the further expansion of the public centre framework, and the number of entries for the Certificate level units continues to grow.

We have started to work closely with the new qualifications regulator in 2008, Ofqual (the Office of the Examinations and Qualifications Regulator) and continue to work in tandem with the standards setting body – the Financial Services Skills Council (FSSC) on a range of projects. The two qualifications we have in the new national framework, the Qualifications and Credit Framework (QCF), are both growing in popularity, namely the QCF Level 4 Diploma in Financial Planning and the QCF Level 6 Advanced Diploma in Financial Planning.

The CII received a clean bill of health following the first 'Self-Assessment' returns required by the regulators, and this process will continue in 2009.

### Looking forward

In 2009, we will continue to work to meet the emerging requirements of RDR so that the CII is in a position to offer a fully RDR-compliant set of qualification and assessment outcomes. We are committed to developing and refining our processes and procedures in the context of the new framework, so that customers' needs are met as efficiently and effectively as possible.

We will also continue with the work on the refreshment of the general insurance qualifications framework to ensure that the units are more in line with the requirements of a modern insurance marketplace.

Finally, we look forward to creating bespoke international solutions to particular qualification requirements as they become evident in particular countries.

## Personal Finance Society

The PFS, part of the CII Group, is focused on leading the financial advice community towards higher levels of professionalism, to the ultimate benefit of the profession and public alike. With membership growing to almost 25,000 members in 2008, it is by far the largest professional body in its field. As such, the PFS is committed to helping its members raise the bar in the face of the economic downturn and regulatory challenges.

### Membership

The Personal Finance Society continued to grow during 2008 despite the downturn in the economic climate and regulatory pressures. By the year-end membership stood at almost 24,900, an increase of 4.4% on 2007.

2008 also saw a real commitment to professionalism by PFS members, with the number qualifying as Chartered Financial Planners, seen as the pinnacle of the financial planning profession, growing by 31% to 1,578. Chartered Financial Planner status for firms also saw a huge increase, with 195 firms qualifying for the prestigious title, almost double last year's total.

### Highlights of 2008

The PFS supports the standing of its members through a comprehensive programme of events and initiatives designed to help them acquire and maintain relevant knowledge and skills.

In 2008, we continued providing a free, regional programme of events, as well as area conferences, technical seminars, RDR roadshows in Manchester, Leeds, Bristol and London, specialist conferences (including RDR one-day conferences), and webcast 'Tech Talks'. We are pleased to note increased attendance at our 2008 events, for example a 21% increase in attendance at the regional programme of events.

The joint CII and PFS Graduation Ceremony took place at London's prestigious Guildhall on 27 May. This year 167 qualified PFS members were honoured for their achievement, 115 of whom were Chartered Financial Planners (of the total 803 PFS members who were qualified to attend, including 535 at the Chartered level).

In July we held our Officers' Conference in Liverpool, jointly with the CII. Our flagship event, the two-day Annual Conference in November, was very successful with 1,050 delegates attending. The main platform speaker sessions were recorded as webcasts for wider membership viewing via the PFS website. Robert Reid passed the presidential baton to Paul Lothian, who continues the Value of Advice theme into 2009.

Key projects for 2008 included:

#### MoneyPlan

The Citizens Advice Bureau and PFS initiative continued whereby PFS members provide pro bono generic advice in selected regional CAB offices.

#### Find an Adviser

The new Find an Adviser website was launched and now has over 6,800 members registered. The site is very consumer-friendly, with information to help the public to understand more about their personal financial needs. A powerful search tool enables users to find an adviser that is appropriately qualified and who can be trusted to give them financial advice.

For more information on PFS activities during 2008 and a schedule of 2009 events and activities, please see the PFS website: [www.thepfs.org](http://www.thepfs.org)

### Looking forward

2009 will be a difficult year, and the PFS is focused on delivering relevant benefits and services to our members to assist them through the troubled times ahead. We will continue to provide training in all areas of technical knowledge, soft skills and business management whilst encouraging a commitment to the highest standards of ethical behaviour.

The Retail Distribution Review has already had an impact on the move to higher professional qualifications with record numbers sitting Diploma examinations (55% up on last year). The PFS has responded to demand and is rolling out a programme of regional Diploma study groups as well as business development workshops to help members with the challenges ahead.

### Board

Fay Goddard was appointed CEO of the PFS in July 2008.

The PFS would like to thank Robert Reid for his significant contribution as President, and welcomes Paul Lothian as the new President. We look forward to working with him to help him achieve his worthy aims for the Society in the year ahead.

We would also like to thank Robin O'Grady and Tim Eadon for their time on the Board and wish them well for the future.

### Board members

#### Paul Lothian, (President)

Chartered Financial Planner, Verus Financial Planning Ltd

Michael Fosberry, (Vice President),  
National Head of Financial Services, Smith & Williamson

Robert Reid, (Past President),  
Managing Director, Syndaxi Financial Planning Ltd

Carole Nicholls,  
Principal, Nicholls Stevens

Simon Holt

Edward Grant,  
Chartered Financial Planner, Zurich Intermediary Group

Peter Mann,  
Chief Development Officer, Skandia UK

Fay Goddard,  
Chief Executive

Sandy Scott,  
CII Chief Executive

Peter Martin,  
CII Finance Director

David Thomson,  
CII Director of Policy & Public Affairs

#### Former members

Robin O'Grady

Tim Eadon

## Faculties and Societies

Faculties and Societies are for all those engaged in certain market sectors within general insurance and financial services. With ongoing market fluctuation and frequent changes in regulation, they are a central part of our strategy to help support you in access to relevant and timely market information.

The CII offers membership in four general insurance Faculties, Insurance Broking, Claims, Underwriting, and London Market; one financial services Faculty, Life & Pensions; and the Society of Mortgage Professionals, dedicated to the mortgage industry. Each focuses on maintaining and enhancing competence in order to raise standards and levels of professionalism. By acting as a channel for information, the Faculties aim to help members enhance their knowledge (including for CPD), ultimately promoting higher standards in the industry and for the public.

2008 saw the Faculties introduce new knowledge services such as podcasts and masterclasses, which proved to be a popular supplement to the ongoing series of technical, regulatory, and legal articles.

In 2009 the Faculties plan to focus on maintaining high quality technical content and developing new initiatives, such as the CII's Continuing Professional Development (CPD) research project, review of Chartered status criteria (Broking), continued input into the GI Evolution project, and publishing the CII's third major report on climate change (London Market).

Each Faculty focuses on maintaining and enhancing competence in order to raise standards and levels of professionalism.

## Life and Pensions

The Life and Pensions Faculty aims to promote professionalism and raise standards of practice for everyone who works in the life and pensions sector. The Faculty was launched in March 2006 and has in excess of 5000 members.

In 2008, the Faculty has continued to support the CII's contribution to the FSA Retail Distribution Review, including extensive research on members' views regarding RDR proposals. In addition, we engaged with leaders from distributors, providers and bancassurers to inform our views.

Other key highlights of 2008 include:

- The Faculty has continued its theme of 'Talent' across the financial services sector, providing pathways and development for both industry new entrants, as well as experienced individuals
- We have worked closely with Positive Solutions to launch their financial services Apprenticeships scheme. The pilot is being rolled out in the UK and supports 20 individuals with their ambition to become qualified IFAs. Apprentices will each have an individual training plan tailored to their needs and experience. The courses run for between one and two years with trainees working towards the CII's Certificate in Financial Planning
- The Faculty has also successfully launched its third Future Leaders' Forum, again sponsored by Accenture. The initiative aids the retention of identified talent and develops leadership skills. The programme is supported with 40 nominations from the major providers, distributors and bancassurers within the financial services sector.

In 2009, the Faculty is looking to expand the concept of the RDR across the whole financial services sector, as well as continuing its work on Talent with the development of a financial services Degree course.

### Board members

Having established the Faculty Board in 2006 and after three years of outstanding support, 2009 has seen the successful handover of Faculty chairmanship from Peter Hales to Robert Fletcher. The Faculty would like to thank Peter for his significant contribution as chairman and wish him well for the future.

#### Robert Fletcher (chairman),

Strategic Account Director, Scottish Widows

John Simmonds,  
Chief Executive Officer, Bluefin Advisory Service

Elaine McLean,  
HR Director, UK Operations, Legal & General

Ben Gunn,  
Chief Executive, Friends Provident L&P Ltd

Stephen Haasz,  
Managing Director, Corporate Solutions, Prudential UK plc

Richard Anderson,  
Wealth Management Account Director, Scottish Widows

Paul Matthews,  
Managing Director- Distribution, Standard Life

Barry Kayes,  
Chairman, AIFA Board working group

Margaret Craig,  
Director of Life & Savings, ABI

Robert Reid,  
Managing Director, Syndaxi Financial Planning

Ken Davy,  
Chairman, SimplyBiz

Patrick Gale,  
Non Executive Director, HBOS plc

#### Former members

Peter Hales,  
Non Executive Director, Just Retirement

Paul Evans,  
Chief Executive Officer, AXA Sun Life

Carole Jones,  
Human Resources Director, Norwich Union

Jo Dawson,  
Chief Executive Officer, Retail Distribution,  
Insurance and Investment, HBOS plc

## Insurance Broking

Insurance brokers play a pivotal role in the insurance industry, providing clients with expert, unbiased advice and recommending products to protect their interests. The Broking Faculty was founded in 2004 and has over 8000 members.

