

**MINUTES
CAS BOARD OF DIRECTORS MEETING
MARCH 9-10, 2006
South Beach, FL**

Present

Directors: Irene Bass, Regina Berens, Christopher Carlson, Robert Deutsch, Sholom Feldblum, Allan Kaufman, Andrew Kudera, Donald Mango, Glenn Meyers, Roosevelt Mosley, Karen Terry, and Robert Wolf.

Immediate Past President: Stephen D'Arcy.

President: Paul Braithwaite.

President-Elect: Thomas Myers.

Vice Presidents: Amy Bouska, James Christie, Roger Hayne, John Kollar, Debbie Rosenberg, and Joanne Spalla.

CAS Executive Director, Cynthia Ziegler; Assistant Secretary – Board of Directors, Kenneth Quintilian.

Other Attendees: Michael Boa – Director of Communications and Research, CAS Staff; Todd Rogers – Director of Finance and Operations, CAS Staff.

Invited guests: Chuck Emma, Aaron Halpert, Mary D. Miller (participated by teleconference March 9).

Observer: Clive Keatinge.

Excused: Beth Fitzgerald (participated by teleconference for a part of March 10).

Steve D'Arcy called the meeting to order at 8:10 a.m. on Thursday, March 9, 2006.

1. CONSENT ITEMS

There was a motion to approve the following items on the consent agenda:

(a) Minutes of November 13, 2005 and January 10, 2006 Board Meetings

The minutes of the November 13, 2005 and January 10, 2006 Board Meetings were approved as written.

(b) 2005-06 Audit Committee Staffing

The recommended additional members for the Audit Committee were approved.

(c) 2006 LRPC Objectives

The 2006 LRPC Objectives were approved.

(d) Renaming the CAS Loss Reserve Award

The Board resolved to rename the current CAS Loss Reserve Award; to accept the \$30,000 endowment from a member to fund the prize from the CAS Trust; and to memorialize the Award in the Yearbook.

The motion was seconded and approved unanimously, with 15 members voting.

Later in the meeting, there was **a motion to rescind the approval of Consent Item (d)**. The motion was seconded and approved unanimously, with 15 voting.

The Board requested that the EC compile a complete listing of the prizes and awards granted by the CAS, along with their reasons for existence, dates of origin, sources of funding, and other pertinent information. This will allow the Board to take a more methodical approach to evaluating requests to name prizes.

2. BOARD EXPECTATIONS AND RESPONSIBILITIES

Steve D'Arcy introduced this item and discussed the highlights of the topic, as outlined in the Board materials. The board conducted a general discussion about board responsibilities and expectations, developing a consensus about attendance policies and meeting protocol. The Board agreed to direct the Executive Director to draft a Board policy on the topics of Board attendance, communications, and the conduct of non-Board related activities during meetings, for consideration and adoption by the Board at a future meeting.

There was some discussion of ways to draw out minority viewpoints and generally to increase the robustness of the discussions of the Board in these meetings, which currently encompass a relatively large group which can at times discourage unfettered debate. Most of these questions ultimately relate to Chair management procedures, and ways to pass "best practices" and institutional memory from Chair to Chair.

The Board discussed practical considerations of the open meeting policy as applied by the CAS Board, and whether the policy is desirable to continue and at what level. The Board meetings have been open to all members of the CAS for a number of years, although attendance of the general membership is almost always very sparse. The meeting agenda is published in advance of the meeting, the meeting highlights shortly thereafter, and the full minutes after their approval at the subsequent Board meeting, all on the CAS web site where any member can view them.

On the other hand, the attachments to the agenda are not publicly available. Non-invited observers of the meeting are afforded a copy of the attachments to view during the meeting, but are not allowed to take them out of the Board room. Non-attendees are not able to view the attachments, which are not posted in the members' section of the web site. The Assistant Secretary pointed out that readers of the minutes will not always be able to follow the discussion in the minutes without access to the attachments, thus potentially decreasing the transparency to the membership of the Board deliberations. Steve stated that he would put together an informal Board task force to look into the open meeting policy, and report to the Board on whether the policy should be refined to provide more or less transparency, or whether the current procedures are already appropriate.

