

**CAS BOARD OF DIRECTORS MEETING
MARCH 1-2, 2001
Tampa, Florida**

Present

Board Members: Amy Bouska, Charles Bryan, Ralph Blanchard, Stephen D'Arcy, Janet Fagan, John Kollar, Michael Miller, Gail Ross, Deborah Rosenberg, Michael Toothman and Susan Witcraft

Immediate Past President: Alice Gannon

President: Patrick Grannan

President-Elect: Robert Conger

Vice Presidents: Abbe Bensimon, LeRoy Boison, David Chernick, Gary Josephson, Mary Frances Miller, and Sheldon Rosenberg

Executive Director, Tim Tinsley; Assistant Secretary-Board of Directors, Joanne Spalla

Other Attendees: Michael Boa – Manager, Communications and Research, CAS Staff; Todd Rogers – Manager, Finance and Administration, CAS Staff; Steven Lehmann, Vice-President, Casualty of the American Academy of Actuaries; Lauren Bloom, Chief Counsel, American Academy of Actuaries; Lawrence Johansen, President of the American Academy of Actuaries; Jerome Degerness, Chairperson of the Long Range Planning Committee; and George Hansen, Chairperson of the International Issues Committee.

Board Member Not Present: Frederick Kist

Alice Gannon called the meeting to order at 8:30 a.m. on Thursday, March 1, 2001.

1. WELCOME NEW BOARD MEMBERS

Alice Gannon recognized incoming CAS President-Elect Robert Conger and incoming Board members Ralph Blanchard, Michael Miller, Janet Fagan, and Deborah Rosenberg. She also recognized Sheldon Rosenberg, Vice-President—Administration as a new member of the Executive Council and Joanne Spalla, incoming Assistant Secretary – Board of Directors.

2. MINUTES OF NOV 12, 2000 MEETING

The minutes of the November 12, 2000 Board meeting were approved as amended.

3. 2001 ELECTION AND TELLING PROCEDURES

Sheldon Rosenberg discussed the changes made for 2001 in the recommended Procedures for the Election of Officers and Directors and CAS Telling Procedures, included in attachment 2 of the agenda. It was pointed out that item 1 of the Procedures for the Election of Officers and Directors should read that “The Nominating Committee should be chaired by the second most recent Past President” instead of the third. It was also pointed out that Item 21 of the CAS 2001 Telling Procedures should be changed to state that “Final results from election are communicated to CAS President by Head Teller within 4 days of balloting deadline,” instead of five.

There was a motion to approve the Procedures for the Election of Officers and Directors, as amended (attached). It was seconded and approved unanimously.

There was a motion to approve the CAS 2001 Telling Procedures, as amended (attached). It was seconded and approved with one member opposed.

4. FY 2000 AUDIT COMMITTEE REPORT

Chuck Bryan, Chairperson of the 2000-01 Audit Committee, presented the report, included in attachment 3 of the agenda. The main points of the report were:

- a. The independent auditor's report is unqualified. The report on the internal controls audit found that the CAS maintained, in all material respects, effective internal control over financial reporting.
- b. The Committee concludes that it is satisfied that the issues cited in the comments in the Langan Associates management letter and internal controls audit report have been handled properly.
- c. The Committee report recommended follow-through on three operational items:
 - The Board should exercise caution when approving the budget to consider whether the increase in expected expenses should be permitted to exceed the increase in expected revenues
 - The EC should review the off balance sheet liability for hotel contract cancellation clauses
 - The EC should determine the desirability of having a CAS policy for assuring that the internal controls of vendors are adequate
- d. The report also included recommendations to continue the past practice for staffing the Audit Committee and instructing staff to plan for another triennial internal controls audit in FY 2003.

Examples of internal controls of vendors were discussed. Clarification was requested on the profit on the exams as to whether it reflected the loss on the joint sponsored exams. The response was that it reflected the estimated loss reported by the SOA in October for the Spring 2000 sitting. There was also discussion about the off balance sheet liability for meeting cancellation.

There was a motion to accept the report. It was seconded and approved unanimously.

There was a motion to approve the three operational recommendations in the report. It was seconded and approved unanimously.

Alice Gannon thanked Chuck Bryan for his service as Chairperson of the Audit Committee

5. APPOINT 2001-02 AUDIT COMMITTEE CHAIR AND NEW MEMBER

Fred Kist was approved as the Chairperson of the Audit Committee for the 2001-02 year during the September 12, 2000 Board meeting. There was a motion to add Ralph Blanchard, a newly elected member of the Board, and John F. Gibson, a non-Board member, to the Audit Committee for 2001-02. It was seconded and approved unanimously.