In 2008, the Broking Faculty Board provided input to shaping the content/syllabus for the Broking Practice exam, which was sat for the first time in October 2008. This forms part of the ongoing GI Evolution work, in which the Board is involved in providing input on a wider scale.

Also this year the Faculty oversaw the development of a significant piece of research by Ernst & Young, 'Delivering world class service for competitive advantage in a changing commercial insurance market', which is expected to be published in 2009.

Finally, the Faculty was involved in the early stages of input for an upcoming review shaping Chartered status for firms.

In 2008, the Broking Faculty Board provided input to shaping the content of the Broking Practice exam and developed a significant piece of research with Ernst & Young.

### Board members

#### Mark Radburn (chair),

Managing Director, Willis Commercial Network

Eric Galbraith,  
Chief Executive, British Insurance Brokers' Association

Amanda Blanc,  
CEO Broking, Towergate Partnership Ltd

Lynn Richards-Cole,  
Associate Director, Perkins Slade Ltd

Matt Donnelly,  
Managing Director, Griffiths & Armour Insurance Brokers

Liz Foster,  
Managing Director, Ingram Hawkins & Nock Ltd

Stephen James,  
Regional Managing Director Northern Ireland, Oval James

Alec Finch,  
Chairman, Alec Finch Group Ltd

John Moore,  
CEO, Thomas Carroll Group Plc

Stephen Lark,  
Director, Lark Insurance Broking Group

#### Former members

David Slade,  
Chief Executive, Perkins Slade Ltd

## Underwriting

Underwriting is a technically demanding field, and one that is key to commercial success. Underwriters set the terms of insurance contracts and ensure policyholders have the protection they need. The Underwriting Faculty was launched in 2006 and has over 7500 members.

In 2008 the Faculty was devoted to helping underwriters increase their knowledge through technical articles, Faculty viewpoints and masterclasses.

We published three masterclasses in conjunction with RSA, primarily aimed at an underwriting audience – one following up the research report, ‘The Future of Distribution in SME Commercial General Insurance’, and the others by La Jolla on construction risks.

All of these masterclasses are available on the web site for members only, and mark the start of a series which will continue throughout 2009.

In 2008 the Faculty was devoted to helping underwriters increasing their knowledge through technical articles, Faculty viewpoints and masterclasses.

### Board members

**Alan Woof (chair),**  
Head of Underwriting Development, Zurich Financial Services

Chris Hanks,  
General Manager Commercial, Allianz Insurance Plc

Terry Hayday,  
Manager of Professional Standards, Lloyd’s Market Association

Mark Hynes,  
Director of Commercial Underwriting, Aviva Plc

Clive Nathan,  
CEO Underwriting, Townergate Partnership Ltd

Donny MacLeod,  
Reinsurance and Underwriting Manager, NFU Mutual

Nick Hankin,  
Underwriting Technical Director, RSA

Roy Watkinson,  
Technical & Commercial Insurance Director, AXA Insurance

### Former members

Andy Baldwin,  
Managing Partner, Ernst & Young LLP

## London Market

The London Market, which includes Lloyd’s, handles some of the world’s largest and most complex risks, and is a sector undergoing rapid change. The London Market Faculty was launched in 2004 and has nearly 3000 members.

The London Market Faculty was engaged in the production of the CII’s third major climate change report in 2008. ‘Coping with Climate Change: Risks and Opportunities for Insurers’, edited by Dr Andrew Dlugolecki, highlights some of the most serious issues that lie ahead, and emphasises the clear and pressing need for insurers to assess and effectively manage these risks. The report was launched in February 2009.

2008 also saw the Faculty put on a successful roundtable on the subject of ‘Improving the London Market product from the perspective of the customer’. This roundtable engaged some of the key executives in the market discussing the issues facing insurers in improving the London Market product, and the customers’ views. The debate was captured by a journalist and published to the wider Faculty membership as a thought leadership piece.

A further roundtable engaged more junior members of the London Market on the same topic, with the aim of establishing whether the leaders of the future shared the same views as the leaders of today.

Both roundtables were effective supplements to the Faculty’s ongoing schedule of events, promoting awareness of issues and a healthy debate about the actions necessary to ensure the London Market remains at the forefront of professionalism and maintains worldwide competitiveness.

### Board members

**David Gittings (chair),**  
CEO, Lloyd’s Market Association

Julian James,  
CEO, Lockton International

Sian Fisher,  
Managing Director, OIM Underwriting Ltd

Adrian Ballardie,  
Chief Underwriting Officer, Tokio Marine Global Ltd

David Matcham,  
CEO, International Underwriting Association

Nicholas Gooding,  
Senior Cargo Underwriter, XL London Market Limited

Paul Maynard,  
Broking Director, Willis UK & Ireland

### Former members

Max Taylor

## Claims

Claims is often termed the ‘shop window’ of insurance because policyholders often only see what they have bought when they make a claim. Yet, the field is changing. Our goal is to ensure members have the most relevant resources to take the lead as the industry evolves. The Claims Faculty was established in 2004 and has over 7500 members.

In 2008 the Faculty released the research report ‘The Evolution of Claims’, which examines the changes that have taken place in claims in recent times. The report touches on increased reliance on technology, the ways in which claims has a fundamental impact on profit, and the shortage of talent in the field, despite the importance of people as key to the industry’s success.

The Faculty also put on a roundtable to discuss how the evolution of claims is continuing, called ‘The Future of Claims’. The roundtable took the research report one stage further with a debate on how claims will continue to evolve and the future challenges it will face.

### Board members

#### Gerry Loughney, (chair)

Chairman, Cunningham Lindsey

David Williams,  
Claims Director, AXA Insurance

Jonathan Clark,  
Director of Claims, Financial Services Compensation Scheme Ltd

Tony Emms,  
UKGI Motor Claims Director, Zurich Insurance Company

Gary Bass,  
Claims Consultant, Lloyd’s Market Association

Graham Cave,  
Executive Director, Chartered Institute of Loss Adjusters

John O’Neill,  
Chief Operating Officer, Cavell Management Services Ltd

John Kenny,  
Chief Claims Manager, NFU Mutual

Andrew McBride,  
Claims Director, QBE European Operations

Benedict Burke,  
Chief Executive Officer, Crawford & Co UK & Ireland

Mary Rogerson,  
Group Insurance Claims Manager, Rolls Royce Plc

Graham Gibson,  
Claims Director, Allianz Insurance Plc

### Former members

Stan Noakes,  
Operations Director, Tadley Services Group

Angus Tucker,  
Deputy President, Chartered Institute of Loss Adjusters

Jim Pittman,  
Managing Director, VFM Services Ltd

## Society of Mortgage Professionals

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

In difficult market conditions, the SMP has continued to provide opportunities for advisers to enhance both their knowledge and skills. In line with revised qualification requirements for Equity Release advisers, a new level 3 paper has been introduced. This has been well received, as has the support given to learning opportunities to help members to enhance their knowledge and meet their CPD obligations.

Over the next year, the Society will continue to promote professionalism and to furnish members with relevant information on market and regulatory developments.

In difficult market conditions, the SMP has continued to provide opportunities for advisers to enhance both their knowledge and skills.

### Advisory Board members

#### Richard Fox, Chief Executive,

Society of Mortgage Professionals

Chris Cummings,  
Director General, Association of Independent Financial Advisors

Nick Baxter,  
Managing Director, Baxters Business Solutions

Stephen Smith,  
Housing Director, Legal & General Assurance Society Limited

Robert Clifford,  
Chief Executive, Mortgageforce

John Malone,  
Managing Director, Premier Mortgage Services

John Goodfellow,  
Chief Executive, Skipton Building Society

Dave Thompson,  
Sales Director, Trigold

### Former members

Liz Sully,  
Compliance Director, Group Servicing Limited

Jon O’Brian,  
Manager Intermediary Sales, Newcastle Building Society

# Corporate responsibility

At the CII, we are committed to ensuring that as an organisation we are a fully responsible member of our community. This means that consideration for social, environmental, and ethical matters are an ongoing, integrated part of the way we operate. We are dedicated to managing our impact by caring for our community and environment.

Given the worsening financial climate, the CII believes it is more important than ever that we continue to demonstrate responsible business practices. As a professional body, we know that reputation is our members' currency, and responsible behaviour is crucial to earning the public's trust. This section highlights some of the ways that we have shown this dedication in 2008, both within our own organisation and in guiding our extensive membership.

As a professional body, we know that reputation is our members' currency, and responsible behaviour is crucial to earning the public's trust.

## Community

Since 2006, the CII has been a corporate Patron of the Prince's Trust, the UK's leading youth charity dedicated to delivering and developing programmes and services for young people. The Prince's Trust provides mentoring, guidance, training and financial assistance to disadvantaged young people, encouraging and helping them to achieve ambitions many never thought possible. In 2007/08, the Trust helped over 41,000 of the most disadvantaged young people in the UK, and almost 80% of these have now gone on to employment, training or further education. We strongly support the Trust's activities, and continue to help members get involved.

