

# Forward

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**CII Annual Report**

**Summary financial statement for  
the year ended 31 December 2006**



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The CII is the world's leading professional organisation for insurance and financial services. It maintains the professional, ethical and technical standards of the industry.

The CII works with companies to create competitive advantage through the technical and professional competence of employees at every level.

Individually, the CII's members commit to continuous professional development, through learning and examination, to maintain their professional standing. The CII has 90,000 members in 150 countries.

As a society, we all rely on professionals to maintain accurate and relevant knowledge and to give appropriate and unprejudiced advice. The CII ensures that we can trust in the competence and conduct of insurance and financial services professionals the world over.

*The knowledge, and how*

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**Pris**

# A message from the President

**Welcome to this year's Annual Report of the Chartered Insurance Institute. It has been an enormous pleasure and privilege to serve as President of the CII. I have met a huge number of people who share my belief in the importance of the work done by the Institute to advance the interests of our sector by promoting professionalism. I would like to thank everyone who has been so generous with their wisdom and guidance.**



# President

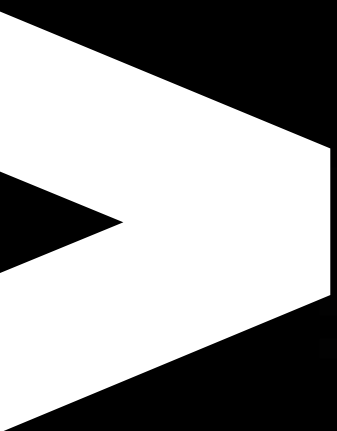
I am delighted to be able to say that the Institute is going from strength to strength. Membership numbers are strong, we operate across the world, and our finances are in robust good health.

Having such a solid foundation in place is vital because there is an acute need for a professional body for the financial services market, perhaps now more than ever. The Financial Services Authority has signalled a move away from prescriptive rules towards a more principles-based approach to regulation. This implies greater self-discipline on the part of those being regulated – both individuals and firms. That in turn puts the emphasis on professionalism.

I see the shift in the tone of regulation as a massive opportunity for CII members and the firms for which they work. We as a sector have the chance to shape our own regulatory context. We can demonstrate our ability to work within the principles-based regime, focusing our energies and resources on providing clients with first-class service.

We have the opportunity to promote the highest standard of professionalism, which will enable us to align with the FSA's objectives. And it is the CII that can establish the framework within which professionalism can flourish.





I believe that the attainment of CII qualifications, combined with career-long CII membership, will become accepted shorthand for professionalism.

We need to be confident that everything is as it should be within our own organisation, which is why I am delighted at the recent changes to our governance procedures. The CII is now more responsive to the needs of its members and better able to satisfy their requirements.

We have also put into place mechanisms and structures that improve member participation via the network of local institutes. We have appointed our first area marketing managers, and we are working hard to extend the reach and impact of our operations throughout the UK and worldwide.

I suspect the main ambition of any CII President is to end his or her term in office with the Institute in a better state than it was at the beginning. I am proud to state that, by whatever measure is applied, the CII is stronger, fitter, nimbler and more capable than a year ago.

And, perhaps even more importantly, it is perfectly placed to go on improving .



Ian Templeton,  
President of the CII



**A message from the**

# **Director General**

**ning > 171 industry events > 18,496 chartered r**





# “ engagement ”

One word which has cropped up time and again during the past year is “engagement”. We are engaging with members, firms, the media and other centres of power and influence to ensure that our interests and objectives are given maximum exposure and the optimum chance of fulfilment.

We are engaged with members to produce products and services that meet their needs – online exam provision and the family of faculties are two cases in point.

We are engaged with employers to provide the sort of industry-led solutions that will be essential if we are to move successfully to a principles-based regime.

We are engaged with the sector and consumer press to heighten the profile of the work we do.

Clearly it is crucial that the Institute is on a sound financial footing and I am pleased to report that we have enjoyed another excellent year in which turnover has grown yet again to £28.2 million (from £26.8 million in 2005). Surpluses, which are reinvested into the future development of products and services, also increased to £2.9 million (2005: £1.5 million).

Financial strength enables us to deepen our commitment to promoting our message of professionalism and ethical good practice. We have made substantial investment in our policy and public affairs activity to ensure the CII’s voice is heard. Our role in helping set the accepted standards of behaviour and performance has never been more important, so it is fitting that we allocate sufficient resources to this area.

Dr Alexander Scott,  
Director General, CII

members > 1,098 companies using CII online training

A black and white photograph of a building facade, likely a historical or institutional building. The image is slightly out of focus, showing architectural details like windows and a sign. The sign, located in the lower right quadrant, features a coat of arms and the text 'CITY OF LONDON'.

**Our increasing strength means  
that we are now leading change  
in the profession.**

**The CII has a clear vision of the future and the confidence to pursue it**

**ALDERMANBURY**  
**EC2**

# Principal activities

**The CII is a member-led organisation and is the largest professional body in our sector. Through our family of faculties and societies, and through the work of our local institutes, we represent individuals working across the full range of insurance and financial services operations.**



Our principal focus is to raise standards of professionalism. But this demands more than just standards of technical knowledge. It demands acceptance of a Code of Ethics and Conduct and reinforcing the principles underlying acceptable professional behaviour.

We achieve this objective in a number of ways, including examinations and qualifications, continuing professional development, enforcement of a Code of Ethics and Conduct for members, policy initiatives, public relations and lobbying.

Clearly, the Institute has to remain relevant and engaged across a range of constituencies.

The CII has 90,000 members in 150 countries. There are now over 12,000 members outside the UK. This global perspective to the CII's operations has been enhanced in recent months with the further development of our interests in India, Singapore and the Middle East.

The Institute has recently undergone a complete overhaul of governance structures to ensure that we continue to uphold the highest professional standards, both internally and externally.

We are subject to the scrutiny of an independent Professional Standards Board, which monitors these standards and thus helps the development of consumer confidence.

# Faculties and Societies

Faculties and Societies are central to our strategy for engaging with the market. They deliver targeted added value and career advantage to members working within specific disciplines.

[www.cii.co](http://www.cii.co)

## **During 2006 the CII continued the development of its family of faculties and societies, which now extends to:**

- **Faculty of Insurance Broking**
- **Faculty of Claims**
- **Faculty of Underwriting**
- **London Market Faculty**
- **Faculty of Life and Pensions**
- **Personal Finance Society**
- **Society of Mortgage Professionals**

Our faculties and societies enable us to ensure that we meet the needs of specific sectors. Each provide thought-leadership and targeted support to their particular community, while at the same time, contributing to the overall objectives of the Institute.

By providing members with a programme of CPD events, access to technical qualifications, learning materials, support services and practical benefits, the faculties and societies are setting the standards for technical knowledge, customer service and ethical practice.

They also work with the regulator to represent members' interests and help to shape the broader environment in which they work.

During 2006 we extended the service provided to faculty members. A new monthly email service "Professional Pointers" was introduced to communicate the latest regulatory and other news relevant to each sector. The CII's events are increasingly oriented around its faculties and societies.

# **uk/faculties1**



# Faculty of Life & Pensions

“

*Since we launched in 2006, the Faculty of Life and Pensions has led the development of the job role and competency framework, devised relevant exams and formulated a designation for Certificate-level members. It has also introduced the Future Leaders Programme to support the retention of talent and the development of tomorrow's leaders.*

Peter Hales ACII, Chairman

”

## **Faculty of Life & Pensions Board**

Peter Hales ACII, Chairman

Graham Dumble, Director of Risk & Regulation, AEGON (UK) plc

Barry Kayes, Chairman, AIFA Board Working Group

Margaret Craig, Director of Life and Savings, Association of British Insurers

Paul Evans, Chief Executive Officer, AXA Sun Life

John Simmonds, Managing Director, Advisory Services, AXA Sun Life

Ben Gunn FCII, Chief Executive, Friends Provident Life & Pensions Limited

Jo Dawson, Chief Executive of Insurance & Investment Division, HBOS plc

Elaine MacLean, HR Director UK Operations, Legal & General Group plc

Carole Jones, Human Resources Director, Norwich Union

Nick Prettejohn Hon FCII, Chief Executive Officer, Prudential UK plc

Richard Anderson FCII, FPFS, Distribution Director, Scottish Widows plc

Patrick Gale, Chief Executive Officer, Sesame Group plc

Ken Davy Hon FCII, Chairman, SimplyBiz Services plc

Trevor Matthews, Chief Executive, UK Life, Standard Life Assurance Company

Robert Reid ACII, APFS, Managing Director, Syndaxi Financial Planning Ltd



# Personal Finance Society

“

*These are challenging times for the advice sector given the growing need for professional financial advice and the changing regulatory context. The PFS has established itself as the market's professional body, and the introduction of Chartered titles for individuals and firms of financial planners is a substantial achievement. We will continue to define what professionalism means in a fast-moving sector.*

Tim Eadon, Chief Executive officer  
Personal Finance Society Board

”

## Personal Finance Society Board

Brian Steeples, Managing Director, The Turriss Partnership  
Robert Reid, Managing Director, Syndaxi Financial Planning Ltd  
Carole Nicholls, Principal, Nicholls Stevens  
Gill Cardy, Principal, Professional Partnerships  
David Batchelor, Certified Financial Planner, Wills & Trust  
Peter Williams, Aegon UK  
Caroline Banks, Caroline Banks & Associates  
Bob Bullivant, Deputy Director General, CII  
Sandy Scott, Director General, CII  
Peter Martin, Finance Director, CII  
John Ellis, Public Affairs Director, CII

# Faculty of Underwriting

“

*Underwriting is changing and we have commissioned detailed research into the future of the underwriting profession, specifically exploring how individuals will need to develop their capabilities to succeed in this sector. We have run a series of masterclasses and are developing a number of courses in the light of our findings. We will continue to expand our offering.*