6. REVISION OF CAS CONSTITUTION (ARTICLE IX)

Pat Grannan reviewed the proposal, included in attachment 5 of the agenda. The EC proposes that the following underlined abbreviation and sentence be added to the current Article IX (i) of the CAS Constitution:

An opinion of the Casualty Actuarial Society (CAS) shall require advance approval by an affirmative vote of at least ninety percent of the Fellows who vote in a mail ballot. However, the Board of Directors of the CAS may, by a two thirds vote of all members of the Board, direct the CAS's delegate to the International

Actuarial Association (IAA) to cast a vote on behalf of the CAS on a proposed public expression of professional opinion to be issued by the IAA and allow the IAA to list the CAS as a supporting organization of that public expression of professional opinion when that vote is positive.

There was discussion about making the wording broader. There was also discussion about waiting to see if there were other constitutional amendments that might be submitted to Fellows. A motion was made to approve the EC recommendation that the Board approve the proposed amendment as stated above to the CAS Constitution, Article IX (i) for submission to the Fellows for a vote. The motion was seconded. It passed with 13 in favor and one opposed.

7. MEMBER ATTENDANCE AT CAS BOARD MEETINGS AND PUBLICATION OF BOARD AGENDAS/MINUTES

Pat Grannan discussed the EC proposal, included in attachment 6 of the agenda. Changes in the wording of Section 2 (c) were discussed.

A motion was made to adopt the following policy on member attendance at CAS Board meetings:

- CAS Board meetings are open to members as observers.
- Members wishing to attend should advise the CAS Office (Executive Director or Executive Secretary) at least 48 hours in advance of the meeting.
- The CAS Office will apprise the CAS President and Board Chairperson when a member request to attend is received.
- Members attending Board meetings are not entitled to vote. They may not attend executive sessions, which will be identified in the agenda (e.g., personnel discussions).

It was seconded and approved unanimously. There was a discussion about how the policy should be communicated. It was suggested that the staff institute a procedure, such as a sign in, to confirm that observers are members.

In part 3 (b) of the EC recommendations, there was a motion that the policy be posted in a public section of the CAS Web Site and in the Members Only section, along with an initial announcement in the *Actuarial Review*. It was seconded and approved unanimously. (Note: the Board on March 30, 2001 subsequently deferred to the CAS President how this policy will be communicated.)

There was a motion to post draft Board agenda topics and approved minutes on the CAS Web Site in the Members Only Section. It was seconded and approved unanimously.

8. POLICY FOR COMMERCIAL SPONSORSHIP OF CAS SEMINAR FUNCTIONS

Dave Chernick discussed the EC recommendation included in attachment 7 of the agenda. He clarified that it would apply initially only to the CLRS and Ratemaking Seminar for the first night Welcome Receptions. Some Board members expressed reservations about the proposal. There was a motion that the CAS Board authorize commercial sponsorship of the CLRS and Ratemaking Seminar as outlined in the guidelines that was attached to the agenda. The motion failed without a second.

9. APPROVAL AUTHORITY FOR EXAM FEES

Mary Frances Miller discussed issues with the timing of the approval of exam fees, as outlined in attachment 8 of the agenda. The CAS *Syllabus* is finalized in early September and held until the Board approves exam fees later in September. In addition, coordination and approval of fees for joint exams 1-4 were problematic in 2000 due to the different processes and schedules followed by the SOA and CAS. There was a recommendation that the Board delegate authority to the EC to approve fees for all examinations. There was discussion about the timetable. The Board concluded that it would be better to post the *Syllabus* without the exam fees on the CAS Web Site as soon as it is finalized and mail the printed copy to the members when the fees are approved by the Board. The Board took no further action

10. CAS BASIC AND JOINT EDUCATION PRINCIPLES

Mary Frances Miller provided background on the Basic Education Principles, included in attachment 9 of the agenda. She requested that the Board accept the CAS Basic Principles and endorse the Joint Education Principles. A Board member asked for clarification on Principle #8, stating that self-study is not the sole route for attainment of designations. A Board member asked if these principles would have the same standing as the ratemaking and reserving principles. It was suggested that the title of the first page be changed to "Principles of the CAS for Basic Education." It was suggested that Principle #10 should exclude the word "numerate." Principle #5 should read "The education process will provide a balance among theoretical concepts, practical applications and business acumen, to prepare our members to deliver high quality service to meet the current and projected future needs of employers and clients." It was suggested that a preamble be added: "The primary purpose of the CAS basic education process is to ascertain whether the candidate for CAS designations has attained the CAS learning objectives."

The Board directed the EC to revise the wording and bring it back for approval by the Board. It was suggested that the references to General Insurance be defined. Pat Grannan read an e-mail from Fred Kist suggesting a change in wording to Principle #4.

The Board then discussed the table entitled "Joint Basic Principles of Education." This document had already been approved by other U.S. and U.K. organizations. A comment was made that the title should be changed to "Joint Principles of Basic Education." It was suggested that the phrase "such as attention to rigor and a long-term perspective" should be deleted from Principle #5. The Board expressed concerns about the reference to "core topics" in Principle #3. There was also concern about the phrase "best educational opportunities available" in Principle #6.