We also support the Insurance Charities, an independent organisation that provides community care and support to past and present employees of the insurance industry and their dependent relatives who are suffering financial hardship. Under an agreement with a credit card company, the Insurance Charities receives a dividend on all purchases made using the CII credit card, and we also hold a specific annual fundraising day. The Insurance Charities also shares accommodation with us at Aldermanbury, and we support them with on-site facilities. Local Institutes nominate CII members to act as volunteers in assisting and fundraising in their respective areas.

In 2008 the PFS continued working with the Citizens Advice Bureau on a model for delivering national pro bono financial advice. This project follows 2005's successful pilot of Moneyplan, providing Generic Financial Advice (GFA) to clients on low and middle incomes, and the subsequent national expansion of this model in 2007-2009, with funding from Barclays and Aegon UK. The project currently enlists 30 IFAs in 20 bureaux, all participating on a strictly voluntary basis. An evaluation of Moneyplan is forthcoming in 2009. We are confident that this report will show the project's success, and pave the way for further involvement from our members going forward.

## Environment

At the CII we are committed to doing our part to take care of the environment. As an organisation we encourage staff to recycle, turn off lights and computer monitors at night, and print as little as possible. In the period July 2007 to June 2008, the organisation recycled 12,326 kg of paper at our Aldermanbury headquarters; equivalent to saving 162 trees and 17,260 kg of CO<sub>2</sub>.

We are actively trying to reduce our use of paper mailings sent to members by promoting email correspondence instead. For every member email address we receive, we donate 10p towards Trees for Life's reforestation programme in the Scottish Highlands. That means for every 2,000 email addresses we receive, an acre of land will be purchased by Trees for Life for planting with native trees. In 2008 we donated over £2,000, which will fund the planting of 419 native trees.

In 2008 we also took significant steps toward becoming more carbon-friendly as an organisation. Working with the Carbon Trust, we undertook a full audit of our carbon footprint. We will develop an action plan over the next four years to reduce our emissions and spread awareness about the issues, using the recommendations of the Carbon Trust's report due in early 2009.

## Leading the debate on climate change

As a professional body, we feel that beyond our own impact (which, like any SME, is relatively small), we have the unique opportunity to influence our vast membership. With this in mind, we are committed to leading the debate, providing a forum for our members to access knowledge and exchange ideas.

In 2008 the CII became one of the first non-company members to join ClimateWise, a group of organisations in the insurance industry committed to taking action to reduce the risk of climate change. We believe that this is an issue which affects each and every one of us, and the general insurance and financial services industry has the unique potential to shape not only corporate response and action, but global policy decisions as well.

The CII has been committed to promoting public debate on climate change – one of the ClimateWise principles – for over fifteen years, long before most of the world was alerted to the 'inconvenient truth.' In 2008 we continued work on our third major study into the effects of climate change for the insurance sector and beyond, building on previous works in 1994 and 2001. The report, 'Coping with climate change: risks and opportunities for insurers', was edited by international expert on climate change and insurance Dr Andrew Dlugolecki, who shared a Nobel Peace Prize with Mr Gore in 2007, and has been designed to help insurance practitioners, including underwriters, brokers, and claims functions, consider and quantify the risks associated with climate change across all lines of insurance. It was published in 2009 at a launch event that engaged the industry, policy makers and the public in a wider discussion about industry and policy implications.

For every 2,000 email addresses we receive, an acre of land will be purchased by Trees for Life for planting with native trees.

# Business review

## Business environment

Market conditions over the last 12 months have been, and continue to be, the most exceptional and volatile for at least a generation. Commentators are clear that the UK is caught in a global recession from which it is unlikely to emerge until at least 2011 and even then the scale of public debt and probable regulatory changes will have created a significantly different environment. Whilst this primarily affects the banking and life assurance markets, the breadth of the recession clearly reaches into all sectors. We are also seeing staff reductions with mergers and consolidation among firms in the general insurance sector. The background to the CII performance is therefore one in which we have seen declining employment levels, increasing debt burdens, a slump in asset values, especially in the property markets, significant decline in the value of sterling and increasing demographic pressures.

Public perception is that financial markets have been driven primarily by greed, only exacerbated by the recent history of deregulation, and generally lack any sense of professionalism, ethics or public interest. This has therefore brought issues of professional competence higher up policymakers' agendas and the CII, as the leading professional body in financial services, is in the forefront of this debate. The FSA has issued its preliminary findings from the Retail Distribution Review which we expect will require a step-change over the next four years in the UK for standards of knowledge and advice that individuals and firms are required to observe. A new Independent Standards Board, similar to that established by the CII, may be part of the solution emerging. Taken together, these changes will create not only the higher professional standards that the CII has advocated over many years, but also significantly improved protection for the public.

## Development and performance

The CII has continued to work cooperatively with regulators and professional bodies to help develop industry-led solutions for the improvement of professional standards. Our contributions have included significant primary research from our members to inform the FSA fact finding phase of the RDR and a joint declaration (the Edinburgh Declaration) from a number of professional bodies for proposals to improve professionalism and consumer protection. Both were warmly welcomed as significant contributions to the debate and have materially influenced the conclusions.

We have continued to invest heavily in our Policy & Public Affairs activities and have seen a continuing improvement in the influence we have among regulators, government and in the financial press and our impact on the debate over professional

standards. The CII has been asked by the FSA to participate in working groups to develop the detail of the RDR proposals and in a Professional Standards Advisory Group, now including the consumer and practitioner panels of the FSA. We also gave evidence to the Parliamentary Treasury Select Committee on RDR and other issues. Our Thinkpiece programme was launched in May 2008 and we published nine articles by year-end, on a variety of topics including retirement savings, consumer psychology, insurance for rehabilitating offenders, and attitudes towards risk.

In the financial planning sector we have developed Academies for Scottish Widows, Norwich Union (now Aviva) and others to promote professionalism and provide easy access to CII supporting materials. We have also spent considerable time with roadshows to explain the impact of the RDR proposals and how we can support and help customers to meet these aspirations. In general insurance we are developing improved packages of support, to include E-Learning and Face-to-Face training, which are available through the Broker Academy and promoting the attainment of Chartered firm status as a badge of commitment to the highest professional standards.

We have initiated a far-reaching review of our support for the development of professional standards in general insurance as well as the financial planning sector. This is in line with our ambition to raise standards generally, to be comparable with other professional bodies such as accountants and lawyers. Our development of Chartered titles for firms of brokers and financial planners has been well received and to date we have awarded 56 Chartered Insurance Broker and 195 Financial Planner titles respectively.

Overseas, we have seen strengthening relationships particularly in the Middle East and substantial progress in India where advisers from the Life Insurance Corporation have sat our new Award in Financial Planning (India) exams in six centres across the country.

Our customers' response to our continuing emphasis on higher standards has been very encouraging, with exam volumes nearly 10% higher than in 2007 and membership increased to 93,400. Overall revenues increased by 7% to £30.3m, (2007: £28.4m), a strong performance in a year when many organisations are reporting contraction. Operating surplus was £0.8m (2007: £0.6m) and the net surplus, after investment returns and taxation, was £1.9m (2007: £1.0m). In common with all not-for-profit organisations which have no access to other forms of capital raising we continue to maintain cash balances to protect against future downturns.

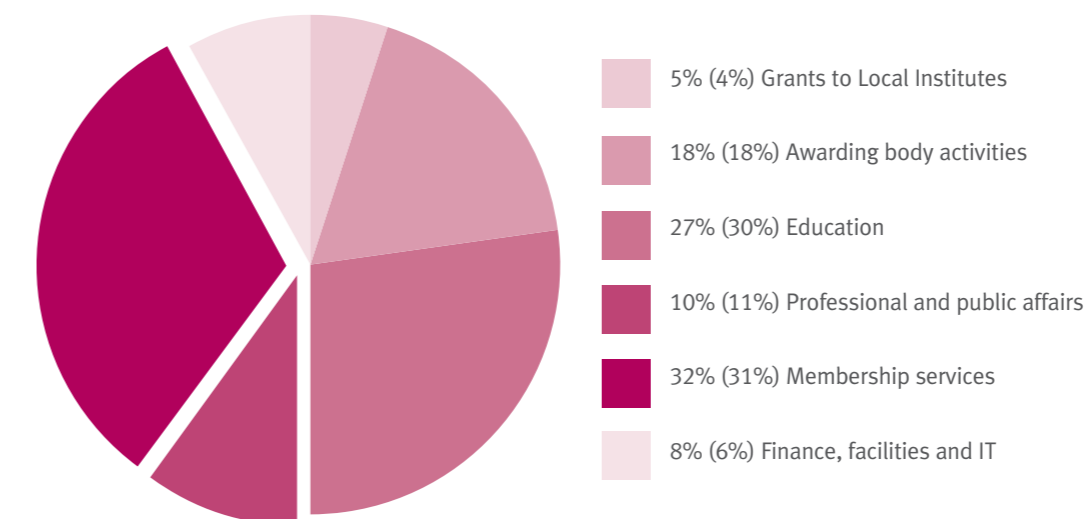
## Summary financial statements and accounts

The summary financial information presented here is extracted from the Institute's full audited financial statements for the year ended 31 December 2008, which were approved by the Board on 25 March 2009.