John Seaton, Chairman  
Underwriting Director, Norwich Union Insurance

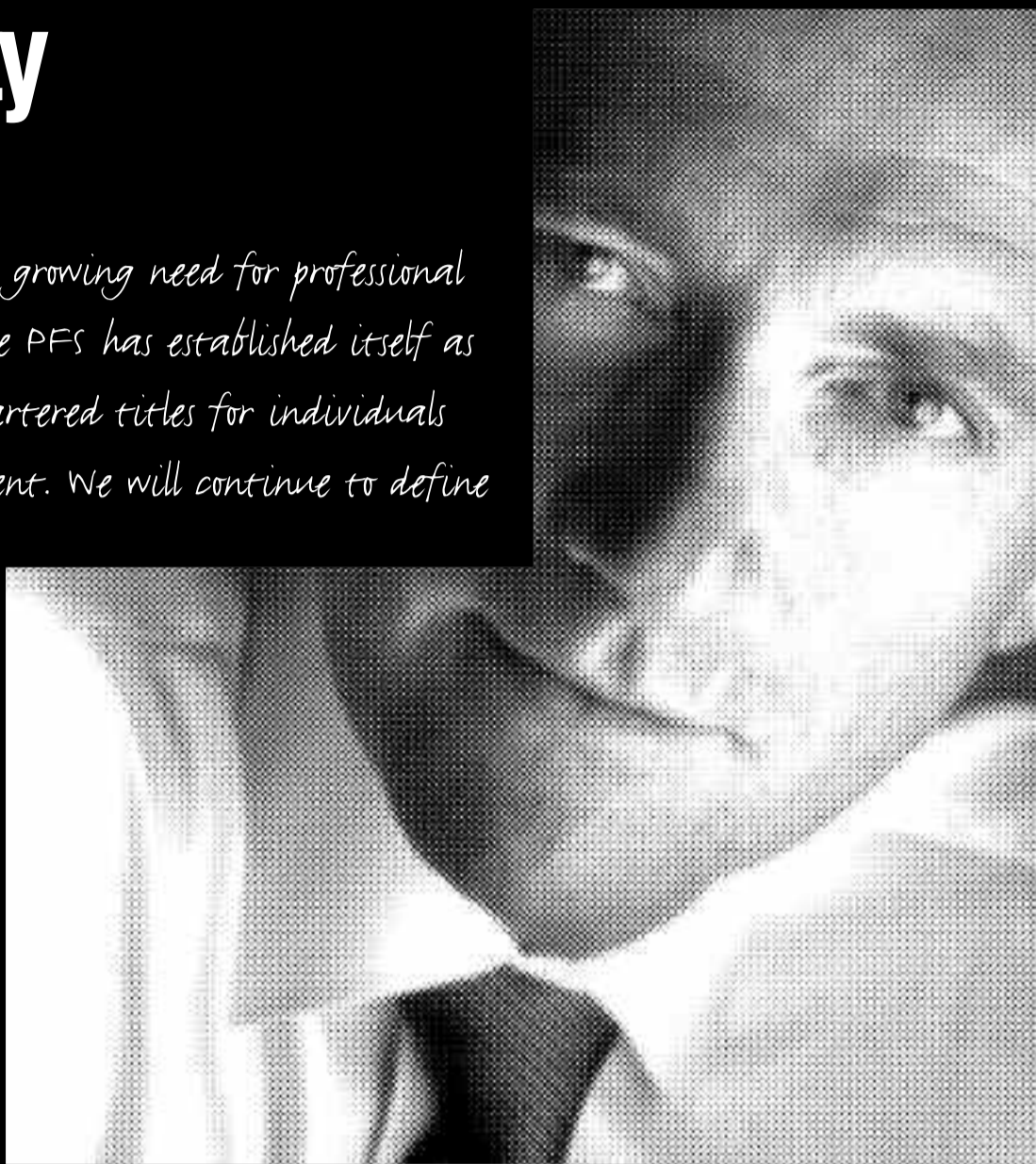
”

## Faculty of Underwriting Board 2007

John Seaton FCII, Chairman, Underwriting Director, Norwich Union Insurance  
Chris Hanks ACII, General Manager, Allianz Cornhill Commercial, Allianz Cornhill  
Mark Cliff, Markets Managing Director, AXA Insurance plc  
Terry Hayday FCII, Technical Executive, Lloyd's Market Association  
Sid Gibson FCII, Chief Underwriting Manager, NFU Mutual  
Alan Woof FCII, Chief Underwriting Officer, UK GI, Zurich Financial Services  
Bernard Mageean ACII, Commercial Underwriting Director, Royal & SunAlliance  
Clive Nathan, CEO Underwriting, Towergate Partnership  
Andy Baldwin, Partner, Ernst & Young

## Former board members

Francois-Xavier Boisseau, Managing Director, Groupama Insurances Group Ltd  
Brendan McManus, Managing Director, Royal & SunAlliance



# Faculty of Claims

“

*We are engaged in a continuing piece of detailed, market-wide research into the future of the claims sector, exploring the implications for practitioners of the many changes that are taking place. We will continue to schedule events that reflect the needs of our members and which explore the pressures and opportunities apparent in such a challenging environment.*

”

Jonathan Clark, Chairman

## **Faculty of Claims Board 2007**

Jonathan Clark, MA MSc AMICChemE ACII FCILA, Chairman

David Williams FCII, Claims Director, AXA Insurance Plc

Graham Cave, Executive Director, Chartered Institute of Loss Adjusters

John Farthing, Executive Director, Chartered Institute of Loss Adjusters

Harry Roberts, President, Chartered Institute of Loss Adjusters

Gerry Loughney FCII, Chief Executive Officer, Cunningham Lindsey

Stan Noakes ACII, Operations Director, Tadley Services Group

Gary Bass, Consultant

John O'Neill FCII, Senior Consultant, Lloyd's Market Infrastructure and Programme

Bill Paton ACII, Chief Claims Officer, Zurich Financial Services

Jim Pittman, Claims Director, Halifax

## **Former board member**

Brian Clark ACII, Head of Claims Halifax Home Insurance, HBOS



# Society of Mortgage Professionals

“

*The Society of Mortgage Professionals has grown swiftly, recruiting a large number of members and gaining crucial endorsements from a range of lenders and other corporate bodies. We have helped develop the job role and competence framework, devised a new home reversion exam and created the Certificate in Equity Release, reflecting market changes and requirements.*

”

Richard Fox, Chief Executive  
Society of Mortgage Professionals

## **Society of Mortgage Professionals Advisory Board**

Chris Cummings, Director General, Association of Independent Financial Advisors

Nick Baxter, Managing Director, Baxters Business Solutions

Liz Sully, Compliance Director, I Group Servicing Limited

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

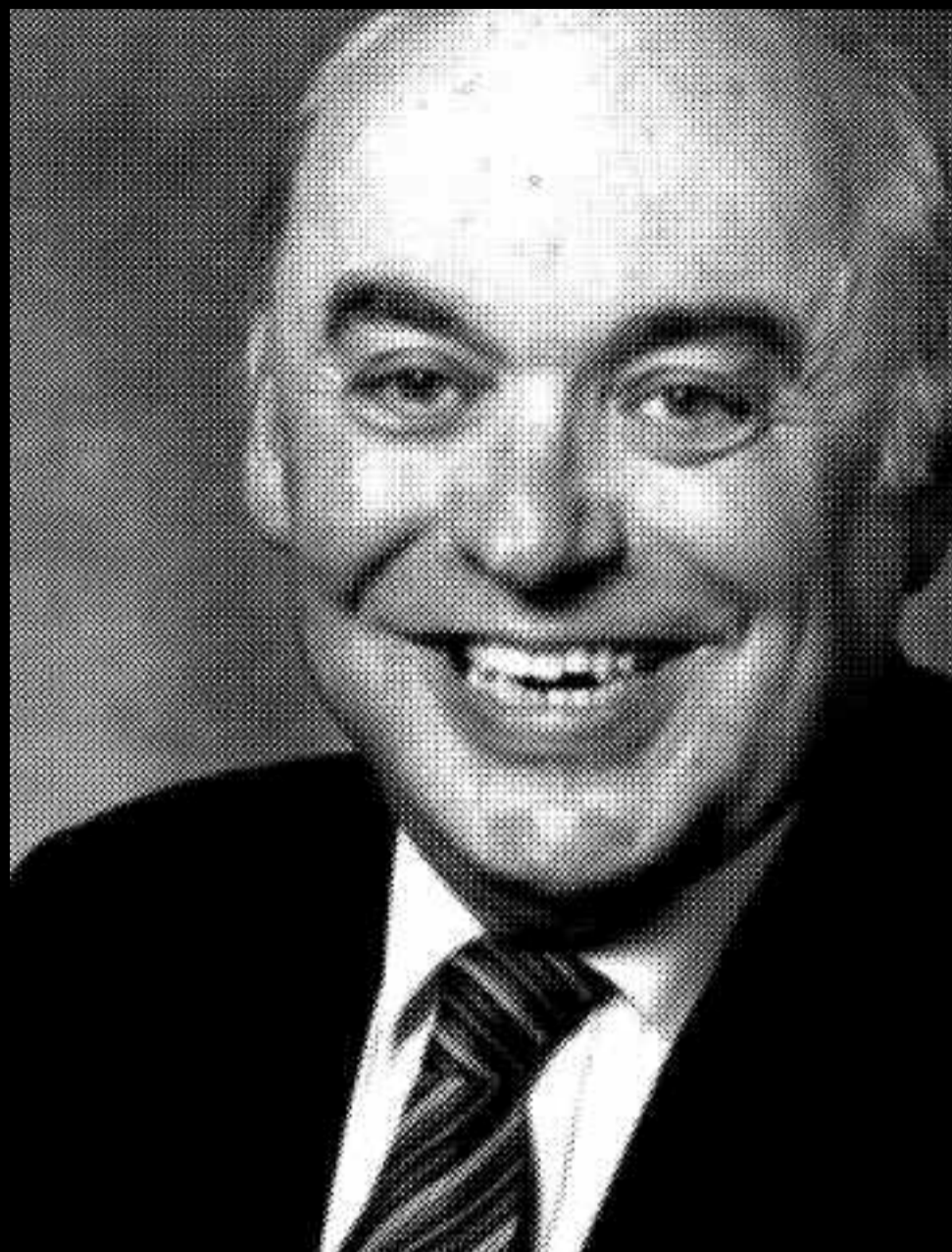
Robert Clifford, Chief Executive, Mortgageforce