The Chair then conducted a series of straw polls to determine the Board sentiment regarding the importance of addressing various Board initiatives and topics over the upcoming year. The Board indicated an affirmative desire to consider the following items:

- Education process (ACAS/FCAS/CE requirements)
- Promoting the value of volunteership to members and employers (the "Donor Value Proposition")
- Potential gap in point of view / goals between the CAS leadership and the membership
- Classes of membership
- Credibility of the actuarial profession
- Developing an international policy for the CAS
- CAS strategic vision / plan
- SAM goals

3. REPORT OF BOARD TASK FORCE ON OUTSIDE REPRESENTATION IN CAS GOVERNANCE

Allan Kaufman introduced this item and began by outlining the Task Force recommendations, many of which would require Constitutional or Bylaws revisions. The most notable recommendation is that the Board be given the authority to appoint up to three members to the Board, over and above the three *ex officio* members and the twelve regular members. The intention put forth by the Task Force (to be expressed by the Board but not mandated in the bylaws) was for one authorized seat to be currently offered to the AAA VP-Casualty; for the second seat to be offered to a non-actuary to be selected by the Board; and for the third seat be left vacant initially, pending the success of the foregoing initiative. Under this recommendation, the Board would have the prerogative to change this practice at any time, having authority to appoint whomever it willed (or no one) to these posts.

There was some discussion of the standing invitation that the AAA VP-Casualty has had, for the past several meetings, to attend all CAS Board meetings or to send a designated representative from the Casualty Practice Council. The VP position is currently held by Mary Miller, who was participating by teleconference. Mary indicated that she makes a strong effort to take advantage of this opportunity whenever possible. Chuck Emma's presence at this Board meeting was in fact in the capacity of designated CPC representative. Mary indicated that the most important thing is being invited (as opposed to being on the Board or voting); however, she also granted that true Board membership would increase the precedence of this meeting among competing priorities.

Concern was raised that adding an AAA member to the Board might be perceived as an increase in the North American focus of the CAS at a time when the Centennial Goal indicates a desire for increased internationalism. In fact, without adding the CIA, it could even be interpreted as exclusionary toward Canada.

Allan stated that the Task Force has considered the relative merits of adding more Board members to accommodate this change, as opposed to decreasing the number of traditionally elected members to keep the total at 15. The Task Force concluded that the increase would not be unmanageable, although it would increase the responsibility of the Chair to actively direct the deliberations.

Allan outlined the thoughts of the Task Force regarding the addition of a non-actuary to the Board. The opinion of the Task Force is that the attendance policy for the AAA VP-Casualty would be more lenient, requesting that they attend at least half of the meetings. They would also be encouraged to send (presumably non-voting) alternates if they were personally unable to attend.

A suggestion was made that the non-member(s) could be constituted to compose a kind of Supervisory Board such as the ones common for public companies in Europe. These groups represent those stakeholders not represented on the traditional Board of Directors. This concept had not been considered by the Governance Task Force.

There was some discussion of whether these new members should be given a vote. It was generally agreed that, if this concept is approved, it would be appropriate to make the new members full members of the Board, since otherwise it would be difficult to explain the expectations of the position to the candidates, and it might be difficult to secure their commitment to regular attendance.

There was a motion to recommend an amendment to Article V of the Constitution to create a class of Board Members (tentatively called "Appointed Members") consisting of up to three additional Board Members, to be elected by the Board as described in the Governance Task Force report.

The motion was seconded and approved, with 13 voting in favor and 2 voting against.

There was a motion to establish a formal policy that the AAA VP-Casualty (or a designated representative from the CPC) be a permanently invited guest for every CAS Board meeting.

The motion was seconded and approved unanimously, with 15 voting.

There was a motion to announce to the membership, at the time of the publication of the Constitutional ballot, the initial intentions of the Board to appoint the VP-Casualty of the AAA to one of the three newly created Board positions; to select a non-actuary for the second position; and to leave the third position indefinitely vacant.

The motion was seconded and approved unanimously, with 15 voting.

The Board turned its attention to the third recommendation: that the Board seek to be more actively involved in the CAS strategy-setting process by becoming more involved in the activities of the Long Range Planning Committee. Aaron Halpert, Chair of that Committee, offered the opinion that in recent years the Board has been reactive to LRPC suggestions (debating them, accepting some, and rejecting others), when it might better serve the interests of the CAS for the Board to be more proactive (identifying tasks for the LRPC to research and explore and report upon). A joint Task Force of the Board and the LRPC should be appointed to research and seek to improve this process.

The idea was suggested that the CPC be requested to appoint a member to the CAS LRPC to ensure an enhanced dialogue between the CAS and the AAA in the strategic goal-setting process.

There was a suggestion that the Board Chairman could become, instead of its current, one-year, voting, *ex officio* role, a multi-year, non-voting, appointed role. This would be an additional way to formalize the institutional memory the Task Force seeks to achieve through Recommendation 4.

In order to further consider these and other governance issues, it will be necessary to appoint another Governance Task Force in November. The idea was offered that the Board might appoint a standing Governance Committee to address these issues on an ongoing basis. The Chair appointed an ad hoc task force, consisting of the President, the Past President, and the President Elect, to consider this issue and report its findings at the September Board meeting.