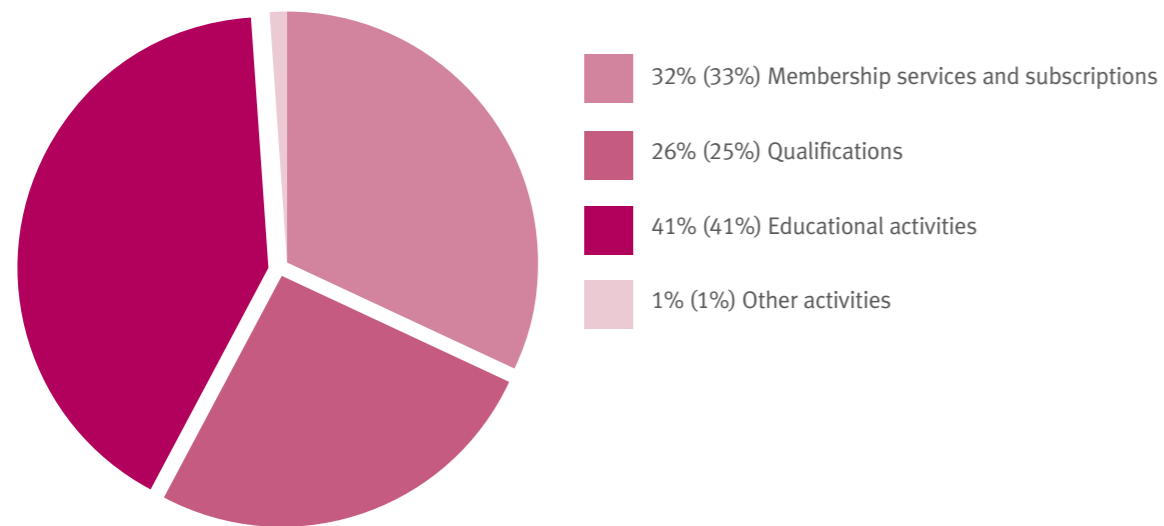
The full financial statements contain an unqualified audit report.

| Consolidated income and expenditure account | 2008<br>£'000 | 2007<br>£'000 |
|---------------------------------------------|---------------|---------------|
| Operating income                            | 30,297        | 28,438        |
| Operating expenditure                       | (29,535)      | (27,870)      |
| Operating surplus                           | 762           | 568           |
| Non-operating income and costs              | 1,159         | 449           |
| Net surplus                                 | 1,921         | 1,017         |

## £29.54m operating expenditure by activity (2007: £27.87m)



**£30.30m operating income gross resources by source (2007: £28.44m)**



**Consolidated balance sheet**

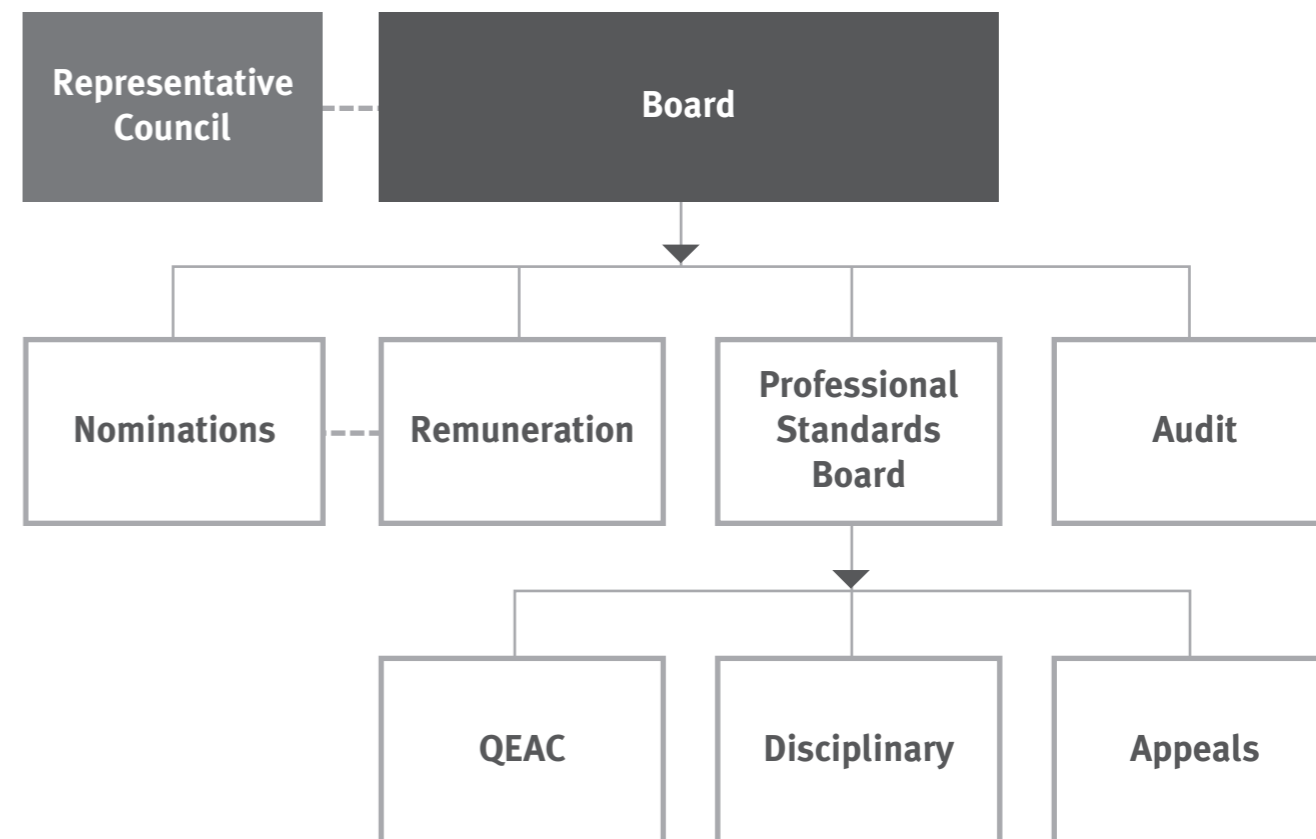
|                     | 2008<br>£'000 | 2007<br>£'000 |
|---------------------|---------------|---------------|
| Fixed assets        | 9,054         | 7,765         |
| Current assets      | 18,487        | 17,364        |
| Current liabilities | (10,393)      | (9,598)       |
| <b>Net assets</b>   | <b>17,148</b> | <b>15,531</b> |

**Accumulated funds**

|            |               |               |
|------------|---------------|---------------|
| General    | 6,096         | 5,926         |
| Charitable | 11,052        | 9,605         |
|            | <b>17,148</b> | <b>15,531</b> |

# Governance

CII structure



## Report from the Board

### Role of the Board

The Board's role is to provide entrepreneurial leadership of the CII Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the CII's strategic aims, ensures that the necessary financial and human resources are in place for the CII to meet its objectives and review management performance. The Board sets the CII's values and standards based on the recommendations of the Professional Standards Board and ensures that its obligations to stakeholders are understood and met.

### Composition of the Board

|                          |                     |                                                      |
|--------------------------|---------------------|------------------------------------------------------|
| President and chairman   | Appointed 2008      | T.J. Matthews (Deputy President 2007/8)              |
| Immediate past president | Appointed 2007      | D.J.F. Hunt MBE, Hon FCII (President 2007/8)         |
| Deputy president         | Appointed 2007      | B. Smith                                             |
| Chief Executive Officer  | Appointed 2007      | A.W. Scott                                           |
| Finance director         | Appointed 2007      | P.N. Martin                                          |
| Employer member          | Appointed 2007      | S. Fisher ACII, Chartered Insurer                    |
| Employer member          | Appointed 2007      | P. Hubbard                                           |
| Lay member               | Appointed 2007      | C. Munn                                              |
| Lay member               | Appointed 2007      | J. Wells                                             |
| Elected member           | Appointed 2007      | C. Brand ACII, Chartered Insurance Practitioner      |
| Elected member           | Appointed 2007      | E.A. Coyle ACII, APFS, Chartered Insurer             |
| Elected member           | Appointed Sept 2008 | A.J. Greensweig ACII, Chartered Insurer              |
| Elected member           | Appointed Sept 2008 | K.B. Torrance FCII, Chartered Insurance Practitioner |

During the year, two elected members, Mr B. Bjelobaba FCII, Chartered Insurance Practitioner and Mrs M.C. Rogerson stood down from the Board following completion of their maximum terms on the governing body. Please note that this included service as a member of Council pre July 2007. The Board would like to record its gratitude to both Branko and Mary for the time devoted to the activities of the CII and for their support and insight during this period.

### Meetings

Six meetings were held during 2008:

January 2008 – 12 out of 13 members attended

March 2008 – 11 out of 13

May 2008 – 13 out of 13

July 2008 – 12 out of 13

September – 12 out of 13

December – 11 out of 13

### Activities of the Board

Inevitably two matters dominated the agenda of the Board during the year: the proposed merger with the Australia and New Zealand Institute of Insurance & Finance (ANZIIF) and the Financial Services Authority's Review of Retail Distribution.

The proposed ANZIIF merger was abandoned in late 2008 as the economic conditions grew worse and it was agreed that these proposals would require considerable effort and managerial time during 2009 if they were to be pursued, when the CII Group needed to concentrate on a more limited strategy due to the economic downturn. The CII continued to pursue its professionalism agenda, principally, though not exclusively, through the RDR debates – the Board debate progressed as the FSA's interim and then final feedback statements were published during 2008.