A motion was made that the Board of Directors support the Joint Basic Principles of Education as presented (attached). It was seconded and approved unanimously. It was suggested that the EC incorporate an explanation in the Principles of the CAS for Basic Education to include the Board's interpretation of the Joint Principles. Board members should submit their suggestions to Mary Frances Miller.

11. TASK FORCE REPORT ON E&E PROCESS & PROCEDURES (PROGRESS REPORT)

Mary Frances Miller distributed for the Board's information a status report on E&E Process and Procedures Task Force Recommendations.

12. DEBRIEF OF FEBRUARY 9-10 COP MEETING

Pat Grannan introduced Lauren Bloom, Chief Counsel of the American Academy of Actuaries, and Lawrence Johansen, President of the American Academy of Actuaries. Pat Grannan provided an update on the February 2001 Council of Presidents Meeting:

- The AAA's Qualifications Committee has expressed an interest in keeping the continuing education requirements at 12 hours per year.
- The Actuarial Education and Research Fund has been extended for one additional year (2001) to coordinate research. Each U.S. organization will contribute \$2,000 for administrative expenses.
- A North American Actuarial Online Library proposal is under consideration by the COP.
- The Council of Presidents will be proposing a change in the U.S.-Canada cross-border discipline agreement. Currently, the CIA determines whether there has been a violation of the Canadian code of conduct and the agreement states that the CAS must automatically find that there is violation. It will be changed to allow the CAS to request further investigation in Canada in accordance with CAS Rules of Procedure for Disciplinary Action.
- A review of ABCD operations will be conducted by a COP task force.
- ASTIN and AFIR participation has dropped; it has been suggested that the U.S. organizations add dues for these IAA sections on the organization's dues notices.

A member of the Board commented that the proposed requirement of 20 hours of continuing education annually was too low. Another member opined that continuing education requirements should not apply only to persons that sign opinions. It was suggested that the EC and Continuing Education Committee consider increasing CAS continuing education requirements to a standard above that which the Qualifications Committee has recommended. Alice Gannon asked that this issue be put on the agenda for the May Board meeting.

Alice Gannon also asked that the U.S.-Canadian cross-border discipline agreement and ABCD operations be added to the May Board meeting agenda.

13. EXECUTIVE DIRECTOR'S REPORT

Tim Tinsley, CAS Executive Director, presented the status report on office management issues, as contained in attachment 11 of the agenda. Construction has commenced in the expansion space and is expected to be completed by March 27th. Negotiations continue over the language for the Second Amendment to the original 1991 CAS office lease to extend this lease by five years to February 2006. This amendment also includes an option to extend to 2011. No major obstacles are envisioned.

A new CAS Web Site design was introduced in mid-January to establish a more professional identity. In addition, navigational tools were simplified, menu items renamed, and links established to user tools.

Alice Gannon announced that Tim Tinsley has decided to retire, with an expected retirement date of January 1, 2002. Alice noted that he has done an outstanding job during his tenure as Executive Director and noted that the current CAS office staff is strong. Tim Tinsley has developed a succession plan which was approved by the Board in May 2000. A search committee will be formed by Pat Grannan.

14. 2001 CASUALTY PRACTICE COUNCIL MAJOR ISSUES

Steve Lehmann, Vice-President, Casualty of the American Academy of Actuaries handed out a list of AAA Property/Casualty Committees and Work Groups for the Board's information. He also referred to the key issues that the committees are working on in 2001, which are contained in attachment 12 of the agenda.

15. AMERICAN ACADEMY SUPPORT OF CAS

Larry Johansen, President of the American Academy of Actuaries, talked about the highlights of the AAA Organizational Update, included for information in attachment 13 of the agenda. The Academy wrote a letter in support of the adoption of the NAFTA provisions that would make it easier to cross borders between the

U.S., Mexico and Canada to do actuarial work. Pat Grannan indicated that he wrote a similar letter on behalf of the CAS. Discussions are continuing regarding mutual recognition agreements. There is some concern about IAA educational requirements when applied to Enrolled Actuaries. The Academy is drafting a white paper on the history of continuing education requirements. The Academy Board adopted a new Strategic Plan in January. Highlights of the Plan include communications to members, improvements to the Web Site and external communication. A Washington Forum will be held on May 2nd focusing primarily on Financial Services Reform.