There was a motion to establish a policy that the Board Chairs maintain notes on Board management “best practices,” and update a cumulative set of best practices to pass to successor Chairs.

The motion was seconded and approved unanimously, with 15 voting.

A motion was made in response to Recommendation 6 of the Task Force:

There was a motion to request that the Chair of the Discipline Committee provide specific suggestions regarding how counsel could be used to enhance the deliberations of the Committee (outside of individual cases, where counsel is already available).

The motion was seconded and approved unanimously, with 15 voting.

There was some discussion of the aspect of Recommendation 6 that suggested that no change be made to the current structure of the Discipline Committee to include outside members. The Board discussed the current discipline process of the Canadian and UK systems, both of which include outside members at some phase of their adjudication. The difference in the case of the CAS is that the initial phase of the deliberations – during which the determination of guilt or innocence is made, and an initial penalty recommendation is handed down – is performed by the ABCD or CIA. This is the level at which outside input might have the greatest value. The concern was that the outside members might be insufficiently familiar with the finer points of actuarial practice to be able to fairly make the final penalty determination.

The point was made that similar questions are currently under consideration at the AAA, within CRUSAP, and at the ABCD's Council on Professionalism.

There was a motion that the Board, as a part of its governance deliberations, encourage the ABCD to consider including non-actuaries in their discipline process.

The motion was seconded and approved, with 9 in favor and 6 voting against.

Below are listed the resolutions made by the Board on this topic when this topic was taken up again, later in the meeting:

There was a motion that the office of CAS Executive Director be extended a permanent seat as a voting member of the Executive Council.

The motion was seconded and approved unanimously, with 13 members voting.

It was noted that implementation will require a change in the Constitution Article VI, which defines the membership and duties of the Executive Council. This will be placed before the CAS membership in the 2006 election. The Executive Director with the VP-Administration will craft the necessary textual revisions.

There was a motion to dismiss the Board Task Force on the Role of Outside Representation in CAS Governance, with thanks.

The motion was seconded and approved unanimously, with 13 members voting.

4. ERM VISION

John Kollar introduced this item and discussed the development of the document in the Board packet outlining an ERM Vision for the CAS. This issue was a major topic of discussion at the most recent NAAC meeting. The CAS and SOA are developing somewhat divergent visions for ERM, with the SOA seeking to establish an ASA-level ERM credential. John reiterated that the SOA would continue to welcome CAS collaboration on its credential, were CAS inclined to do so. The Mexican actuarial community is seeking to establish a new society for financial risk management professionals, which in Mexico compose a significant percentage of the actuarial profession.

It is important to keep in mind that ERM is a much larger concept than just insurance, while the CAS is still largely insurance-focused. This is one reason that the CAS might benefit from collaboration with other organizations, whether academic, non-casualty, non-actuarial, or international.

The observation was made that so far there has been little data and parameterization made available in the ERM arena. Much discussion of Operational Risk still revolves around hypothetical, stylized examples.

In the regulatory arena an ERM initiative exists in the form of the Risk Focused Surveillance Framework, which is being put forth by the NAIC and is currently being examined and commented upon by the Casualty Practice Council of the AAA. The implementation of this program is still roughly four years away.

Rating agencies are incorporating ERM into their proprietary rating models, although Standard & Poors has made elements of its model public. One member opined that the S&P monograph on this topic is an excellent summary of the major ERM issues, and he recommended it be widely read.

Many agreed that the CAS could distinguish itself in this space through hard data and analysis – jumpstarting the parameterization of the ERM process in areas such as Operational Risk. This would demonstrate that compilation and analysis of data is a strongpoint of the casualty actuarial tool kit.

John characterized the three pillars of the CAS response to ERM as being Research (of the potential areas of value brought by CAS members to the ERM process), Education (transmitting to members of the CAS an awareness of this value) and Marketing (transmitting to potential customers, employers, etc. an awareness of this value).

There was some discussion of whether #2 of the ERM Vision – that CAS members should have the skills necessary to become Chief Risk Officers (CROs) – was too restrictive given the fact that only a small fraction of those working in ERM are likely to ever become CROs. The thought was that this could be broadened to envision a wider variety of potential ERM-related job descriptions.

5. EXECUTIVE SESSION

At 11:15 a.m. on March 9, the Board went into Executive Session until about 12:15 p.m.

6. CAS ORGANIZATIONAL EVALUATION

Debbie Rosenberg introduced this item and presented her report, which results from deliberations and discussions between herself and the Executive Director. The focus of this report is on the Vice President structure and the alignment of committees within that structure. The recommendation of the report, unlike prior recommendations, is that the VP-Administration is a valuable position and should be retained; but a significant realignment of committees should be undertaken to more equitably assign committees to the most appropriate Vice Presidents. The details of the proposed realignments are found in the report.