Jon O'Brian, Operations Director, PMPA

John Malone, Managing Director, Premier Mortgage Services

John Goodfellow, Chief Executive, Skipton Building Society

Dave Thompson Sales Director, Trigold



# London Market Faculty

“

*Recent achievements include contributing to the CII's work on its Certificate in Contract Wording qualification, which helps the market tackle its contract certainty obligations. The faculty has also assisted the development of the Lloyd's and London Market Introductory Test (LLMIT), introduced a job role and competency framework and is providing a professional career pathway through specific membership designations.*

”

Derek Thornton, Chairman 2004 - 2006  
Heath Lambert Group Ltd, Director

## London Market Faculty Board 2007

David Gittings, Chairman, CEO, Lloyd's Market Association

Paul Maynard FCII, Director, Willis

Julian James ACII, Executive Chairman, International Operations, Lockton International

Sian Fisher ACII, Head of Distribution, Oxygen

Max Taylor, Deputy Chairman, Aon

Dave Matcham, CEO, International Underwriting Association

Derek Thornton ACII, Director, Heath Lambert Group Ltd

Peter Ward, Non Executive Director, Swiss-Re

Adrian Ballardie ACII, Chief Underwriting Officer, Tokio Marine Global Ltd

## Former board members

Nancy Layton-Cook, Chairman, Training & Education Committee, London Market Brokers' Committee

Rupert Atkin, Director of Underwriting, Talbot Underwriting Ltd

Graham Nichol, International Underwriting Association



Derek Thornton, Chairman (2006)



David Gittings, Chairman (2007)

# Faculty of Insurance Broking

“

*We are particularly proud of our thought-leadership research on the broker-insurer relationship. We have also run a hugely-popular series of masterclass events around the UK. Recent highlights include the creation of the Broker Academy as a training and development framework for all brokers. We have also launched Chartered status for broking firms which enables brokers to clearly demonstrate their commitment to professionalism.*

”

David Slade, Chairman,  
Chief Executive, Perkins Slade

## Faculty of Insurance Broking Board 2007

David Slade, Chairman, Chief Executive, Perkins Slade  
Kevin Sinclair, Managing Director, AA Insurance Services Ltd  
Stephen Lark ACII, Director, Lark Insurance Broking Group  
Amanda Blanc ACII, CEO UK Broking, Towergate Partnership  
Matt Donnelly ACII, Managing Director, Griffiths & Armour  
Alec Finch FCII, Director, Alec Finch Group Ltd  
Stephen James FCII, Managing Director, Bartholomew & James Ltd  
Eric Galbraith ACII, Chief Executive, British Insurance Brokers' Association  
Lynn Richards-Cole ACII, Director, Perkins Slade  
Paul Meehan FCII, Group Managing Director, Smart & Cook  
John Moore ACII, Group Chief Executive, Thomas Carroll Group PLC  
Mark Radburn ACII, Managing Director, Commercial Network,  
Willis UK & Ireland Limited

## Former board members

Andy Homer FCII, CEO, Towergate Partnership  
Robert Beckett ACII, Chairman, Beckett Investment Management Group

**Our New Talent initiative features a deliberately bold design to attract a young audience and demonstrate the close connection that insurance has with businesses worldwide.**

## Supporters

The industry is behind our New Talent programme:

Allianz	Lloyd's
AMG	Miller
Aspen Re	Munich Re
Axa	Norwich Union
Benfield	Oval
BMS Group	QBE
Brit	RBS
Ecclesiastical	RSA
Friends Provident	Talent & Pro
Groupama	Willis
Kiln	Zurich

[www.insurance.com](http://www.insurance.com)

young audience. Strong, contemporary editorial photography was used to  
d-wide, such as the £5.6 million sponsorship of the Manchester United kit.



## Talent

**The CII has launched a major new initiative to improve the flow of talented individuals into the insurance market so that it can continue to compete with other commercial sectors.**

Our research showed that insurance was low on the list of careers targeted by undergraduates and yet attracting talent is a major issue for companies in almost every sector we serve.

In 2006 the Institute launched a major campaign to raise the profile of insurance among undergraduates and those entering the jobs market. This is ongoing and is being bolstered by a programme of contact and support with careers officers on university campuses.

The campaign has had immediate results, attracting a high number of enquiries through the new talent initiative website.

A special task force, comprising senior individuals from business, has been constituted to oversee and direct efforts in this area. Further initiatives will be unveiled on an ongoing basis to ensure that talent continues to receive the attention it merits.

This area is a prime example of how the CII's thought-leadership impacts the whole of the market and, indeed, the world beyond.

[ecareers.cii.co.uk](http://ecareers.cii.co.uk)

# Regulatory reviews and public affairs

**As the premier professional body for the insurance and financial services sector, the CII has an important role to play in representing the interests of its members to the regulator and others. Accordingly, the Institute is an active and enthusiastic contributor to regulatory reviews and policy discussions.**

Recent examples include issues such as contract certainty in general insurance transactions, where the CII was instrumental in developing a practical, effective and popular education solution. Likewise, the CII took a leading role in raising levels of knowledge and awareness in the payment protection insurance market, which had been generating a high degree of concern.

Vital work has also been done to assist market understanding of the Solvency II regulations, which have wide-ranging impact across the insurance arena.

The CII remains fully engaged in the ongoing FSA review of retail distribution and expects to play an ever more significant role in the debate as the themes of professionalism and reputation gain higher billing.

The CII is deeply involved in discussions concerning the provision of generic financial advice to the mass market and has presented feedback from a survey of PFS members as part of our contribution.

Another recent topic of major concern to the Institute has been the Leitch report into the skills of the UK workforce. As part of our response to the report, the CII has completed research to analyse views and attitudes on the development and availability of skills in our own sector.

These and other matters will remain high on the CII agenda in its role as a provider of thought-leadership.

## Chartered Financial Planner

**Following its introduction in 2006, almost 1,000 individuals have achieved Chartered Financial Planner status with the CII.**

Two high-profile Graduation Ceremonies have been held to give public recognition to those concerned. Chartered status is a milestone in the drive to improve the

status of financial advice. It means the public can readily identify suitably-qualified professionals when seeking help with their financial planning needs.



# Online exams

**Traditionally, sittings for CII exams have been held four times a year in public locations. While this system has worked well, the introduction of online examinations has enabled a step-change in terms of speed and flexibility.**

In the UK, all the CII's paper-based multiple-choice exams are now delivered online at a network of public centres. One of the many benefits is that CII candidates will be able to enter for an exam at a date to suit their individual study programme, rather than be restricted to sitting the exam at one of the traditional quarterly sessions.

Uniquely, the CII is also offering companies the opportunity to establish an online testing centre within their own organisation. This will allow them the flexibility to schedule exams as an integral part of an in-house training programme.

Results can normally be provided instantaneously and it is no longer necessary for a candidate to wait three months for an opportunity to re-sit the paper.

The format of the exams themselves remains unchanged. The quality and standard of the online service is consistent with the paper-based approach and fully reflects best practice for online exams.

Online exams have proved hugely popular with employers and candidates alike. It is envisaged that all appropriate CII exams will soon be completed in this way.

# QCA compliance

**The CII's reputation depends to a high degree on our continuing to offer robust exam processes that candidates can rely on to give a fair assessment. We are required to ensure that these are compliant with the standards of the Qualifications and Curriculum Authority.**

The QCA has sufficient confidence to have granted us the ability to have any new examinations accredited by them within five days. We were also audited by them during 2006. We were not required to take any remedial action, which we regard as a most satisfactory result.

We are actively engaged with QCA in the development of its new national qualification framework and expect the Diploma in Financial Planning to be admitted at level 4 (first year degree) during 2007.



# Membership

## A new programme to review and further improve the services that we offer to members was begun in 2006.

The programme led to the introduction of several new member benefits including:

- The Knowledgepack – a book of facts and statistics about the industry
- A Career Support Centre
- Monthly 'Professional Pointer' bulletins – Technical and regulatory email bulletins issued by the CII faculties

Our annual member survey showed that four of our new services appeared among the top seven services that members said they value most.

From a list of current CII activities, levels of member satisfaction were highest for:

- Qualifications
- Setting and maintaining standards of professionalism

Members saw the biggest improvement in Knowledge Services and Faculties.

We also reviewed our customer service performance and identified a number of areas for improvement. These include the introduction of mystery shopping surveys, new internal training programmes and other process improvements. Our website was redesigned and now enables online enrollment for exams and online purchase of learning materials.

# GISC funded projects

## A substantial legacy from the General Insurance Standards Council (GISC) received during 2005 and 2006 enabled us to develop a number of important programmes in general insurance as well as to launch new projects.

**GISC funds made a specific contribution to the following programmes:**

### **Competency frameworks, free in general insurance**

Competency frameworks were instrumental in establishing standards across the sector for all job roles. Developed with input from corporate business, the funding has enabled us to make a useful tool available for free.