Larry Johanson then distributed a draft copy of the March issue of the *Actuarial Update* with articles on the disciplinary process. The goal of the *Update* is help to educate members about the disciplinary process and to invite discussion about concerns with the process. The Board asked about the relationships between the American Academy and other actuarial organizations. Larry Johanson responded that the relationships were good and that the Council of Presidents was able to discuss substantive issues in a constructive fashion. Alice Gannon thanked Larry Johanson and Lauren Bloom for attending the Board Meeting. A Board member asked which U.S. organizations have adopted the private reprimand option. Lauren Bloom responded that, while the CAS has adopted private reprimands, the SOA and American Academy have not.

The Board adjourned for lunch at 12:20 p.m. Alice Gannon reconvened the Board at 1:30 p.m.

16. 2000 LRPC REPORT

Jerry Degerness, Chairperson of the Long Range Planning Committee, presented the 2000 LRPC Report, included in attachment 14 of the agenda. The theme of the report is “New Horizons.” The Long Range Planning Committee recommended that the Board resolve to:

- Accept the 2000 LRPC Report.
- Confirm the 1999 CAS Strategic Plan with no changes for 2001.

The LRPC’s “Top 10” recommendations were listed on page 2 of the report. There are a total of 49 recommendations.

1. Reconfirm the focus on independence as set forth in the Strategic Plan.
2. Encourage Regional Affiliates to move to a governance model that involves greater levels of membership participation within the Regional Affiliates.
3. Assure the focus of the profession remains appropriate by supporting the various specialties within our profession and considering additional forms of certification that would allow for greater intensity in key areas of practice.
4. Consider a vehicle for a formal communication and incentive program where academic institutions are made aware of and provide input into seminars, courses and research activities that address the scope of our required skill sets.
5. Research alternative ways to address risks that become part of casualty practice as a result of financial deregulation.
6. (With the AAA as appropriate), identify the value that CAS members can bring to solving problems in the financial services industries and communicate that value to the appropriate decision-makers in those industries.
7. Invite more financial and operations executives to participate in CAS programs to broaden CAS members’ knowledge of the operational and financial areas of the insurance/financial services business.
8. Strengthen use of the Internet as a recruiting tool.
9. Work with other professional organizations to sponsor joint education opportunities on data topics.
10. Improve and strengthen the dialogue between the CAS and the ASB relative to the process surrounding Casualty Actuarial Standards of Practice.

Jerry Degerness then referred to the Future Top Ten Stories. Bob Conger commented on the key themes among the stories.

Jerry Degerness summarized the key issues that emerged from the CEO survey, particularly awareness of the need to maintain skills in a variety of areas that traditionally have been considered complementary to our core skills. In addition, actuaries could provide more value by using the most advanced technology and modeling techniques. We must also be able to communicate better with others.

Jerry Degerness detailed the four recommendations on the governance of the Regional affiliates and the recommendations pertaining to relations with Academia.

He asked John Kollar to discuss the recommendations under the Financial Deregulation section. The Board discussed at length areas where the actuaries can bring value to solving problems in the financial services industries.

Jerry Degerness then discussed the recommendations in the skills acquisition section.

There was discussion about the recommendation to improve and strengthen the dialogue between the CAS and the ASB relative to the process surrounding Casualty Actuarial Standards of Practice. A member pointed out that the ASB has issued other standards that are applicable to casualty practice. It was suggested that the CAS implement a process to ensure that every Standard is examined to determine if it has application to the casualty actuaries. It was recommended that the CAS ask the Casualty Practice Council to take this responsibility. Concern was expressed by a Board member that there is a lack of consideration to feedback given in response to standards.

Jerry Degerness noted the valuable feedback provided by the New Fellows Committee directed by Bob Conger. Under the topic of Social Responsibility, a Board member asked the committee to look into the E&O exposure associated with working as an expert volunteer.

Jerry Degerness then discussed the committee's plans for 2001. The theme will be "Our Publics."

A motion was made to accept the report. It was seconded and approved unanimously. Alice Gannon commended the committee for their fine work, and she directed that the 2000 LRPC Report be placed on the CAS Web Site.

Pat Grannan asked the committee to provide feedback on which recommendations should be addressed. Jerry Degerness's recommendation was to focus on the Top Ten. It was suggested that the EC present a plan to address the recommendations at the May Board meeting. Board members should provide feedback and ideas to the EC to incorporate into the plan.

17. DRAFT SOA STRATEGIC PLAN

John Kollar, Liaison to the SOA Strategic Planning Committee, led the discussion of the draft 2001 SOA Strategic Plan, included in attachment 15 of the agenda. The SOA has asked the other organizations for feedback on the plan.

There was a motion that the CAS Board instruct the President to respond that the CAS has received the report; to thank the SOA for sharing it with us; and to state that, since it is the SOA's Strategic Plan and does not apply to casualty practice, the CAS declines to provide comments. The motion was seconded and approved unanimously.