More generally, part of the Board's governance function is to receive periodic reports from its senior Committee chairs and during 2008 Robin Jordan, chairman of Nominations Committee, and Lillian Boyle, chair of the Audit Committee, appeared before the Board in May. Both chairs gave comprehensive updates on the activities of their respective Committees and answered questions from Board chairs. The CII is extremely grateful to Robin, Lillian and all Committee and Board chairs for the valuable contribution they make to the effective governance of the Institute. This programme will be extended to include further Committee chairs in 2009.

In a similar way, the first of what will become a regular scheduled dialogue was held with the chair of the Staff Pension Scheme. The chair of Trustees Graham Doswell FCII, Chartered Insurer, attended the September Board meeting in order to discuss the trustees' initial response to the actuary's preliminary triennial review findings.

Finally the Board also undertook a periodic review of the Institute's audit arrangements at the beginning of 2008. This culminated in a series of presentations from leading audit firms and a recommendation to the Annual General Meeting to appoint new auditors BDO Stoy Hayward. This was duly carried in General Meeting and BDO Stoy Hayward undertook the audit for the 2008 year-end. On the recommendation of the Audit Committee, a comprehensive review of the external auditors will be undertaken on a five year cycle.

## Report from the Representative Council (The ‘Council’)

### Role of Council

The aims of the Council include:

- To be the intellectual engine of the CII
- To ensure that projects and initiatives are relevant, forward looking and together have a cohesion to deliver the CII’s vision
- To help the CII to maintain a proper balance in its programme
- To provide the optimum relationship between ‘trusteeship/directorship’ in their broadest senses (provided by the Board) and representation of the wider interests of the membership and the general public for whose benefit the CII exists
- To be the conscience of the CII and the forum to which the Board is held to account
- To advise the Board on recommendations for the future direction of the Institute.

### Composition of the Council

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 appoints 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 representatives (i.e. non-members) whose role is to bring an independent view to the proceedings.

### Appointments from the Board

|                                                       |                                                                                  |
|-------------------------------------------------------|----------------------------------------------------------------------------------|
| Chairman Ex officio until 16 July 2008, CII President | D.J.F. Hunt MBE, Hon FCII Appointed (Immediate Past President from 16 July 2008) |
| Chairman Ex officio from 17 July 2008, CII President  | T. Matthews (Deputy President until 16 July 2008)                                |
| Deputy President                                      | B. Smith (appointed 16 July 2008)                                                |
| Immediate Past President                              | I.J. Templeton, FCII, Chartered Insurer (until 16 July 2008)                     |

### Vice Presidents

|                |                                                       |
|----------------|-------------------------------------------------------|
| Vice President | R.J. Anderson FCII, FPFs, Chartered Financial Planner |
| Vice President | S. Fisher, ACII, Chartered Insurer                    |
| Vice President | C.D. Hanks, ACII, Chartered Insurer                   |
| Vice President | J.T. James, ACII, Chartered Insurance Practitioner    |
| Vice President | K.J. Wallace, FCII, Chartered Insurer                 |

### Chairmen of Societies

|                          |                                                                                    |
|--------------------------|------------------------------------------------------------------------------------|
| Personal Finance Society | R. Reid, ACII, APFS, Chartered Financial Planner (retired 11 November 2008)        |
| Personal Finance Society | P.M. Lothian, ACII, APFS, Chartered Financial Planner (appointed 11 November 2008) |

### Past Presidents

|                |                                      |
|----------------|--------------------------------------|
| Past President | A.C. Homer FCII, Chartered Insurer   |
| Past President | R.O. Hudson, FCII, Chartered Insurer |

### Committee Chairman

|              |                                                        |
|--------------|--------------------------------------------------------|
| Remuneration | P. Hubbard                                             |
| Audit        | L. Boyle, FCII, Chartered Insurer                      |
| Disciplinary | J.L. Neilson, FCII Chartered Insurance Broker          |
| Appeal       | P.J. Finch, ACII, Chartered Insurer                    |
| Examiners    | P.J. Williams, FCII, FPFs, Chartered Financial Planner |

### Lay representatives

|                    |             |
|--------------------|-------------|
| Lay representative | M. Saunders |
|--------------------|-------------|

### Elected Institute Representatives

|                        |                                                                                            |
|------------------------|--------------------------------------------------------------------------------------------|
| Scotland A             | N.D. Toothill, ACII, Chartered Insurance Practitioner                                      |
| Scotland B             | T.L.W. Torrance, FCII, Chartered Insurance Practitioner (retired 16 July 2008)             |
| Scotland B             | J.A.S. Maguire, FCII, Chartered Insurer (appointed 16 July 2008)                           |
| North East A           | B.W. Thornton, FCII, Chartered Insurance Practitioner                                      |
| North East B           | D.G. Cummings ACII, Chartered Insurance Practitioner (retired 16 July 2008)                |
| North East B           | N.A. Davey (appointed 16 July 2008)                                                        |
| North East C           | E.A. Coyle, ACII, APFS, Chartered Insurer                                                  |
| North West A           | K.P. Wood, Cert PFS                                                                        |
| North West B           | L. Bamber, FCII, Chartered Insurance Broker                                                |
| North West C           | J.P. Heathcote, ACII, Chartered Insurance Broker (retired 16 July 2008)                    |
| North West C           | D.R.J. McKinlay, ACII, Chartered Insurance Broker (appointed 16 July 2008)                 |
| Southern A             | C.A. Brand, ACII, Chartered Insurance Practitioner                                         |
| Southern B             | T.H.S. Wiseman, ACII                                                                       |
| South East A           | K.V. Peraux, Cert PFS                                                                      |
| South East B           | Vacant                                                                                     |
| South West A           | P. Regan, ACII, Chartered Insurance Practitioner                                           |
| South West B           | S.M. Riches, ACII, Chartered Insurer                                                       |
| South Central          | B. Bjelobaba, FCII, Chartered Insurance Practitioner (retired 16 July 2008)                |
| South Central          | G.D. Williams, ACII, Chartered Insurer (appointed 16 July 2008)                            |
| Eastern A              | Vacant                                                                                     |
| Eastern B              | L.M. Harold, Dip CII                                                                       |
| East Midlands          | M.C. Rogerson (retired 16 July 2008)                                                       |
| East Midlands          | K.B. Torrance, FCII, Chartered Insurance Practitioner (appointed 16 July 2008)             |
| West Midlands          | C.A. Hayward, ACII, Chartered Insurance Broker (retired 16 July 2008)                      |
| West Midlands          | J. Evans, ACII, Chartered Insurance Broker (appointed 16 July 2008)                        |
| South West/South Wales | A.J. Greensweig, ACII, Chartered Insurer                                                   |
| Northern Ireland       | S.S. Wallace, ACII, Chartered Insurance Practitioner                                       |
| London A               | T.J.Doherty, FCII, Chartered Insurer (retired 16 July 2008)                                |
| London A               | A.B.K. McDowall, FCII, Chartered Insurer (appointed 16 July 2008)                          |
| London B               | Alderman Sir D. Brewer, CMG, FCII, Chartered Insurance Practitioner (retired 16 July 2008) |
| London B               | N.P.G. Salisbury, FCII, Chartered Insurer (appointed 16 July 2008)                         |
| London C               | C.E.L. Philipps (retired 16 July 2008)                                                     |
| London C               | D.J. Sales, FCII (appointed 16 July 2008)                                                  |
| Associated             | C. Lacey, ACII                                                                             |

### Members elected by national membership representatives

|      |                                                   |
|------|---------------------------------------------------|
| ACII | C.P. Leahy ACII, Chartered Insurance Practitioner |
| FCII | C.A. Smith, FCII, Chartered Insurer               |

### Meetings

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

19 March 2008 – 26 out of 43 members attended

16 July 2008 – 35 out of 43

3 December 2008 – 34 out of 44

### Activities of the Council

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, including the proposed merger with ANZIIF. The 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.

Various Council working groups have assisted management with research on, for example, the development of a publicly searchable membership database, a project which should be completed by mid 2009, and other membership sensitive issues. The CII is grateful to the working parties for their enthusiasm and dedication.

Key CII Committee chairmen have also appeared before the Council in order to present a review of their year in office and answer questions from the floor. In 2008, both the chairman of the Audit Committee and the Nominations Committee addressed the Council and participated in a positive and lively exchange.

Amongst other things, the Council considered the Terms of Reference for the Qualifications, Examinations and Assessments Committee (QEAC) and for the Awards Panel.

The principal theme for Council in 2008, was the continued development of Local Institutes in the UK. Reports from the Local Institute Development Council (LIDC) have played an important role in communicating LIDC's suggestions and ideas with Regional Councils. Local Institute issues addressed during the year include the officers' conference plans for 2009; Local Institute boundary changes as part of the triennial review; online exam centres; and Vice President Branko Bjelobaba's, 'The Way Forward' project, which has been set up to promote communication and best practice amongst Local Institutes. The CII is extremely appreciative of the efforts of Branko Bjelobaba, Richard Moss, (chairman of LIDC) and LIDC members, who have worked tirelessly throughout the year on very full agendas.