### **Member support through faculties accelerated**

GISC funding made it possible to create faculties for underwriting, the London market, claims and broking approximately 18 months earlier than expected.

### **Promoting careers in insurance**

GISC money enabled us to play a leading role in the industry-wide 'new talent' initiative. We made a successful short film, published a high-impact introduction to the industry and created a very visible website.

### **MSc in insurance and risk management**

GISC funding helped us to meet the cost of our joint venture with Cass Business School – a route for ACII members to progress to an industry Masters Degree.

### **London Market framework**

GISC has helped us develop a London Market Introductory Test with Lloyd's.

### **Online learning**

GISC funding has helped us respond to requirements in new areas such as payment protection insurance where we developed a special online learning module for this subject.

### **Sharia product development**

GISC money also sponsored early research into Islamic based insurance.

### **Climate change**

We have been able to commission research on climate change and its impact on insurance and financial services.





**Greater awareness of our role,  
and appreciation of the standards  
we promote, builds public  
confidence in the industry.**

# Strate



## Protecting the Public by

**The CII mission is encapsulated in the phrase: "Protecting the Public by Guiding the Profession". There are six key elements in our strategy:**

# gvy

## Guiding the Profession

””

# Improve the standing of the profession

Errors of the past – however small in scope – have a disproportionate impact on the reputation of the industry as a whole. The result is that many hardworking, talented individuals, and many firms do not enjoy the professional standing they deserve.

This is an important issue because a sector with a poor reputation is always going to struggle to market its products and services – and the products and services of the insurance and financial services sector are of vital importance to individuals and businesses.

The CII will therefore campaign vigorously to improve the standing of the profession. The introduction of Chartered titles for various practitioners, including the new Chartered Financial Planner title and the introduction of Chartered title for firms, are key elements of this work.

# Deliver value to the whole breadth of the membership and markets

With membership of 90,000, the CII would have a challenging task to provide value to all members even if they worked in one sector in one territory. But given that its members work across all parts of the insurance and financial services sector and in dozens of countries worldwide, the scale of the task is immense.

Our family of faculties and societies allows expertise and resources to be focused on particular areas, with members benefiting from a range of targeted activity and support.

Centrally, the CII itself will continue to improve its products and services to meet the needs and aspirations of its members and customers. It will also continue to provide optimum professional representation for all its members.

# Secure the financial position of the Institute

The CII remains a not-for-profit organisation, but it does need to fund investment to fulfil its responsibilities and objectives.

Work will continue to develop revenue streams other than membership fees and examinations and associated materials. This will be done in such a way as to maximise value for customers while satisfying the long-term financial objectives of the Institute.

In addition the CII provides training and development services in markets where we successfully compete with commercial providers.





# People

The CII is an Investor in People and places a heavy emphasis on the learning and development of its employees. Particular focus has been placed on developing management competencies, project management skills, customer service and market knowledge.

We aim to attract, retain and develop the best people and provide them with an environment that enables them to excel.

# Pursue consolidation and strategic alliances

The insurance and financial services market is in constant flux, and this impacts on the professional bodies that look to serve its needs. As the premier professional organisation, the CII will keep a watching brief on developments and will react to changing circumstances. This will entail working more closely with other bodies and forming strategic alliances.

A recent example is the creation of the Personal Finance Society through the merger of the Society of Financial Advisers (a CII entity) and the Life Insurance Association. This move brought an additional 22,000 members within the CII family and greatly extended the Institute's influence in the financial advice sector.



# Local and global presence

**The CII is a membership body. For many members, the prime source of contact with the CII is through their local institute, of which there are 68 throughout the UK.**

Local institutes play a vital role in the life of the insurance and financial services community in any town, city or region. They provide a focal point for meetings where technical and market issues can be addressed, and they often run active social programmes.

As such, local institutes form the very fabric of the CII. They enable members to meet others who work in their profession away from the pressured work environment. This combination of learning and networking opportunities is invaluable.

The CII has embarked on a new initiative to consolidate and expand the role of the local institutes. The aim is to encourage local institutes to develop an even stronger membership proposition, attract new joiners, engage more with local employers, schools and colleges and raise the CII's profile.

As part of this activity, the CII has recruited its first local area managers. Further appointments will follow to extend the project to all areas.



# We are continuing to grow our activities overseas.

## New offices and partnerships

Our new office in Mumbai enables us to service the offshore operations of our UK corporate customers; it also means we can work more closely with our affiliated institutes in India, the Insurance Institute of India (IIRI) and the Institute of Insurance and Risk Management (IIRM). Partnering in this way means that we can work together to raise professional standards in the rapidly growing Indian market.

Our influence in South East Asia is established through our Singapore office, providing a similar profile of services to India, and will grow further as we plan to extend our presence into China.

In the Middle East we have a partnership with the Bahrain Institute of Banking & Finance, which will increase activity in the region and enable us to provide comprehensive local training support.

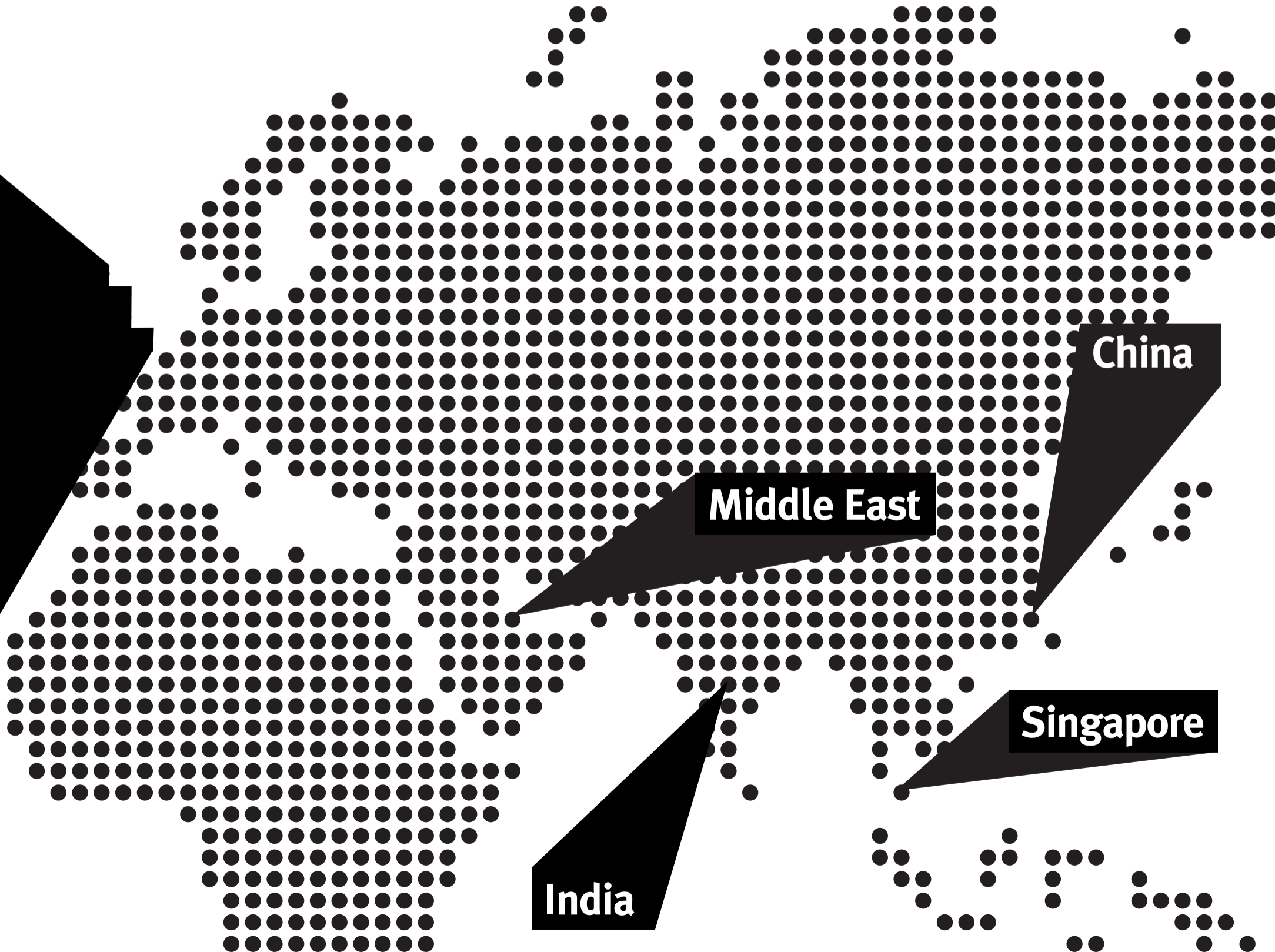
Similarly, our strong relationship with the Australia and New Zealand Institute of Insurance and Finance (ANZIIF) continues to develop.


## International standards and co-operation

As our global presence increases, it is important for us to increase our involvement with established international organisations.

The CII is a member of the European Financial Planning Association (EFPA), which set standards for financial planners through representation in seven European countries. EFPA is actively negotiating to increase its representation in Europe and works with the European Union to further its financial planning agenda.

The International Standards Organisation (ISO) has recently published a standard for financial planners. We are currently working to gain the relevant permissions to accredit that standard.





**I think it's great to be able to give something back. I encourage other professionals to become involved with The Prince's Trust and help young people get the support they need to develop successful businesses of their own.**

**Caroline Ford FCII, Budget Insurance**

**Many members make their CPD a win-win with the Prince's Trust**



# Corporate social resp

**In this section we summarise our Corporate Social Responsibility activity in relation to employees, our own activities and those of our staff and members.**

## **Employees**

The CII aims to be a responsible employer, operating first class employment practices and engaging with employees. In particular we have:

- Conducted the first ever staff engagement survey of the CII to gather valuable feedback which will be used to further develop our employment practices.
- Renewed our accreditation under IIP – Investors in People. This is a standard providing a framework that helps organisations to improve performance and realise objectives through the effective management and development of their people.
- Continued to invest in the development of employees, with management training and a continuing commitment to a minimum of 30 hours training and development per employee.