18. RESULTS OF FALL '00 EXAM SITTING

Mary Francis Miller reviewed the results of the Fall exam sitting, included for information in attachment 16 of the agenda. She noted that Part 6 results were disappointing. Results for Parts 1-4 improved from the Spring, but were still not at the level expected. She clarified that the results displayed were for all candidates sitting for the exam. There was a comment on the high number of candidates who achieve less than half the passing score.

19. EXAMS 1-4

Pat Grannan handed out the following material:

- Comments from Fred Kist.
- * • An e-mail from Arthur Schwartz.
- * • A letter from Joe Gilles to the CAS Board based on a survey of actuaries at Liberty Mutual.

- * To be added to the other e-mails from members and students distributed with the agenda material.

The Board agreed to follow the discussion framework that Pat Grannan proposed, included in attachment 17 of the agenda.

Status report on the activity resulting from November 2000 Board decisions:

a. Reduce material for May 2001 Exam

Mary Frances Miller reported that a reduction in material (estimated to be about 30% for Exam 3 but less for Exam 4) was announced in mid-December. The SOA cooperated in this initiative and the changes were well received by the candidate population.

b. Commission study notes

There has been some internal CAS discussion on the content for Credibility, Survival Models and Loss Distributions. Stuart Klugman has volunteered to write a study note integrating survival models and severity distributions. Clive Keatinge is heading up the oversight group working with Stuart Klugman. A number of CAS and SOA members, as well as academics, have been invited to work on an outline with Stuart Klugman.

c. Task force to examine alternative structures

Gail Ross reported that there have been two teleconferences so far. The task force has agreed that its charge is to come up with a contingency plan in case the other efforts to improve the exams fail. The goal is to make recommendations regarding exam structure, topics, material and transition rules by May 2001. There was concern expressed about how the success of options a and b will be measured to determine if the contingency plan should be invoked.

(Continued in item 23)

20. EXECUTIVE SESSION

The Board went into executive session at 4:40 p.m.

21. ADJOURN UNTIL MARCH 2

Alice Gannon called the meeting to order at 7:30 a.m. on Friday, March 2, 2001.

22. CAS INTERNATIONAL STRATEGY ISSUES

LeRoy Boison, Vice President-International, introduced the agenda item, included in attachment 18. George Hansen, Chairperson of the International Issues Committee, presented his committee's recommendations, which included three options for examinations in other countries and a proposal for an Ambassador Program:

1. **Coordination with SOA:** The CAS would follow the SOA's selection of countries and priority list and would be responsible for assisting with General Insurance exams. The CAS would retain the ability to implement outside of the SOA priority order. The potential drawbacks of this option were conflicts regarding implementation issues (such as non-English exams), less control regarding implementation, and the fact that the SOA implementation is already underway. A Board member expressed concerns about differences in the cultures of various countries that may impact how products are structured. There were also questions about the recognition of the CAS as a separate entity.
2. **"Peer Reviews" of Actuarial Exams:** The CAS would only provide guidance regarding minimum standards for examinations. Other organizations could use the CAS exams as a basis, but there would be local responsibility for administration, translation, grading and qualification standards. This would not provide for mutual recognition.
3. **"Direct Assistance" Approach:** This option would use the CAS examination and qualification process. The CAS would assist with creating country specific exams where necessary. It would be structured to ensure mutual recognition and use of the CAS designation. Several members questioned the benefit the CAS would derive from these activities.
4. **Ambassador Program:** The CAS would have a program separate from the SOA. There would be a regional focus using International Issues Committee subcommittees. We could implement contacts on the CAS Web Site, maintain public relations with local actuarial organizations, and distribute information from the CAS.

The committee requested the Board's approval to initiate discussions with other organizations about joint activities. The Board made two changes to the recommendations contained in the agenda. In item b), change "create two country examination possibilities" to "investigate two country examination possibilities". In item a), change "approach the SOA" to "approach the SOA, IAA or the Institute of Actuaries" with the understanding that the International Issues Committee will start with the SOA.

A motion was made to implement the following activities:

- a) Approach the SOA, IAA or the Institute of Actuaries to coordinate activities regarding international strategies.
- b) Investigate two country examination implementation possibilities: i) The first is a "Peer Review" approach under which the CAS would provide guidance regarding the material and depth of knowledge that an individual should possess in order to have met minimum standards to perform general insurance actuarial work. ii) The second, "Direct Assistance" approach, would be based on the local actuarial association adopting the CAS exams (and the CAS/SOA joint exams).
- c) Implement a CAS Ambassador Program
- d) Initiate formal discussions with selected foreign actuarial associations (India, Hong Kong, Poland and China) that have expressed interest in "partnering" with the CAS to determine what the expectation is and the level of interest.

The motion was seconded and approved unanimously.