## Reports from Committees Audit

### 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 CII 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, FSI, Chartered Insurer chairman, Isle of Man       | Appointed chairman September 2004 |
| J.M. Jarrett, FCII, Chartered Insurance Practitioner, Cheltenham & Gloucester | Appointed November 2004           |
| B.E. Killick, ACII, B Com, CA (NZ), Chartered Insurance Practitioner, London  | Appointed November 2006           |
| R. Whitehouse, FCII, B.Soc Sc., MCMI, ACI Arb, Chartered Insurer, London      | Appointed November 2006           |
| P. Howard, FCII, Chartered Insurer                                            | Appointed November 2007           |

During the year Andrew Harding ACA, FCCA, BSc (Econ), MBA stood down from the Committee due to work commitments. The CII is very grateful to Andrew for his time and expertise throughout his appointment.

### Meetings

Three meetings were held during the year:  
 March 2008 – 5 out of 6 members attended  
 June 2008 – 5 out of 6  
 November – 5 out of 5

### Main Activities of the Committee in 2008

#### Financial accounts

The Audit Committee oversaw the tender process for the provision of external audit services to the Institute and recommended to the Board that the external audit be subjected to a competitive tender on a five year cycle. Following due process at the Annual General Meeting the Members subsequently agreed to appoint BDO Stoy Hayward as auditors. The incumbent auditors, Deloitte, stood down at the AGM and confirmed that there were no matters associated with their resignation that required being brought to the attention of the members. The consolidated accounts for the year ending 31 December 2007 were recommended to the Board for acceptance at the March meeting of the Committee.

The new auditors attended their first meeting in November and the Committee confirmed that there were no matters known to them which required being brought to the attention of BDO Stoy Hayward. The draft consolidated accounts for 2008 would be considered at the Committee's meeting in March 2009.

#### Internal financial controls and risk management systems

During the year, management continued to maintain a risk register to show material risks in line with organisational priorities and how these risks were being managed and controlled. The Committee reviewed these and the process was confirmed as satisfactory. Various improvements to the presentation of the register and other diagrammatic representations were implemented.

#### Governance issues

The Committee introduced a specific and ongoing, 'Matters for Reporting to the Board' agenda item with effect from the June 2008 meeting. This is designed as a formal mechanism through which the Audit Committee may bring matters of express concern to the attention of the CII Board. The Committee is piloting an exercise in self assessment to assist in its ongoing professional development and effectiveness.

#### 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 regular information made available to it, it does not consider that there are any other issues that need to be drawn to the attention of the Board or members.

## Nominations

### 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

#### January 2008 to December 2008

|                                    |                     |                                                                |
|------------------------------------|---------------------|----------------------------------------------------------------|
| Independent non executive chairman | Appointed Nov 2007  | R. Jordan                                                      |
| President                          | 2007/8<br>2008/9    | D.J.F. Hunt MBE, Hon FCII (retired July 2008)<br>T.J. Matthews |
| Deputy President                   | 2007/8<br>2008/9    | T.J. Matthews<br>B. Smith                                      |
| Board member from Council          | Appointed Sept 2007 | E.A. Coyle ACII, APFS, Chartered Insurer                       |

### Meetings

Four meetings were held during the year:  
 January 2008 – 3 out of 4 members attended  
 May 2008 – 4 out of 4  
 September 2008 – 4 out of 4  
 December 2008 – 3 out of 4

### Main activities of the Committee in 2008

The Committee began the year considering and endorsing the appointment of the chairman of the CII's new Committee, the Qualifications, Examinations and Assessments Committee (QEAC). On the recommendation of the Nominations Committee, the Institute's Board appointed Dr Peter Williams FCII, FPFS, Chartered Financial Planner to the post of chair. The Committee also endorsed the selection of proposed QEA Committee members.

Significant improvements have been made to recruitment processes and procedures for new committee and board members across the CII with a view to improving the transparency of the appointment process. Additionally there are now formal procedures associated with the re-appointment of both Committee and Board chairmen, along with committee and board members approaching the end of a three year term.

Mid-year the Nominations Committee oversaw the establishment of an Impartiality Committee which was a requirement of the CII's application for ISO 17024 (accredited "body operating certifications of persons") itself a pre-requisite for the CII to be authorised to award ISO 22222 to financial planners. Essentially the Impartiality Committee's function is to adjudicate on any reported conflicts of interest during a candidate's experience of the ISO 22222 standard and deal with concerns over impartiality of the process. The CII achieved the enabling ISO 17024 status on 14 August 2008.

The routine work of the Committee however remains the general consideration of candidates in relation to the Institute's succession planning process. This continues throughout the Institute year and amongst other things will lead to a recommendation to the Board for the post of CII Deputy President in early 2009.

## Remuneration

### Role of the Remunerations Committee

The role of the Remunerations Committee is to determine the remuneration packages, including payment procedures and benefits of any kind to the Chief Executive and other director members of the CII Executive Committee.

### Composition of the Remunerations Committee

#### January to December 2008

|                  |                  |                                            |                                                                |
|------------------|------------------|--------------------------------------------|----------------------------------------------------------------|
| Chairman         |                  | Appointed November 2007                    | P. Hubbard                                                     |
| President        | 2007/8<br>2008/9 | Appointed July 2007<br>Appointed July 2008 | D.J.F. Hunt MBE, Hon FCII (retired July 2008)<br>T.J. Matthews |
| Deputy President | 2007/8<br>2008/9 | Appointed July 2007<br>Appointed July 2008 | T.J. Matthews<br>B. Smith                                      |

### Main activities of the Committee In 2008

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 2007 and the Remuneration Committee agreed that there would be no changes to format in 2008. Any payments generated by the scheme are dependent on the financial results of the CII following audit.

Staff salaries have been benchmarked against external proprietary survey data and a recommendation was made to the Board of the CII in January 2009.

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.

## 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 Professional Standards Board

|                                    |                  |                                                                               |
|------------------------------------|------------------|-------------------------------------------------------------------------------|
| Independent non exec chairman      | Appointed 2006/7 | D. McIntosh                                                                   |
| Research & events                  | Appointed 2002/3 | K. Borrett FCII, Chartered Insurer                                            |
| Regulatory representative          | Appointed 2003/4 | A. Darling FCII, Chartered Insurer                                            |
| Loss adjusting representative      | Appointed 2003/4 | A. King                                                                       |
| Wholesale market representative    | Appointed 2005/6 | D. Gamble (Resigned September 2008)                                           |
| Financial services representative  | Appointed 2003/4 | R. Rennison FCII, FPF, Chartered Financial Planner                            |
| Consumer interest representative   | Appointed 2005/6 | S. Locke                                                                      |
| Academic representative            | Appointed 2006/7 | J. Navare FCII, Chartered Insurance Practitioner                              |
| Consumer interest representative   | Appointed 2007   | N. Mullany                                                                    |
| Chief Executive Officer ex officio | Appointed 2000/1 | A.W. Scott                                                                    |
| Deputy director general ex officio | Appointed 2004/5 | R.A. Bullivant, FCII, APFS, Chartered Financial Planner (Resigned April 2008) |

### Meetings

Four meetings were held during the year:

23 January 2008 – 10 out of 12 members attended

23 April 2008 – 8 out of 12

9 September 2008 – 5 out of 9

12 November 2008 – 8 out of 9

### Main activities of the Board in 2008

Inevitably a significant amount of the PSB's time has been taken up with considering CII and PFS strategy in relation to the FSA's Review of Retail Distribution, which aims to identify and address the causes of problems in the retail investment market. Of the review's five themes the CII and PFS' primary focus has been on Professionalism and Reputation where the CII has led the drive for a market based solution. Considerable consensus has been achieved amongst professional bodies and trade associations.

The PSB has also overseen the evolution of the CII's general insurance qualification framework with considerable support from a working group chaired by Sian Fisher to whom, along with her colleagues, the CII is extremely grateful.

The diversity sub-group continued to build knowledge through participation in the Equally Professional Network and representative attendance at the Professional Associations Research Network and Federation of Awarding Bodies seminars. An inter-departmental diversity group was established within the CII charged with looking at all aspects of the member interface with the Institute, for those who face possible barriers to access to the CII and PFS. Co-operation was also established with Dr Steve Vincent and Dr Robert Wapshott,

who intend to study the accessibility of professions to those from disadvantaged backgrounds. The PSB is very grateful to Angela Darling for her constant encouragement to and her skilful chairmanship of this sub group.

During 2007, the Professional Standards Board set up a further sub-group under its direction to review the content of the Code of Ethics and Conduct. This work continued throughout 2008, with the sub-group undertaking an external benchmarking process and receiving representations from the Disciplinary Committee and the diversity sub-group on perceived areas of difficulty with the existing Code. A final draft of the new Code was presented to the Board of the CII, who have authorised a broad member consultation programme. The new code was launched in mid 2009.

In tandem with the Code the PSB has also overseen the appointment of the Open Road Consultancy to undertake an independent review of the Institute's approach to ethical behaviour and integrity. This project will continue into 2009.

Of necessity, the above is only a summary of the topics discussed at the meetings of the PSB. For more details please refer to the CII's web site where meeting summaries are posted.

## Qualifications Examinations and Assessments Committee

### Role of the Qualifications Examinations and Assessments Committee (QEAC)

In 2007 a decision was made to restructure and change the emphasis of the former Examiners Committee to reflect better the range of activities undertaken by the CII. The new Qualifications, Examinations and Assessments Committee held its first meeting in April 2008.