We have a progressive diversity policy which we see as an effective way of providing equal opportunities. We believe that organisations that grasp the additional business opportunities generated by managing diversity effectively are far more likely to enjoy sustained competitive advantage than those who do not.

The good conduct of all our staff is critical to our Corporate Social endeavours and we have run workshops to give employees the opportunity to consider how they can apply the CII's values in their respective roles. We also have a whistle-blowing policy allowing for employees to raise, in confidence, matters of concern.

## **CII activities**

The CII is 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. CII strongly supports the Trust's activities and this year for the first time we have helped our members to become involved. They provide mentoring support to disadvantaged young people, encouraging and assisting them to plan and take steps towards achieving a goal. This could be achieving employment or gaining training or education opportunities. We intend to extend this further during the coming year.

We also support the Insurance Charities who give vital financial and practical support to past and present employees of the insurance industry, and their dependent relatives, who are suffering financial hardship. Under an agreement with the credit card company the Insurance Charities receive a dividend on all purchases made using the CII credit card and we also hold a specific annual fund raising day. The Charities also share accommodation with us at Aldermanbury and we support them with on-site facilities.

As well as these deserving charities we are also pleased to have been able to provide financial support for many years for the activities of the Phoenix Orchestra. This was founded in 1924 as the Insurance Orchestra. It is for musicians employed in the Financial Services sector and provides a full programme of concerts each year.

# Responsibility

In addition we ensure provision for disabled students at exam sessions. For example we make additional time available for students with dyslexia or whose disability makes it difficult to write their answers, provide separate rooms if students require privacy for a reader or scribe, and can provide magnified exam papers for those with impaired vision.

In response to increasing environmental concerns the CII has strengthened its commitment to recycling and we strongly support the Trees for Life initiative. This is a charity whose aim is to restore a wild forest, which is there for its own sake, as a home for wildlife and to fulfil the ecological functions necessary for the wellbeing of the land itself. We provide opportunities for members to opt for e-mails rather than paper-based communications and donate money to this charity on behalf of everyone who does so.

## **Activities of our staff and members**

We encourage all our staff and members to become actively involved in the communities in which they live and work. This year a number of members of the Personal Finance Society made their time available free of charge to the Citizens Advice Bureau. This advice service helps people resolve their legal, money and other problems by providing free information and advice from over 3,000 locations. Our members completed a training programme to allow them to participate in these centres. The feedback from these activities is that they have been enormously rewarding for all concerned and we hope to develop this programme further in the coming year.

Our staff have also been active in supporting worthwhile causes and this year has seen a diverse range of fund raising for charitable causes, notably:

- Entering teams for the Standard Chartered Great City race (for Breakthrough Breast Cancer and other Charities), the Lord Mayor of London's annual City Dip (in aid of the Treloar Trust) and the Moonlight Colourthon half marathon night walk (for a variety of Charities)
- Travelling with huskies in Lapland in aid of The Blue Cross, an animal welfare charity
- A number of Ironman competitors, in aid of Cancer Research
- Marathon in aid of Great Ormond Street Children's Hospital



**The CII has a permanent HQ, but its influence is increasingly global.**





# Future Out

**The prospects for the CII are extremely healthy. It has the structure and financial strength to fulfil its ambition of setting global standards for professionalism in insurance and financial services.**

**BOOK**

The Institute will continue to address the whole market and to provide for the needs of employers and their staff. Its strong central operation will be complemented by a strong regional network extending throughout the UK and across the globe.

Fundamental changes to the governance of the CII will ensure members have every opportunity to take part in development activity.

Continued investment will be made in CII staff to ensure we have people of the requisite calibre to meet future challenges.

The Institute will continue to take very seriously its corporate social responsibilities, working with the likes of the Prince's Trust and Citizens Advice Bureaux.

All these elements will combine to speed the development of a professional body that is equipped and energised to serve its market in the 21st century.

# Our business environment

Business surveys in the early part of 2007 report a strong first quarter across the Financial Services Sector but also indicate differing levels of optimism across sectors for the future. Although general sentiment has improved slightly since year end for financial services companies as a whole, life companies' expectation is for reduced growth and declining profitability this year, generally because of increased competition.

General Insurance companies have seen strong volume increases, particularly with international customers, and expect this growth to slow while insurance brokers report much reduced optimism, with significantly reduced business volume likely to lead to very limited growth and declining profitability this year.

Against this backdrop, the CII will continue to operate in a challenging business environment. The industry faces many changes and opportunities such as:

- Consolidation
- Changes to retirement planning and increased longevity
- Globalisation
- New distribution models
- The impact of climate change
- Regulatory developments

On a global basis the insurance industry continues to grow at or above the rate of growth in global GDP. Demand for insurance qualifications, professional membership services and learning opportunities will continue to grow especially in the key markets of India, Southeast Asia, China and the Middle East. We expect our growth in membership to continue around the world.

The CII will continue to grow and broaden its field of operations by satisfying demand for its products and services in countries around the globe.

As the FSA in the UK continues its move to pursue a principles-based regime we see a significant role for the profession at the heart of the industry. We are actively contributing to the FSA's review of retail distribution.

The CII is investing heavily in its policy and public affairs function to enhance and extend its activities as a professional standards setting body.

We will continue to work with our members, employers and bodies such as the Financial Services Skills Council to ensure the Institute's products and services reflect the needs of the market and change as requirements evolve.

We are deeply committed to our Talent initiative, which is aimed at drawing more high-quality recruits into the industry. We are engaging in a programme of communication and interaction with schools, colleges and universities to increase awareness of insurance as a challenging and rewarding career.

The Institute's Governance protocols have recently been overhauled and modernised following extensive consultation with the membership. This will streamline many of our processes and ensure that we meet best practice standards.

The Institute is demonstrating its responsiveness to market developments with the introduction of Chartered titles for firms. This helps our members to achieve differentiation from their competitors and enhance their standing with customers.

Here are just two examples of what we have been doing recently.

## 1. Retail distribution review

The FSA has announced a retail distribution review. It is far reaching and covers five key areas:

- The sustainability of the distribution sector
- The impact of incentives
- Professionalism and reputation
- Consumer access to financial products and services
- Regulatory barriers and enablers

The CII is fully engaged with the review and we believe it is well placed to contribute to the outcome.

## 2. Generic financial advice

Recent times have seen calls for the provision of generic financial advice to the public.

This is something fully supported by the CII, although the Institute believes there should be in place a framework to evaluate and monitor prospective generic advisers. This will be essential for public protection when unregulated generic advice is launched.

The CII is supporting the Thoresen Committee in its detailed review of how the service might best be made to work.

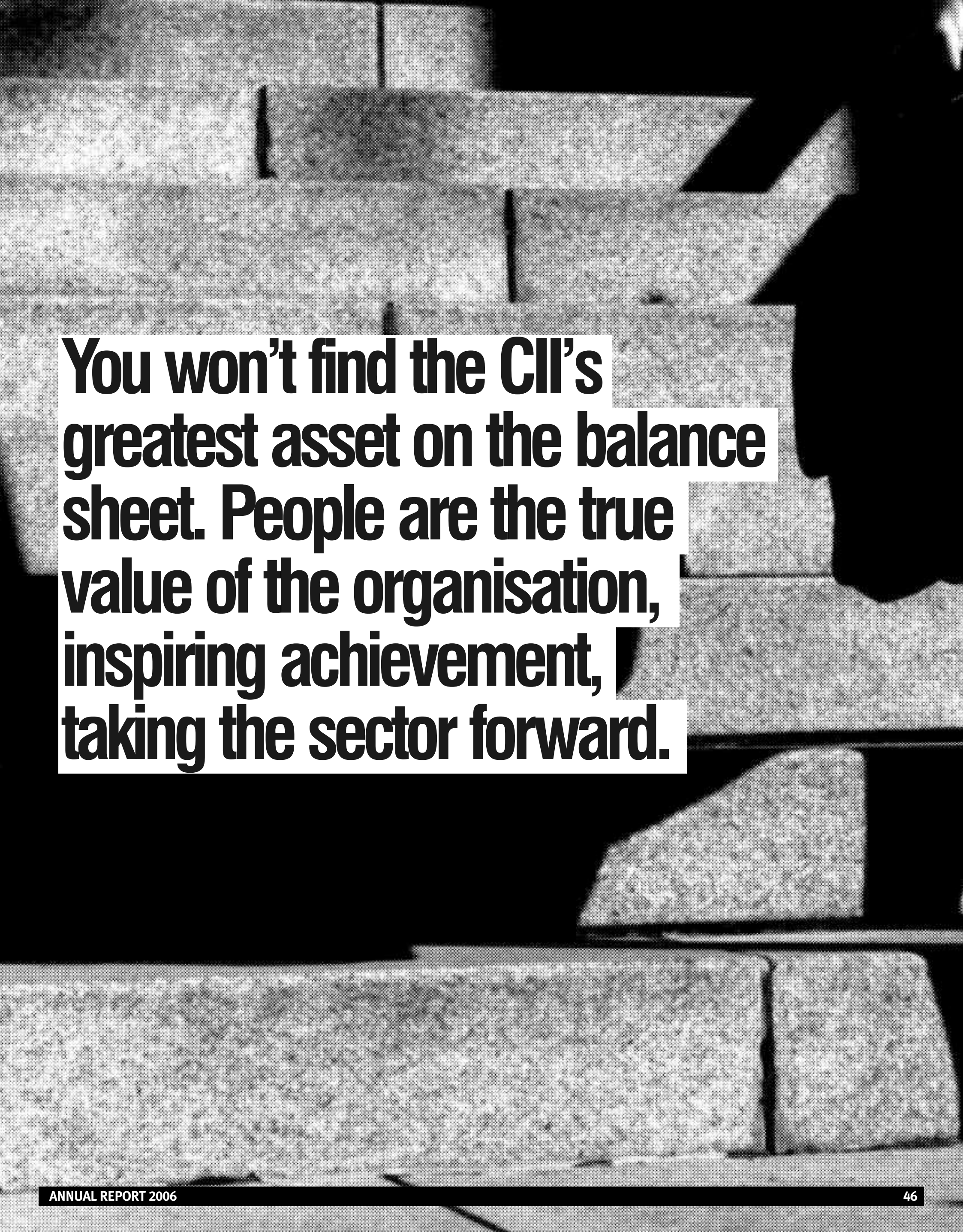
The Institute's considerable experience in this area – it manages competency frameworks, including online assessment, for many leading financial service firms – will be of immense value as the generic advice model is brought to fruition.