23. EXAMS 1-4 (CONTINUED)

Pat Grannan resumed the discussion of Exams 1-4. Mary Frances Miller discussed the effort of an international Joint Task Force on Education to determine common learning objectives for the SOA, Faculty/Institute of Actuaries, Institute of Actuaries of Australia, and the CAS. This would encompass most of the material on Part 1, all the material on Part 2, and half of the Part 3 and 4 materials. It is likely that there would be three joint exams. Members of the Board expressed support for the concept of three common exams. The Board asked to be kept informed on the activities of the international task force through e-mail.

Pat Grannan reviewed the pass statistics in attachment 17 of the agenda. He polled the Board members to get their opinions about Exams 3 and 4.

There was general consensus among the Board members that there is urgency on Exams 3 and 4, but that we should not panic and should carefully consider changes. We need to address the relevance of the material on exams. Many members also felt that study notes should be aggressively pursued. They felt that, while joint sponsorship was valuable, it was not essential. Several members discussed the desirability of having an attractor exam. Some Board members also felt we should address the pass ratio. There was debate about whether we could successfully implement the changes by the May 2002 exam. One of the concerns was being able to adequately staff an exam committee that would produce a new exam(s) of high quality. Gail Ross proposed that we ask the Student Liaison Committee to solicit exam questions. Several Board members were intrigued by the idea. There was debate about the merits of a plan to lengthen Part 1 to four hours.

A motion was made that the Board direct the Vice President - Admissions to work with the Exams 3 and 4 Contingency Plan Task Force to develop a specific proposal on the structure of Exams 3 and 4, including the topics on the exams and a time frame to effectively implement the proposal. The Vice President - Admissions will present the proposal to the Board at the May meeting.

The motion was seconded and passed unanimously.

A second motion was made to give the Vice President - Admissions the authority to work with the Preliminary Actuarial Exams Education and Syllabus Committee to move material between Parts 3 and 4 in time for the November 2001 sitting. The motion was seconded and passed with 13 in favor and one member opposing.

Three examination policy proposals by Mike Toothman were distributed for discussion.

1. The first proposed Policy for Setting Pass Marks stated that the overriding goal is to set the pass mark to pass all those candidates who have in the opinion of the Examination Committee demonstrated by their exam responses a sufficient grasp of the syllabus material and to fail those candidates who do not.

The Board suggested several changes to the policy.

A motion was made to approve the policy, as amended, for setting the pass mark with the above changes (attached). The motion was seconded and passed unanimously.

2. The second proposal was a Policy for Examination Development. The Board agreed to send it to the Admissions Committees and the Exam Consultant for review. A Board member asked to add the effective pass ratio and travel time issue to the discussion with the Exam Consultant. Alice Gannon added the Policy for Examination Development to the agenda for the May Board meeting. It was also suggested that Chuck Bryan's proposal on exam principles also be added to the May Board agenda.

3. The third proposal was a Policy Regarding Joint Sponsorship of Examinations. The Board discussed several changes to the policy as proposed by Mike Toothman.

A motion to accept the following policy as amended on Joint Sponsorship of Exams was made: The Board recognizes in general that it is desirable to jointly sponsor examinations with other actuarial organizations whenever all organizations wish to examine the same topics and all organizations have comparable learning objectives for these topics. In these situations, the CAS will consider joint examination partnerships as long as the CAS has at least an equal role to those of other partners in decision-making on all matters including but not limited to such items as syllabus, exam question, and pass marks; and the financial arrangements are deemed equitable by the CAS. The Board further re-affirms that achieving the learning objectives established by the CAS is more important than achieving or maintaining joint sponsorship.

The motion was seconded and approved unanimously.

The Board directed Pat Grannan to prepare a communication about its decisions. He will distribute it to the Board for review by e-mail with a week to respond. He will then finalize the communication with peer review with Alice Gannon and Bob Conger.

In light of the large number of important examination and other issues that will be discussed at the May Board meeting, the Board agreed with Alice Gannon to expand the meeting to start sometime Saturday afternoon. The members will be polled on the best starting time.

24. JOINT EXAMS FINANCIALS

There was a review of the Joint Exams Financials, included for information in agenda item 19. Exhibits showing Exams 1-4 revenues and expenses for 2000 and the 2001 budget were distributed. The SOA will be asked for an explanation of the variance between actual expenses allocated for 2000 and the budget developed in 1999.

25. INFORMATION ITEMS

The following agenda items were presented to the Board for its information:

- Q1 FY 2001 Financial Statement (Attachment 20)
- Reduced Exam and Study Kit Fees in Emerging Countries (Attachment 21)
- Release and License Agreement for CAS Textbook (Attachment 22)
- EC Meetings: Minutes of Oct 12, Nov 14, Nov 17, Dec 15, Jan 18 Meetings; Agenda for Feb 20 Meeting (Attachment 23)
- First Cycle Reports/Review of Progress on 2000-01 Goals (Attachment 24)
- September 2001 Joint CAS/SOA/CIA Board Meeting (Attachment 25)
- 2002 Board Meeting Schedule (Attachment 26)
- ICA Cancun 2002 Planning (Attachment 27)

26. ADJOURN

A motion was made to adjourn the meeting at 11:17 a. m. The motion was seconded and passed unanimously.

