

**CAS BOARD OF DIRECTORS MEETING
MARCH 8-9, 2004
Santa Fe, New Mexico
Executive Summary**

JOINT PRELIMINARY EDUCATION TASK FORCE

The Board reviewed and approved the Preliminary Education Proposal of the joint task force, which comprises a realignment of the first four exams and the introduction of credit for non-exam experience called Validation by Educational Experience (VEE). The details of this proposal can be found on the CAS Web Site at <http://www.casact.org/admissions/reports/033104.htm>.

The major issues are changes to the content of the jointly administered exams (1, 2 and 4); the addition of Statistics to Exam 3 to remedy a perceived lack of that material on the syllabus; and the movement of several major subject areas (Economics, Corporate Finance, and Applied Statistical Methods) to VEE. The CAS will offer exams on Economics, Corporate Finance, and Applied Statistics for a minimum of two years as another option for achieving VEE credit for these subjects. The CAS will work to either offer or accredit (VEE) experiences. Additional transition rules related to pre-2000 exams were approved.

ACAS TASK FORCE UPDATES - CLASSES OF MEMBERSHIP & VOTE

Amy Bouska gave the Board an overview of the progress of the Task Force on the ACAS Vote, the results of which will be presented in detail at the May 16, 2004 Board meeting in Colorado. The Board engaged in a lively discussion of the preliminary progress and provided positive feedback to the task force on its work to date.

The findings of the Task Force on the Classes of Membership, which is considering the relative virtues of one versus two classes of membership, will also be presented to the Board in May. The outcome of the two reports must necessarily be considered together before any final decisions can be made.

S&P RESPONSE BY AAA

The Board walked through a chronology of the events as they transpired following the issuance of the November 2003 S&P report on actuarial reserving entitled "Insurance Actuaries – A Crisis of Credibility." The CAS was dissatisfied with the communication process during the development of the press release issued by the AAA in response to the S&P report. There have since been a variety of initiatives to improve the process. The Board and CAS leadership are confident that the CAS will be more effectively included in the future crises response teams. The CAS Board acknowledged that more should be done to convince all segments of the public that Statements of Actuarial Opinion can be relied upon.

STUDY MATERIALS TASK FORCE REPORT

The Board heard a report on the conclusions of this Task Force, which had investigated ways of improving the quality of the study materials available to CAS candidates. The Task Force reviewed the products of potential vendors with whom the CAS could contract to develop new study materials for the upper level exams. The Task Force presented several recommendations of ways to identify the most qualified vendor to write high-quality, consistent study materials to supplement or replace the material currently on the syllabus. The EC was charged with considering the recommendations. The Board disbanded the Task Force with thanks.

MEMBERSHIP SURVEY TASK FORCE REPORT

The Board received the Report of the 2003 Membership Survey Task Force. Conducting the survey online was a great success, with an outstanding 52% response rate, which was much better than the rate for the previous, mail-only survey. The conclusions and observations of the task force are discussed in the report, which is found on the CAS Web Site at <http://www.casact.org/members/reports/2003ms.htm>.

While the Board was discussing the possibilities for following up on some of the findings of the survey, the Membership Advisory Panel was mentioned as a recent innovation with great potential for collecting timely and low-cost data regarding member views on emerging issues.

The idea of conducting a survey of Candidates was suggested, to gather their impressions regarding many of the issues covered by the Membership Survey. There are many activities (such as the Regional Affiliates) that have a greater skew toward non-Members, so such a survey could be potentially very valuable. The Executive Council was charged with reviewing the recommendations of the Membership Survey Task Force and considering the idea of a survey of Candidates. The Task Force was disbanded with thanks.

AUDIT COMMITTEE REPORT (FY 2003)

The Board received a report on the results of the independent auditor's analysis of the CAS financial statements as well as the results of the triennial internal controls audit. The auditor was highly complimentary of the aspects of CAS operations reviewed in the course of the internal controls audit. Although there were no items warranting the Board's or the audit committee's attention, in the management letter the auditor did recommend three minor improvements to align the CAS current practices with "best practices" using practices firms have developed to comply with Sarbanes-Oxley as a benchmark. These have already been implemented in the time since the CAS received the audit report.

IAA VOTE (REPORT OF THE INSURER SOLVENCY ASSESSMENT WORKING PARTY)

After considering and discussing the CAS IAA Response Committee's report regarding the IAA draft paper entitled "A Global Framework for Insurer Solvency Assessment," the Board voted to support publication of the paper.

2005 PRESIDENTIAL GOALS

Steve D'Arcy led a discussion of his goals for his upcoming term as president and solicited input from the Board members on the proposed goals and any goals individual directors might have. He will review all of the suggestions provided and integrate them, as appropriate, into his goals over the upcoming months.

CAS ONLINE LIBRARY SEARCH ENHANCEMENTS

The Board passed a motion to approve the expenditure of \$30,000 from the CAS operating budget for the CAS online library search enhancements.