# Principal risks

**The risks faced by the Institute are regularly considered and reviewed as part of our governance and risk management processes.**

In a rapidly changing regulatory environment, and particularly one in which the emphasis is on personal responsibility to achieve and maintain appropriate levels of competence, the CII's principal concern is to ensure that professional standards are maintained and developed.

We also have a number of operational business risks that we routinely monitor. These include such areas as business continuity and financial resilience and are monitored by a risk register that considers the probability and impact on the business of each. It is reviewed at each meeting of the Audit Committee and the Board.



**You won't find the CII's  
greatest asset on the balance  
sheet. People are the true  
value of the organisation,  
inspiring achievement,  
taking the sector forward.**



# Income

	2006 £m	2005 £m
Membership services and subscriptions	8.6	8.4
Qualifications and Examinations	7.8	7.2
Learning Solutions	10.9	10.4
Commercial activities	0.9	0.8
	<b>28.2</b>	<b>26.8</b>



<b>Surplus</b>	2006 £m	2005 £m
Surplus before taxation	<b>2.4</b>	<b>3.7</b>
Taxation charge	<b>(0.3)</b>	<b>(0.3)</b>
Actuarial gain/(loss) on pension scheme	<b>0.7</b>	<b>(1.9)</b>
<b>Balance to accumulated fund</b>	<b>2.8</b>	<b>1.5</b>

<b>Summary consolidated balance sheet</b>	2006 £m	2005 £m
Fixed assets	<b>7.7</b>	<b>8.0</b>
Current assets:		
Stock & debtors	<b>2.5</b>	<b>3.0</b>
Cash & short term deposits	<b>13.1</b>	<b>10.4</b>
Creditors	<b>(9.2)</b>	<b>(10.1)</b>
<b>Total assets less current liabilities</b>	<b>14.1</b>	<b>11.3</b>

<b>Accumulated funds</b>	2006 £m	2005 £m
General	<b>5.8</b>	<b>4.6</b>
Charitable	<b>8.3</b>	<b>6.7</b>
	<b>14.1</b>	<b>11.3</b>





**The CII is member-led  
and the largest professional body  
in the sector. We represent  
individuals throughout insurance  
and financial services.**

# Governance

## Following an extensive communication and consultation programme, we have modernised our governance to ensure that we meet best practice.

In 2005/2006 The Rt. Hon. The Lord Hunt of Wirral, MBE HonFCII, then Chairman of the Professional Standards Board conducted a detailed study of best practice in governance across industry and the public sector. It was decided to benchmark CII governance against the Langlands Good Governance Standards for Public Services.

Allan Bridgewater, CBE ACII Past President, established a Steering Group which took over from the PSB's Governance Sub Group chaired by Lord Hunt and established an outline framework for the governance of a modern international institute. This framework was presented to Council in July, who with no votes against, instructed the Institute to formulate detailed proposals and consult with the CII's members.

An Implementation Group chaired by the President undertook this exercise. A wide ranging consultation programme was carried out including a series of roadshows around the UK, presentations to local institutes and member communications.

Final proposals were again accepted by Council with no votes against in January 2007.

In one of the most significant milestones in the CII's history, members then voted overwhelmingly in favour of proposals to modernise the way in which the CII is governed at a Special General Meeting in April 2007.

This was extremely gratifying as the members followed the earlier example of Council and cast no votes against the proposals. Her Majesty consented to the necessary revisions to the charter, authorising the necessary

Order on 2 May. The Privy Council authorised the revised bye-laws on the same day and in accordance with the signed Orders, both revisions of charter and bye-laws come into effect from 19 July 2007, the day following the Annual General Meeting.

With effect from 19 July 2007 the CII's Council ceases to be the governing body of the Institute and its functions will be undertaken by a new governing board of 13 people. The Council itself will be expanded to 65 members with a representative function.

The new Board will first convene in September 2007 and recruitment for the newly created Board positions commenced in May/ June. The Institute wide consultation resulted in the introduction to the Board of two members from large industry employers and two lay members.

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The lay members' role is to consider the CII's strategic direction specifically from the viewpoint of the consumer. The members from large industry employers will have a specific interest in how the CII conducts its affairs when judged against the best practice standards of large corporations.

For the first time the Chief Executive and Finance Director of the Institute will be formal members of the governing body. These will be joined by the President, Deputy President and Immediate Past President along with four members from those regionally elected by Local Institute constituencies to the Representative Council.

The inception of the Representative Council is a huge leap forward in the CII's engagement with its membership.

Although a proportion of CII members were elected to the old governing Council by regional constituencies, those so elected were unable at law to undertake a representative role; Council being the governing body and Council members being analogous to directors.

This was onerous for those concerned, inefficient from the point of view of governance and strategic leadership and the inability to represent was widely misunderstood both by Council members and those who elected them.

The Representative Council, however, relieves the participants of the obligations of directorship and empowers those attending to concentrate on their roles of effective membership representation, holding the Board to account for its actions and being an intellectual engine for the Institute providing its Board with ideas as to possible future developments.

The CII warmly welcomes this new environment and is immensely proud of its membership who have created this platform and who participated so positively in the consultation.

This is a major development of the CII and supports our aim to become a more efficient organisation; one which will take on board the opinions of its stakeholders and then reach sound, considered decisions swiftly.

# CII Council and Committees

During the year to 31 December 2006 the CII's Council met in April, June and November with its Management Committee meeting in addition on a further 5 occasions in March, June, September, October and November. The Council is the governing body of the CII and controls and directs the policy of the institute. The Management Committee is responsible for the implementation of policy.

Numerous committees reported to Council or the Management Committee throughout the period.

## Ex-officio

President

**I J Templeton, FCII, Chartered Insurer**  
UIA (Insurance) Ltd

Deputy President

**The Rt. Hon The Lord Hunt of Wirral, MBE HonFCII**  
Beachcroft LLP

Treasurer

**J M W Clark, ACII, Chartered Insurance Practitioner**  
Crawford & Company International

Immediate Past President

**P R Hales, ACII, Chartered Insurer**  
Skipton Building Society

## In attendance

**D McIntosh**

Fox Lawyers  
Chairman Professional Standards Board

## Appointed members

**L Boyle, FCII, Chartered Insurer**

SPILA Services Ltd  
Chairman Audit Committee

**R E Brown, FCII, Chartered Insurer**

Chairman Nominations  
& Remunerations Committee

**K M Davidson, ACII, Chartered Insurance Practitioner**

Crispin Speers and Partners Ltd  
Chairman Disciplinary Committee

**B P D Kellett, FCII, Chartered Insurer**

Chairman Appeal Committee

**D J Harris, FCII\*, Chartered Insurer**

Amlin plc  
Chairman Examiners Committee

\*Resigned December 2006

**P Williams, FCII FPFS, Chartered Financial Planner**

Aegon (UK) Plc  
Interim Chairman Examiners Committee\*\*

\*\*Appointed as Interim Chairman January 2007

**C Nicholls, FCII FPFS, Chartered Financial Planner**

Nicholls Stevens Financial Services Ltd  
President, Personal Finance Society

**R J Anderson, FCII FPFS, Chartered Financial Planner**

Scottish Widows  
Vice President

**S Fisher, ACII, Chartered Insurer**

Oxygen Insurance Managers Ltd  
Vice President

**M P Hammond, ACII,**

**Chartered Insurance Practitioner**  
Lockton Companies International  
Vice President

**J T James, ACII,**

**Chartered Insurance Practitioner**  
Lloyd's of London  
Vice President

**K J Wallace, FCII, Chartered Insurer**

Towergate Partnership Ltd  
Vice President

**A C Homer, FCII, Chartered Insurer**

Towergate Partnership Ltd  
Past President

**R J Taylor, FCII, Chartered Insurer**

Amlin plc  
Past President

**R O Hudson, FCII, Chartered Insurer**

Swiss Re GB Plc  
Past President

**S G Sperryn\***

Lloyd's of London  
Co-opted

\*Resigned November 2006

# Elected members

**L Bamber, FCII, Chartered Insurer**

Willis Group Limited  
North West B (Manchester)

**B Bjelobaba, FCII, Chartered Insurance Practitioner**

Branko Ltd  
South Central (Luton & St Albans)

**D W Brewer, CMG FCII, Chartered Insurance Practitioner**

Lord Mayor of London  
London 1 (London)

**E A Coyle, ACII APFS, Chartered Insurer**

Norwich Union  
North East C (York)

**D G Cummings, ACII, Chartered Insurance Practitioner**

Davis & Co.  
North East B (Sheffield)

**L C Cuthbertson, ACII, Chartered Insurance Broker**

Willis and Company Insurance Brokers Ltd  
Northern Ireland (Belfast)