Respectfully submitted,

Joanne S. Spalla
Assistant Secretary - Board of Directors

Approved May 5, 2001

Attachment

Procedures for the Election of Officers and Directors 2001
CAS 2001 Telling Procedures
Joint Basic Principles of Education
Policy for Setting Pass Marks

**PROCEDURES FOR THE ELECTION OF
OFFICERS AND DIRECTORS
2001**

1. November 12, 2000 Board Meeting – The Board approved the 2001 Nominating Committee chair and members. The Nominating Committee shall consist of the retiring President and the four most recent Past Presidents. The Nominating Committee shall be chaired by the second most recent Past President.
2. March 1-2, 2001 Board Meeting – The Board approves 2001 election procedures for nominating and balloting.
3. April-May 2001 - The VP-Administration (to assist the Nominating Committee) conducts a solicitation of Fellows for nominees for President-Elect and Board of Directors (preferential ballots mailed on Monday, April 9). The preferential ballot package includes information about the 2001 election process, nominating standards and lists of members in leadership positions.
4. May 6, 2001 Board Meeting – The Board approves the recommendations of the Nominating Committee for additional information on each candidate to be included with the ballot in September, 2001. The questions in 2000 were:
 - Why do you want to be a member of the CAS Board?
 - What particular qualities and experience would you bring to the Board?
5. Following the May 6, 2001 Board meeting the Board Chairperson submits a list of Vice Presidential candidates to assist the Nominating Committee in selecting a slate of Vice Presidents.
6. May 14, 2001 (Monday) - Deadline for receipt of preferential ballots from the Fellows.
7. June 2001 - Nominating Committee meets to select nominees for President-Elect (1), for Board seats (8), and for Vice Presidents (6). The Chairperson contacts the nominees to assess willingness to serve.
8. By July 5, 2001 (Thursday)
 - (a) President and Vice President-Administration advised of Nominating Committee slate.
 - (b) President advises the Board of the slate for Vice Presidents under confidential cover and also advises nominees of the other members of the slate.
9. July 13, 2001 (Friday) - Nominating Committee slate for President-Elect and Board vacancies sent to Fellows by Vice President-Administration. Necessary form(s) and instructions for the submission of additional nominations by petition will be included in the same mailing.
10. August 17, 2001 (Friday) - Deadline for the submission of additional nominations. The Vice President-Administration validates additional nominations and directs the CAS Office to prepare ballots for distribution.
11. August 31, 2001 (Friday) - The CAS Office mails ballots to all Fellows. (At least four weeks prior to due date.) The ballot package from the VP-Administration includes a ballot form, biographical information, responses to questions, a summary of the employment type and geographical information for continuing Board members, a return white envelope, and a plain inside green envelope for confidentiality of the completed ballot.

12. September 2001 - The Executive Director arranges for three Fellows to serve as Tellers, of whom one will be designated as Head Teller. The Head Teller shall be responsible for the validation of the detailed listing of the ballots and the reporting of election results to the President.
13. September 4, 2001 (Tuesday) – The CAS Office sends an e-mail to Fellows to expect the election ballot package in the mail.
14. September 13, 2001 Board Meeting – Vice Presidents elected by Board.
15. September 20, 2001 (Thursday) – The CAS Office sends an e-mail to Fellows reminding that the deadline for voting is that ballots must be received by October 1, 2001.
16. October 1, 2001 (Monday) - Deadline for receipt of mail ballots at CAS Office. Note: Must be at least four weeks after mailing date, and should be as close as possible to date Tellers will meet.
17. October 4, 2001 (Thursday) - Tentative date, depending on Tellers' schedule - Head Teller begins validation of ballots and the voting results. If appropriate, the Head Teller will prepare necessary ballots for subsequent balloting at Annual Meeting.
18. October 5, 2001 (Friday) - Head Teller delivers names of elected President-Elect and Directors to the President.