In 2008 the Committee was responsible for ensuring that CII candidates were treated fairly through the application of all its qualifications, examinations and assessments processes. This ensures that the CII maintains its professional standards and integrity and operates in line with the quality criteria of the appropriate regulatory authorities. The Committee reports to the CII Professional Standards Board.

### Composition of the Qualifications Examinations and Assessments Committee

|                                                                                                    |                |                                    |
|----------------------------------------------------------------------------------------------------|----------------|------------------------------------|
| Williams, Dr P.J. DProf BA DipM MCIM FCII FPF Cert T.Ed,<br>Chartered Financial Planner – chairman | Appointed 2003 | Appointed chairman April 2008      |
| Smith, P.R.A. FCII, Chartered Insurer                                                              | Appointed 2001 | Appointed Vice chairman April 2008 |
| Kenney-Wallace, Dr. G.                                                                             | Appointed 2005 |                                    |
| Morton, I.S. FCII, FPF, Chartered Financial Planner                                                | Appointed 2005 |                                    |
| Nicholls, L. BSc Hons, MCIPD                                                                       | Appointed 2006 |                                    |
| Bottrill, G. FPF FGS, Chartered Financial Planner                                                  | Appointed 2008 |                                    |
| Bowen, P. APFS, Chartered Financial Planner                                                        | Appointed 2008 |                                    |
| Hawtin, M. FCII, Chartered Insurer                                                                 | Appointed 2008 |                                    |
| Ring, Dr. P. LLB, Dip LP, BA(Hons), MSc, PhD, FHEA                                                 | Appointed 2008 |                                    |
| Williams, C.J. MA, ACII, MIRM, Chartered Insurance Practitioner                                    | Appointed 2008 |                                    |
| Robson, Dr. J. PhD, BA (Hons), ACII, MCIM                                                          | Appointed 2008 |                                    |

### Meetings

Three meetings were held during the year:

30 April 2008 – 4 out of 5 members attended

23 July 2008 – 8 out of 11

2 December 2008 – 9 out of 11

### Main activities of the Committee in 2008

#### Regulation

The Committee reviewed the self assessment report of the CII for the QCA and the regulatory authorities and reviewed the e-regulatory criteria. The Committee also reviewed the testing and trialling in the QCF and amongst other things educational developments arising from Department for Children Schools and Families (DCSF), Department for Innovation, Universities and Skills (DIUS) and Financial Services Skills Council (FSSC).

#### Quality assurance

The Committee reviewed the quality assurance processes for examinations operations, the accreditation criteria, the assessment methodologies used and examinations quality assurances procedures used at South Woodford.

#### Problems and reports

The Committee compiled a report to go to the Professional Standards Board on fulfilment of terms of reference and effectiveness of the Committee. The Committee reviewed matters arising from breaches and internal audits, items and examination performance statistics and legislation in relation to equality, diversity, disability discrimination, data protection, freedom of information and other relevant legislation.

#### Conclusion

The Committee believes that the substance of its discussions was fairly recorded in the minutes of the Committee which were submitted to the Professional Standards Board. The Committee was pleased to report that, from the extensive information that had been made available to it, it did not consider that there are any other issues that needed to be drawn to the attention of the Professional Standards Board. However, being a new Committee, there might be such issues in the future which would be duly addressed.

## 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 Rules and Regulations Procedures. 67 cases were investigated in 2008 other than cases where members had failed to produce CPD records. Of these cases three were adjudicated by the Preliminary Screener and reprimands were issued
- To oversee the process by which the people who fail to produce CPD records on request are disciplined. In 2008, 2,633 qualified members were randomly selected to provide CPD records and as a result of this ten people had their designations 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 and people with criminal convictions. Five applications were considered in 2008. Four of these applications were from people with criminal convictions of which four applications were deferred and one was rejected. One application from a former bankrupt was accepted.

### Composition of the Disciplinary Committee

\*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.

|                                                                                           |                |                   |
|-------------------------------------------------------------------------------------------|----------------|-------------------|
| Neilson, J.L. FCII, Chartered Insurance Practitioner<br>Chairman from 27 September 2007), | Appointed 2002 | Harrow and Ealing |
| Ferguson, J. OBE (lay member)                                                             | Appointed 2002 |                   |
| Goddard, E. (lay member)                                                                  | Appointed 2002 |                   |
| McCombe, G.J. FCII, Chartered Insurer                                                     | Appointed 2004 | Belfast           |
| McGregor, S. (lay member)                                                                 | Appointed 2004 |                   |
| McNair, N. (lay member)                                                                   | Appointed 2003 |                   |
| Moss, R.F. Dip PFS, Cert CII (MP)                                                         | Appointed 2002 | Bristol           |
| Robinson, M.J.S. ACII, Chartered Insurer                                                  | Appointed 2003 | London            |
| Scott, E.R.D. ACII, Chartered Insurance Practitioner                                      | Appointed 2002 | Kendal            |
| Watson, K.J. ACII, Chartered Insurance Practitioner                                       | Appointed 2002 | Nottingham        |
| Weald, R.A. FCII, Chartered Insurer                                                       | Appointed 2002 | Peterborough      |
| Williamson, L. ACII, Chartered Insurance Practitioner                                     | Appointed 2002 | Edinburgh         |

### Meetings

Generally four meetings are scheduled in the Institute year, although only three were required in 2008. The meetings were all held on the same date as disciplinary hearings which had taken place in the morning:

15 May 2008 – 8 out of 12 members attended

11 September 2008 – 10 out of 12

13 November 2008 – 8 out of 12

### Disciplinary hearings

Four hearings dates are scheduled for each Institute year, however five dates were required for 2008.

12 February 2008 – Preliminary Screener decision to remove Chartered title was upheld by an appeal to the Disciplinary panel against the Preliminary Screener's decision.

15 May 2008 – member banned from membership for ten years for his attitude and conduct towards the CII, CII staff and the disciplinary and appeal process.

8 August 2008 – member banned from taking P18 exam for 18 months for taking unauthorised material into an exam.

11 September 2008 – member banned from taking exams for two years for taking unauthorised material into an exam.

9 December 2008 – ex member banned from reinstating his membership due to a criminal conviction.

9 December 2008 – member banned from taking exams for two years for taking unauthorised material into an exam.

### Main activities of the Committee in 2008

At the beginning of 2008, a full time member of staff was employed in the CII to administer the CPD and bring persistent defaulters to the attention of the Disciplinary Committee. As a result of this, an increase in the number of qualified members selected to submit CPD records has increased the number of people being subject to disciplinary proceedings. The Disciplinary Committee plays an integral part in ensuring that this scheme is administered fairly.

In line with the CII's drive to promote professionalism within the Institute and the Industry, the Disciplinary Committee has undertaken considerable work during 2008 to tighten up the disciplinary procedures. The Committee has attended training on the running of hearings to develop its knowledge and skills and the chairman has received individual training to improve his ability to ensure that hearings are chaired fairly, effectively and in line with the procedures. To assist the Committee further, a handbook on hearings has been published for Committee members and the Disciplinary Regulations and Procedure Rules and Membership Application Sub-Committee guidelines have gone through a major review. The new Membership Application Sub-Committee guidelines are now in use and the changes to the Disciplinary Regulations and Procedure Rules will be finalised in 2009.

## Appeal

### Role of the Appeal 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 2004
- 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.

|                                                                                                        |                |                                  |
|--------------------------------------------------------------------------------------------------------|----------------|----------------------------------|
| Azubike D. J.P. PhD, BSc, DIC, MIMMM, C.Eng, CMIOSH (lay member)                                       | Appointed 2005 |                                  |
| Finch, P.J. ACII, MSI, Chartered Insurer                                                               | Appointed 2000 |                                  |
| Vice Chairman, Chelmsford and South Essex (appointed as chairman from 27 September 2007)               |                |                                  |
| Haggis, E. ACII, Solicitor, FPMI Chartered Insurance Practitioner (legally qualified member)           | Appointed 2002 | Manchester                       |
| Helyar, I. FCII, LLB MIRM Chartered Insurance Broker (legally qualified member)                        | Appointed 2002 | Leeds                            |
| Hillier, E.D.G. FCII, Cert PFS, Solicitor, Chartered Insurance Practitioner (legally qualified member) | Appointed 2002 | Royal Tunbridge Wells            |
| Hewitt, P. FCII, LL.B, Chartered Insurer                                                               | Appointed 2002 | Ipswich, Suffolk and North Essex |
| Jaffe, P. FCII, Solicitor, Attorney at Law, Chartered Insurer(legally qualified)                       | Appointed 2002 | London                           |
| Jenner, A.J. FCII, FCIPD, Chartered Insurer                                                            | Appointed 2000 | Brighton                         |
| Mawdsley, H. OBE, JP, DL (lay member)                                                                  | Appointed 2008 |                                  |
| Taylor, P. Solicitor (legally qualified and lay member)                                                | Appointed 2008 |                                  |
| Williams, M. Barrister (legally qualified and lay member)                                              | Appointed 2008 |                                  |
| Greenhill, R.T. Chartered CCIPD, FCIB, FIoD, (lay member) (retired 31 December 2008)                   | Appointed 2002 |                                  |

### Meetings

Generally four meetings are scheduled in the Institute year, although due to time constraints and cost effectiveness, meetings are not held if it is later felt that they are not required. In 2008, meetings took place on the same day as hearings:

27 March 2008 – 8 out of 12 members attended

4 December 2008 – 8 out of 12

### Appeal hearing

Four hearings dates are scheduled for each Institute year, however only two hearing dates were required in 2008. Two hearings were held on the same date:

27 March 2008 – Disciplinary panel decision upheld

27 March 2008 – Disciplinary panel instructed to reconvene to give full reasons for their previous decision

4 December 2008 – Disciplinary panel decision upheld

### Main activities of the Committee in 2008

As with the Disciplinary Committee, the Appeal Committee has taken steps during 2008 to develop the way in which hearings are conducted in line with the CII's drive for professionalism. The Committee has attended training to update the skills it uses when hearing appeals and the chairman has received individual training to develop his chairmanship skills to ensure that hearings are conducted fairly and effectively. The Committee has also been involved in a major overhaul of the Disciplinary Regulations and Disciplinary Procedure Rules which will be finalised in 2009.