**I A Gearing, ACII, Chartered Insurance Practitioner**

Exchange Insurance Services Ltd  
North West A (Liverpool)

**A J Greensweig, ACII, Chartered Insurer**

Fortis Insurance  
South West & South Wales (Cheltenham & Gloucester)

**L Harold, Dip CII**

Willis Limited  
Eastern B (Ipswich, Suffolk and North Essex)

**C A Hayward, ACII, Chartered Insurance Broker**

Footman James Company Limited  
West Midlands (Birmingham)

**P J Heathcote, ACII**

Lucas Fettes and Partners (Northern) Limited  
North West C (Bolton)

**N A Hindley\*, ACII APFS, Chartered Insurance Practitioner**

Perspectives Consultancy Limited  
Eastern A Norwich

\* Resigned November 2006

**A J Jenner, FCII, Chartered Insurer**

Southern A (Brighton)

**C Lacey, ACII**

The Insurance Institute of Ireland  
Associated (Ireland)

**R F Moss, Dip PFS**

Nicholls Stevens Financial Services  
South West A (Bristol)

**D A Reeve, FCII, Chartered Insurer**

Legal and General Assurance Society Ltd  
South East A (Guildford)

**S Riches, ACII, Chartered Insurer**

Norwich Union  
South West B (Exeter)

**C E Roche, ACII**

Marsh Ltd  
South East B (Mid-Kent)

**M Rogerson**

Wilson Bowden Plc  
East Midlands (Leicester)

**B W Thornton, FCII, Chartered Insurer**

Assert Personal Injury Advisers  
North East A (Leeds)

**T L W Torrance, FCII, Chartered Insurance Practitioner**

The Insurance & Actuarial Society of Glasgow  
Scotland B (Glasgow)

**L Williamson, ACII, Chartered Insurance Practitioner**

Campbell Smith W.S.  
Scotland A (Edinburgh)

**T Wiseman, ACII**

Cherry Godfrey Insurance Services (Jersey) Limited  
Southern B (Jersey)

# CII Management Committee

The Management Committee implements the Policy of the Institute as decided by the Council and deals with all matters relating to the general administration of the Institute.

In accordance with Bye-law 40 the Management Committee comprises 11 voting members, of whom up to 4 are officers (ex-officio), 6 are constituency elected members and 1 is the Director General.

Generally 4 meetings are held in each year. In 2006, however, 5 were held, with the attendance records as follows:

22 March 2006 – 9 out of 11 members  
28 June 2006 – 9 out of 11 members  
20 September 2006 – 9 out of 11 members  
25 October 2006 – 7 out of 11 members  
29 November 2006 – 11 out of 11 members

## Elected members

**B Bjelobaba, FCII, Chartered Insurance Practitioner**

**E A Coyle, ACII APFS, Chartered Insurer**

**I A Gearing, ACII, Chartered Insurance Practitioner**

**R F Moss, Dip PFS**

**M Rogerson**

**L Williamson, ACII, Chartered Insurance Practitioner**

## Ex-officio

**CII President**

**CII Deputy President**

**CII Immediate Past President**

**CII Treasurer**

**CII Director General**

# Audit Committee

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

**L Boyle, FCII LL.B TEP FSI**

Chairman  
Chartered Insurer

**J M Jarrett, FCII**

Chartered Insurance Practitioner

**A Harding, ACA FCCA BSc (Econ) MBA** (appointed March 2006)

**B E Killick, ACII B Com CA (NZ),**

Chartered Insurance Practitioner (appointed November 2006)

**R A Whitaker, FCII LLB DMS**

Chartered Insurer

**R Whitehouse, FCII B.Soc Sc. MCMI ACI Arb**

Chartered Insurer (appointed November 2006)

**C Crowther, FCII**

Chartered Insurer (retired March 2006)

**C Banks, APFS**

Chartered Financial Planner (resigned June 2006)

### Meetings

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

14 March 2006 – 4 out of 6 members  
27 June 2006 – 3 out of 5 members (due to vacancy)  
28 November 2006 – 5 out of 6 members

### Main Activities of the Committee in 2006

**Financial Accounts** – The Committee reviewed the financial statements for the year ended 31st December 2006 and the report from the External Auditors, Deloitte's.

**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. The Committee has also received reports detailing the progress made to improve controls in a number of areas. These included whistle-blowing, management of projects within the Institute and process for the appointment of the Auditors acting in additional capacities.

**Governance Issues** – The Committee has been kept informed of the progress with the Corporate Governance Review by the Steering and Implementation Groups.



# Examiners Committee

The Examiners Committee oversees the development and operation of the Institute's examinations to ensure that their integrity and standard are maintained and that they remain relevant and 'fit for purpose'. The committee reports to the CII Management Committee.

**D J Harris, FCII\*, Chartered Insurer**

Amlin plc

Chairman Examiners Committee

\*Resigned December 2006

**P Williams, FCII FPFS, Chartered Financial Planner**

Aegon (UK) Plc

Interim Chairman Examiners Committee\*\*

\*\*Appointed as Interim Chairman January 2007

**CII President**

Ex-officio

**CII Deputy President**

Ex-officio

**CII Treasurer**

Ex-officio

**CII Director General**

Ex-officio

**N Bamford, APFS,  
Chartered Financial Planner**

Guildford

**M A Gilbey, FPFS,  
Chartered Financial Planner**

Cardiff

**G Kenney Wallace**

City and Guilds

**C Lacey, ACII**

Insurance Institute of Ireland

**I S Morton, FCII,  
Chartered Financial Planner**

Glasgow

**L Nicholls**

Lay Member

**C Parsons, FCII,  
Chartered Insurance Practitioner**

London

**P R A Smith, FCII,  
Chartered Insurer**

Exeter

**A Smith, FCII,  
Chartered Insurance Practitioner**

London

**W M Stein, FCII,  
Chartered Insurance Practitioner**

Glasgow

**C J Warr, ACII,  
Chartered Insurer**

London

**Meetings**

Generally 5 meetings are held each year with the attendance record as follows:

8 February 2006 – 11 out of 14 members

20 April 2006 – 10 out of 13 members

26 July 2006 – 12 out of 14 members

11 October 2006 – 11 out of 14 members

16 December 2006 – 10 out of 14 members

**Main Activities of the Committee in 2006**

**Examination Standards** – The committee reviewed the policies adopted in relation to the setting and marking of exams to ensure that all candidates received a fair result. It paid particular attention to the controls which were introduced as a result of the transfer of objectively tested examinations to an on line format.

**Accreditation** – The committee oversaw the granting of requests for accreditation of prior learning from a wide variety of students and educational institutions. Its policy in considering such requests is always to ensure that a candidate is treated fairly.

**Syllabus Content** – The committee oversaw the content which is placed into CII syllabus areas.

**Conclusion** – The Committee believes that the substance of its discussions is fairly recorded in the minutes of the Committee which are submitted to Council for review. The Committee is pleased to report that, from the extensive information that has been made available to it, it does not consider that there are any other issues that need to be drawn to the attention of the Council or members.

# Disciplinary Committee

The role of the Disciplinary Committee is to consider any Complaint made against CII Members in accordance with the Disciplinary Committee Procedures. 54 cases were investigated in 2006. Of these cases four were adjudicated by the Preliminary Screener. In each instance, reprimands were issued.

The Committee will also appoint a Panel from within the Committee membership to hear a Complaint and determine its validity. Where a Complaint is upheld, the Committee will decide appropriate disciplinary action against a Respondent.

The Committee reviews applications for membership from bankrupts and people with criminal convictions. Six applications were considered in 2006. Of these applications four were for people with criminal convictions of which two applications were accepted and two were rejected. Both of the applications received from discharged bankrupts were accepted.

The Committee reports to the Council.

## Composition of the Disciplinary Committee during the year.

**K M Davidson ACII Chartered Insurance Practitioner Chairman**

**J L Neilson FCII Chartered Insurance Practitioner**

**J Ferguson OBE (lay member)**

**E Goddard (lay member)**

**G J McCombe FCII Chartered Insurer**

**S McGregor (lay member)**

**N McNair (lay member)**

**R F Moss Dip PFS**

**M J S Robinson ACII Chartered Insurer**

**E R D Scott ACII Chartered Insurance Practitioner**

**K J Watson ACII Chartered Insurance Practitioner**

**R A Weald FCII Chartered Insurer**

**L Williamson ACII Chartered Insurance Practitioner**

## Committee Meetings

Generally four meetings are held in the Institute year although only two were required in 2006. The two meetings held were convened on the same date as the disciplinary hearings which had taken place in the morning.

16 March 2006 – 8 out of 13 members

18 May 2006 – 7 out of 13 members

## Disciplinary Hearings

Four hearings dates are scheduled for each Institute year, however, only two dates were required for 2006.

## Main Activities of The Committee in 2006

The introduction of sanctions imposed by the Preliminary Screener without reference to a Panel has greatly reduced the throughput of cases to be heard in those forums. Whilst attendance at Committee meetings is at first glance low, Committee Members not selected for the Panels and who had to commute long distances and who were not required for the hearing, were generally excused physical attendance at the afternoon's Committee meetings due to issues of time and cost effectiveness. Adequate provision was nevertheless made for those living remotely to fully contribute to these Committee meetings.

During 2006, the Committee reviewed changes to the current Disciplinary Regulations to make them more flexible and to reduce the lead in times to provide evidence. Previously, a notice of hearing had to be sent to the Respondent 2 months prior to the hearing making it difficult to organise a hearing in time for the scheduled date. The changes were approved by Council in November 2006.

In addition the Committee have been reviewing the Institute's audits into two of the overseas examination centres suspected of irregularities. Corrective measures aimed at improving site security have been introduced as a result.