CAS 2001 Telling Procedures

1. Executive Director arranges for three Fellows to serve as tellers, one of which is designated as Head Teller (September, 2001).
2. The CAS Office creates 8 or more different ballots (depending on the number of Board candidates), with each candidate listed first on an equal number of ballots, with the other names following in alphabetical order starting with the name following the first name on the ballot.
3. CAS Office mails ballots to all Fellows on August 31, 2001 (at least four weeks prior to the October 1, 2001 deadline for returned ballots). The ballot package from the VP-Administration includes a ballot form, biographical information on each candidate, responses to questions, a summary of the employment type and geographical information for continuing Board members, a return white envelope, and a plain inside green envelope for confidentiality of the completed ballot.
4. Before mailing, the ballots will be randomized so that same ballot listing is not mailed to a particular geographic area.
5. Completed ballots are due to the CAS Office by October 1, 2001.
6. Ballots received by October 1, 2001 deadline will be counted.
7. Ballots received after the October 1, 2001 deadline will be destroyed without opening.
8. Ballot envelopes should be alphabetized prior to deadline date to facilitate the following verification process.
9. For ballots to be counted, CAS Office verifies that the name on the white envelope is that of an eligible FCAS.
10. CAS Office also verifies that no FCAS submits more than one ballot.
11. Any cases of multiple ballots by one FCAS will be identified for handling by Tellers.
12. The Executive Director instructs the staff on the need for absolute confidentiality of the balloting process.
13. CAS Office staff (with the Executive Director supervising) opens each envelope.
14. The Executive Director oversees the validation of ballots, checking for presence of "Official Ballot, Casualty Actuarial Society" imprinted with a special blue CAS logo.
15. The Executive Director oversees verification that no ballot contains more than four votes for the position of Board Member. If there are more than four votes for Board members, votes will not be counted for Board members, but single votes will be counted for a President-Elect.
16. No votes for a write-in candidate will be counted; on a ballot containing a "write-in," votes for candidates on the ballot will be counted unless otherwise invalidated.
17. The CAS Office staff scans each ballot through an optical reader. (October 2-3, 2001)
18. The CAS Office produces a printout of the detailed results of the optically scanned ballots for the Tellers.
19. Ballots and a detailed listing of results are transported from CAS Office to designated Teller location, if other than CAS Office.
20. Totals from the detailed listing of results are verified by Tellers using manual and/or sample testing procedures (tentatively scheduled for October 4, 2001).

21. Final results from election are communicated to CAS President by Head Teller within four days of balloting deadline (October 5, 2001).
22. Ballots, detailed listing of results and summary letter on results are given to Executive Director for filing with CAS records.
23. Upon request by an unsuccessful nominee, the CAS President will advise the nominee of his/her vote count and the number of votes received by the winning candidate with the lowest number of votes. Otherwise the voting results are confidential.
24. Ballots and detailed listing of results will be destroyed after the 2001 Annual Meeting. Summary of results will be retained by the Executive Director for use by the Nominating Committee.

Joint Basic Principles of Education

No.	Principle	F&IoA	SoA	CAS	IAAust
	To preserve and enhance the public perception of the profession and to encourage and reflect the advancement of actuarial science, the actuarial education process will:		1		1B,8
1.	Develop actuaries who are able to deliver a service of quality and high standard to meet the current and projected future needs of clients, customers, and the public.	1,2,8	6	5	1A
2.	Attract the best and brightest candidates from a range of numerate backgrounds.	7	3	10	2
3.	Ensure coverage of core topics common to all disciplines, as well as speciality requirements and the emerging needs of the profession, so as to prepare members to take on a variety of different roles.	4,10	5	2,7	3
4.	Provide a balance among theoretical concepts, practical applications, business acumen and professionalism.	13,14,15,16		5	
5.	Develop actuaries who demonstrate key characteristics of the profession such as attention to rigour and a long-term perspective.	3	1		
6.	Emphasize quality of learning to foster deep understanding by using the best educational opportunities available and appropriate assessment methods. <ul style="list-style-type: none"> • It is up to individual organizations to determine their own combinations of learning and assessment. 	9,11,12,17	2	7,8,9	7
7.	Recognize the international educational guidelines of the IAA and contribute to the globalization of the profession.	6	7	11	6

March 2, 2001

CASUALTY ACTUARIAL SOCIETY

POLICY FOR SETTING PASS MARKS

The overriding goal in setting the examination pass marks is to pass all those candidates who have in the opinion of the CAS demonstrated by their exam responses a sufficient grasp of the syllabus material and to fail those candidates who have not.

It is the Board's desire that the threshold for passing each examination be set in accordance with the above paragraph. In doing so, the CAS should strive to maintain as consistent a standard as possible over time, adjusting the pass mark for any individual examination as appropriate in order to reflect differences in the difficulty and length of individual examinations, the preparedness of the candidates, and other factors. In all cases, however, the overriding goal as stated in the first paragraph is paramount.

The Board further affirms that the CAS shall use no predetermined pass ratio as a guideline for setting the pass mark for any examination. If the CAS determines that 70% of all candidates have demonstrated sufficient grasp of the syllabus material, then those 70% should pass. Similarly, if the CAS determines that only 30% of all candidates have demonstrated sufficient grasp of the syllabus material, then only those 30% should pass.

This policy statement is applicable to all examinations given solely by the CAS. Furthermore, the Executive Council and the Admissions Committees are charged with working with the SOA on jointly sponsored examinations to follow this policy to as great an extent as possible within the spirit of our joint examination partnership.