A review of the membership of the Committee resulted in a significant recruitment drive in early 2008 and, as a result of this, the Committee appointed two legally qualified/lay members to the Committee as well as another lay member.

## Local Institute Development Committee (LIDC)

### Role of the Local Institute Development Committee

The role of the Local Institute Development Committee (LIDC) is to identify and address, on an ongoing basis, the current and future requirements and needs of Local Institutes in the UK and the Membership in conjunction with the Regional Councils in the UK, the CII Societies, the CII Faculties and the CII Executive and to act as a conduit between Local Institute volunteers and the CII. The Committee works closely with the CII Area Marketing Managers and provides regular reports and updates at the Representative Council meetings held three times during the year.

### Composition of the LIDC during the year

|                                                                          |                |                 |
|--------------------------------------------------------------------------|----------------|-----------------|
| Moss, R.F. Dip PFS, Cert CII(MP), chairman, Bristol                      | Appointed 2004 |                 |
| Rogerson, M.C. Deputy chairman, Leicester                                | Appointed 2004 |                 |
| Gearing, I.A. Liverpool                                                  | Appointed 2004 | (Resigned 2008) |
| Evans, J.S.G. FCII, Chartered Insurer, Perth & Dundee                    | Appointed 2004 |                 |
| Cuthbertson, L.C. ACII, Chartered Insurance Broker, Belfast <sup>1</sup> | Appointed 2004 |                 |
| Weald, R.A. FCII, Chartered Insurer, Peterborough                        | Appointed 2004 |                 |
| Nathaniel, R.D. ACII, Chartered Insurer, Leeds                           | Appointed 2004 |                 |
| Scott, E.R.D. ACII, Chartered Insurance Practitioner, Kendal             | Appointed 2006 |                 |
| Hayward, C.A. ACII, Chartered Insurance Broker, Birmingham               | Appointed 2007 |                 |
| Fisher, S. ACII, Chartered Insurer, London                               | Appointed 2007 | (Resigned 2008) |
| Wilkinson, S.C.S. FCII, APFS, Chartered Financial Planner, York          | Appointed 2007 |                 |

### Meetings

Four meetings were held during the year:

20 February – 6 out of 10 members attended

11 June – 8 out of 10

10 September – 8 out of 9

29 October – 8 out of 9

### Main activities of the Committee in 2008

During 2008, the Committee reviewed suitable locations in which to base a third Area Marketing Manager, employed by the CII, and commenced a review of the UK Local Institute representative constituency boundaries for discussion with Council. It also supported the initiative, kick-started by the CII President, to hold Local Institute meetings around the UK as well as supporting UK regional events involving Local Institutes together with the CII Faculties and the Personal Finance Society regional Committees.

As well as being involved in these various issues around the UK, the Committee has played a key part in overseeing the production of a Local Institute guidance handbook also ensuring that the Local Institute manual has been uploaded onto the CII website. It has also constituted a sub-group whose remit was to produce a successful programme for the Officers' Conference which was held in Liverpool in July.

<sup>1</sup>Regrettably Laura Cuthbertson passed away in January 2009. The CII and LIDC are extremely grateful for Laura's dedication and contribution to the CII and for the hard work she undertook on behalf of Belfast Insurance Institute. She will be missed by everyone that knew her.

## Personal Finance Society Board

### Role of the Board

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 strategic aims, ensures that the necessary financial and human resources are in place for the Personal Finance Society to meet its objectives and review management performance. The Board also sets the Personal Finance Society's values and standards and ensures that its obligations to stakeholders are understood and met.

### Composition of the Board

|                                                                                      |                            |                           |
|--------------------------------------------------------------------------------------|----------------------------|---------------------------|
| President (until 11 November 2008), Immediate Past President (from 11 November 2008) | Appointed 2004             | R. Reid ACII, APFS        |
| President (from 11 November 2008), Vice President (until 11 November 2008)           | Appointed 2006             | P. Lothian ACII, APFS     |
| Vice President (until 11 November 2008) (retired 11 November 2008)                   | Appointed 2006             | R. O'Grady Dip PFS        |
| Immediate Past President (until 11 November 2008)                                    | Appointed 2004             | C. Nicholls FCII, FPFS    |
| Vice President (from 11 November 2008)                                               | Appointed 2007             | M. Fosberry Dip PFS       |
| Member Nominated Director                                                            | Appointed 2007             | S. Holt ACII, Cert PFS    |
| Member Nominated Director (from 11 November 2008)                                    | Appointed 11 November 2008 | E. Grant FPFS             |
| Chief Executive Officer (from 2008)                                                  | Appointed 14 July 2008     | F. Goddard FCII, Cert PFS |
| Chief Executive Officer (until 30 May 2008)                                          | Appointed 2006             | T. Eadon APFS             |
| CII Chief Executive Officer                                                          | Appointed 2004             | A.W. Scott                |
| CII Finance Director                                                                 | Appointed 2004             | P.N. Martin               |
| CII Director of Policy and Public Affairs                                            | Appointed 2007             | D. Thomson                |
| CII Deputy Director General (until 14 March 2008)                                    | Appointed 2004             | R.A. Bullivant FCII, APFS |

### Meetings

Seven meetings were held during the year:

- 24 January 2008 – 7 out of 10 members attended
- 5 March 2008 – 10 out of 11
- 24 April 2008 – 9 out of 10
- 28 May 2008 – 5 out of 10
- 10 July 2008 – 8 out of 9
- 17 September 2008 – 10 out of 10
- 19 November 2008 – 8 out of 10

### Main activities of the Board

The Board's primary focus for 2008 was the Retail Distribution Review and a review of PFS's corporate governance arrangements. In terms of the Retail Distribution Review, the PFS has considered how this will affect the financial services profession and PFS membership. It has played a key role in formulating the CII's strategic response to the Retail Distribution Review and has taken steps to ensure that the membership is fully informed of the content of the review.

The corporate governance arrangements have seen a total overhaul in 2008. A review of the roles of the Board has been undertaken, causing the job descriptions for the various roles to be rewritten and election, appointment and removal procedures for directors to be formalised. The role of the Board has also been given greater consideration which has led to a schedule of 'Matters Reserved for the Board' being drawn up along with new Terms of Reference both for the Board and the PFS Nominations Committee.

In considering the corporate governance arrangements there has also been a thorough review of the Articles of Association which led to a whole raft of amendments being approved by the membership at the AGM in November 2008. The changes, as well as updating the articles, have enabled lay directors to be appointed to the Board and clarified the roles of the Board and composition of the PFS Nominations Committee in general as well as enabling the members to receive electronic communications and extending the removal and disqualification procedures for directors.

### 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 Nominations Committee

|                                                                                                           |                |                               |
|-----------------------------------------------------------------------------------------------------------|----------------|-------------------------------|
| President (until 11 November 2008), Immediate Past President (from 11 November 2008)                      | Appointed 2006 | R. Reid ACII, APFS            |
| President (from 11 November 2008), Vice President (until 11 November 2008)                                | Appointed 2007 | P. Lothian ACII, APFS         |
| Immediate Past President (until November 2008) (term of office on Committee came to end 11 November 2008) | Appointed 2007 | C. Nicholls FCII, FPFS        |
| Vice President (from 11 November 2008)                                                                    | Appointed 2008 | M. Fosberry Dip PFS           |
| Vice President (until 11 November 2008) (term of office on Committee came to an end 11 November 2008)     | Appointed 2007 | R. O'Grady Dip PFS            |
| Chief Executive Officer (from 14 July 2008)                                                               | Appointed 2008 | F. Goddard Hon FCII, Cert PFS |
| Chief Executive Officer (until 30 May 2008)                                                               | Appointed 2006 | T. Eadon APFS                 |
| CII Chief Executive Officer                                                                               | Appointed 2007 | A.W. Scott                    |

### Meetings

Four meetings were held during the year:

- 5 March 2008 – 6 out of 6 members attended
- 10 July 2008 – 4 out of 5
- 17 September 2008 – 4 out of 5
- 19 November 2008 – 4 out of 5

### Main activities of the Committee in 2008

During 2008 the Committee has undertaken the application and appointment process for a member director which culminated in Edward Grant being appointed at the AGM in November 2009. It has also considered suggestions for a lay director which will ensure that an appointment is made early in 2009.

In addition to reviewing people for positions on the Board, the Committee reviewed the letters of appointments and job descriptions for the director roles as part of the Board's corporate governance review and drew up a skills matrix for the Board to enable a skills gap analysis to be undertaken when considering future appointments.