Also under consideration were the Institute's plans for the introduction of Corporate Chartered Title Status and the disciplinary consequences of this course of action.

Finally the Institute has reintroduced the Committee's role in considering membership applications where serious convictions have been disclosed. Considerable discussion has taken place on the form of objective process to which such applications should be subjected. This will be a matter for on-going development in 2007.

# 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. The Committee then appoints a Panel from within the Committee membership to hear the Appeal. The Appeal Committee also acts as the Disciplinary Committee's review and oversight body. The Committee reports to the Council.

**B P D Kellett, FCII Chartered Insurer**  
Chairman

**P J Finch, ACII Chartered Insurer**  
Vice Chairman

**D Azubike (lay member)**

**E Haggis, ACII Chartered Insurance Practitioner**

**I Helyar, FCII Chartered Insurance Broker**

**E D G Hillier, FCII Chartered Insurance Practitioner**

**P Hewitt, FCII Chartered Insurer**

**P Jaffe, FCII Chartered Insurer**

**A J Jenner, FCII Chartered Insurer**

**R T Greenhill (lay member)**

## **Meetings**

Generally four meetings are held in the Institute year although clearly the requirements for Appeals and meetings of its Committee are closely related to those of the Disciplinary Committee:

28 March 2006 – 6 out of 10 members

27 September 2006 – 4 out of 10 members

## **Appeal Hearing**

Four hearings dates are scheduled for each Institute year, however, only one date was required for 2006.

10 November 2006 – appeal against an allegedly disproportionate sanction in relation to a case of examination irregularities. The decision of the Disciplinary Panel was upheld.

## **Main Activities of the Committee in 2006**

During 2006, the Committee reviewed changes to the current Disciplinary Regulations to make them more flexible and to reduce the lead in times to provide evidence. Previously, a notice of hearing had to be sent to the Respondent 2 months prior to the hearing making it difficult to organise a hearing in time for the scheduled date. The changes were approved by Council in November 2006.

In addition, the Committee has an oversight of the Disciplinary Committee by receiving copies of minutes of the meetings, copies of all Preliminary Screener decisions and Panel Records of Decision for Disciplinary Cases.

# Nominations & Remuneration Committee

The role of the Nominations and Remuneration Committee is to receive and originate suggestions for possible candidates to be Officers of the CII and Chairmen of CII Committees, etc. and to make recommendations. The Nominations and Remuneration Committee also oversees from time to time, the selection and appointment of the Director General of the Institute and makes recommendations.

The Committee receives and originates suggestions of candidates for Honorary Fellowship of the CII, and makes recommendations to the Honorary Fellowship Assessment Board.

It is the role of the Committee to determine the remuneration packages, including payment procedures and benefits of any kind of the Director General and Senior members of the CII Executive. The Committee reports to the CII Management Committee.

**R E Brown, FCII Chartered Insurer**  
Independent non-executive chairman

**I J Templeton, FCII Chartered Insurer**  
President

**D J Hunt, MBE Hon FCII**  
Deputy President (appointed 2006/7)

**P R Hales, ACII Chartered Insurer**  
Immediate Past President

**L Williamson, ACII Chartered Insurance Practitioner**  
Representative from Manco

**R C Beckett, ACII Chartered Insurance Broker**  
(retired Sept 2006)

## Ex-officio

CII Director General

### Meetings

Generally three meetings are held in each Institute year although in 2006 there were four.  
28 February 2006 – 5 out of 6 members  
24 May 2006 – 5 out of 6 members  
8 November 2006 – 4 out of 6 members  
13 December 2006 – 6 out of 6 members

### Main Activities of the Committee In 2006

During 2006 the Committee considered in excess of 50 names of individuals who are either in post as CII Officers at present and, therefore, will have to retire at a future date or are appropriate people who may be considered for possible Officer and committee posts in the future. In line with good corporate governance all committees at the CII have defined periods of service for their members, which allows in new blood and hence encourages new thinking.

Inevitably there is a high degree of confidentiality in the workings of the Committee and there is no publication of discussion on the merits of those under consideration, apart from within the Committee itself. It is the interests of the CII, however, which underwrite all decisions.

In terms of the Committee's other activities, as required by the Committee's current terms of reference, there is also consideration of the Honorary Fellowship awards. These may also be generated by local institutes. Seven Honorary Fellowships were awarded during the year. These were to:

Lord Levene of Portsoken KBE – Chairman, Lloyd's  
Sir David Prosser – Former Group Chief Executive, Legal & General  
Ken Davy – Chair, Simply Biz Services plc  
Fay Goddard – Deputy Director General, AIFA  
Stewart Ritchie OBE – Director (Pensions Development), Scottish Equitable plc  
Keith Satchell – Group Chief Executive, Friends Provident & Chairman, ABI  
Chris Woodburn – Former Chief Executive, General Insurance Standards Council

Finally the proposals for the staff remuneration were discussed at the Committee's November 2006 meeting and approved for reference to the Management Committee. All staff members are each subjected to both mid year and year end Performance & Development Reviews which can affect any incentive payments under GWIBS. The President also reviews the performance of the Director General and reports to the Committee accordingly.

Members should note that although the Director General is a member of the Committee, it is always open to the 5 other members to meet in the absence of any members of the executive (including Secretariat) which is a facility of which the Committee avails itself generally not less than once a year.

# 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. The Committee reports to the CII Management Committee.

**D J F Hunt, MBE Hon FCII (retired Sept 2006)**

Independent non exec-chairman

**D McIntosh (appointed 2006/7)**

Independent non-exec chairman

**R C Beckett, ACII Chartered Insurer (retired Sept 2006)**

Broking Representative

**K Borrett, FCII Chartered Insurer**

Research & Events

**A Darling, FCII Chartered Insurer**

Regulatory Representative

**A King**

Loss Adjusting Representative

**D Gamble**

Wholesale Market Representative

**R Rennison, FCII FPFS Chartered Financial Planner**

Financial Services Representative

**S Locke (appointed 2005/6)**

Consumer Interest Representative

**J Navare, FCII Chartered Insurance Practitioner (appointed 2006/7)**

Academic Representative

**C Parsons, FCII Chartered Insurance Practitioner (retired April 2006)**

Academic Representative

**CII Director General (ex officio)**

**CII Deputy Director General (ex officio)**

**Meetings**

Four meetings were held during the year, with the attendance record as follows:

25 January 2006 – 9 out of 11 members

25 April 2006 – 4 out of 11 members

26 September 2006 – 9 out of 11 members

8 November 2006 – 7 out of 10 members

**Main Activities of the Board in 2006**

The year commenced with the contents of the Board's Corporate Governance Gap Analysis being considered by Allan Bridgewater's Corporate Governance Steering Group and reporting to Council in April 2006. The Board maintained an overview of this process and was kept fully apprised of developments as the Steering Group's work passed into the consultation and implementation phase.

The Board undertook a review of the key trends and issues faced by markets and professionals served by the CII and produced a prioritised action plan. As a result a schedule of work was agreed and drawn up for the remainder of 2006. This concentrated primarily on the matters of Equity Release, Generic Financial Advice, transparency in relation to commission and the CII's commitment to increasing the standards of professional advice amongst its members, and the standing of the profession in the eyes of its various stakeholders including industry, government, regulators and consumers. The Board agreed further that best practice guidelines and guidance notes should be developed and published after consultation with the CII's faculties.

The Board recognised that consumer recognition of the status of financial services as a profession was low and that the CII would in future be putting more emphasis on policy formation, research and communication. The CII is ideally placed to be the leading professional body in the sector and fulfil its vision of "Protecting the public by Guiding the Profession". The programme of work for 2007 was expected to follow and develop further these themes.

The Institute and the Board extended their grateful thanks to Lord Hunt who stood down as Chairman in September to assume the role of CII Deputy President 2006/7 and welcomed David McIntosh, Past President of the Law Society as the PSB's new independent Chairman in November.

# Office bearers of the Institute

Patron  
**Her Majesty the Queen**

President  
**I J Templeton, FCII, Chartered Insurer**  
UIA (Insurance) Ltd

Deputy President  
**The Rt. Hon the Lord Hunt of Wirral, MBE Hon FCII**  
Beachcroft LLP

Treasurer  
**J M W Clark, ACII, Chartered Insurance Practitioner**  
Crawford & Company International

Immediate Past President  
**P R Hales, ACII, Chartered Insurer**  
Skipton Building Society

Vice President  
**S Fisher, ACII, Chartered Insurer**  
Oxygen Insurance Ltd

Vice President  
**M P Hammond, ACII, Chartered Insurance Practitioner**  
Lockton Companies International

Vice President  
**J T James, ACII, Chartered Insurance Practitioner**  
Lloyd's of London

Vice President  
**K J Wallace, FCII, Chartered Insurer**  
Towergate Partnership Limited

Vice President  
**R J Anderson, FCII FPFS, Chartered Financial Planner**  
Scottish Widows

# Past presidents in active business life

**M K Bewes**  
The Willis Partnership

**S Bolam, FCII, Chartered Insurance Broker**  
EH Ranson & Co

**L Boyle, FCII, Chartered Insurer**  
SPILA Services (Isle of Man) Ltd

**A Bridgewater, CBE ACII, Chartered Insurer**  
Swiss Re GB Plc

**R E Brown, FCII, Chartered Insurer**  
London

**A J Cleary, FCII**  
London

**K M Davidson, ACII, Chartered Insurance Practitioner**  
Crispin Speers and Partners Ltd

**A C Homer, FCII, Chartered Insurer**  
Towergate Partnership Limited

**R O Hudson, FCII, Chartered Insurer**  
Swiss Re GB Plc

**B P D Kellett, FCII, Chartered Insurer**  
Arbitrator – London

**R J Taylor, FCII, Chartered Insurer**  
Amlin Plc



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