Also discussed was the fact that some of the CAS's decisions in this regard are restricted by the wording of the Constitution and Bylaws, which are in many points significantly more specific than they need to be, assigning for example specific tasks to particular VP's. A consensus emerged that efforts should be made to refine those documents through future ballot questions to reduce the specificity of the wording.

There was a motion to direct the VP-Administration, together with the Executive Director, to investigate the changes that would be necessary to the Constitution and the Bylaws to make the documents more generic, among other things allowing the Board to add or remove Vice President or more junior positions (currently Assistant Secretary and Assistant Treasurer) as it might from time to time deem appropriate, without the need for further revisions to those documents.

The motion was seconded and approved unanimously, with 14 voting.

7. ACAS VOTE FOR 2006 BALLOT

Debbie Rosenberg introduced this item and presented the three propositions that will be put before the Fellows approval with the 2006 membership ballot:

1. Give the right to vote to the Associate members with five or more years as members;
2. Grant Voting Associates the right to serve on the Board of Directors; and
3. Grant Voting Associates the right to serve as officers of the Society, with the exception of President, President-Elect, and VP-Admissions.

There was a consensus after some discussion that the proposed wording did not allow the proposals to be passed individually, but that proposals 2 and 3 as currently worded presuppose the passage of proposal 1. It was pointed out that this wording, identical to the wording originally passed by the Board at the May 2004 meeting in response to the report of the Task Force convened on this topic, was intended to have just this characteristic. Current Board sentiment regarding the various ACAS issues indicates a preference for completely independent questions (that can be passed in any combination).

There was a motion to request the VP- Administration to change the wording of the second and third questions to clearly refer to “5-Year Associates”, to prevent any confusion if the first question should fail.

The motion was seconded and approved, with 12 in favor, 1 opposed, and 2 abstaining.

There was a motion to approve the concepts of the three bullets as amended, and to direct the VP- Administration, together with Executive Director, to craft, for the Board’s approval at the May 2006 meeting, amendments to the Constitution and Bylaws effecting these changes that can be put before the Fellows for a vote in three independent questions in the 2006 elections.

The motion was seconded and approved, with 14 in favor, 1 opposed.

It was agreed that steps must be taken immediately to publicize and explain these changes to the membership, in order to maximize their chance of being fully understood at the time of the election. For example, this can be done during Board member visits to Regional Affiliates at the time of their spring meetings in May and June. Other publicity is also planned.

8. EC RESPONSES TO THE LRPC 2005 REPORT TO THE BOARD

Paul Braithwaite introduced the next item and welcomed Aaron Halpert, the chair of the Long Range Planning Committee. Paul introduced each of the threats identified by the LRPC in its 2005 Report to the Board. The VP’s who led the response to each threat outlined in turn their observations regarding their particular threat. Further details regarding each of the threats outlined below are also contained within the Board materials for this meeting and for the November 2005 meeting.

Threat 1 – Competition for Risk Integration and ERM Services

Joanne Spalla provided details to the Board regarding the status of the efforts to launch a new, as-yet unnamed, peer-reviewed research journal for the CAS (as per the recommendation of the Task Force on Publications), and potential conflicts that the EC sees with the proposal of the LRPC that the CAS seek to cosponsor another new journal dedicated to the topic of ERM. The goal for either of these journals will be to reach significantly beyond the North American casualty actuarial profession and become an international, multi-professional journal. The new CAS journal is already actively seeking submissions from non-CAS and international authors.

A concern has arisen within the EC that two peer reviewed journals might cause significant competition for original submissions (and for readers), especially since either of the journals might be expected to publish more than one issue a year. Furthermore, the Centennial Goal might be in part frustrated by a cosponsored journal, because it could weaken the ability to place the CAS actuary as the preeminent risk professional. It was also mentioned that the CAS does not have a separate prestigious journal for any of the other specific areas of its expertise, such as ratemaking or reserving; ERM would thus be unique in this regard.

It was suggested in the Board discussion that this might be too narrow a view; that it is archaic not to think of rates and reserves as integral to ERM. Another member mentioned that to establish a meaningful presence in ERM it will be necessary to partner with other organizations, since the CAS cannot claim to own this space alone, especially in areas beyond insurance. Another benefit of a second journal is that it could help reach different, non-actuarial, and non-insurance audiences, who would not read an exclusively actuarial journal.

A straw poll was taken to gauge the Board’s sense on this matter. A series of options were offered regarding ways the CAS could approach this idea of a new journal, with each Board member requested to select one:

- The CAS should pursue only its own new journal and publish it by itself, and not pursue the ERM journal at all – 0 votes.
- The CAS should seek cosponsorship of its single journal with ERMII – 0 votes.

- The CAS should pursue two journals: one just CAS, the other a cosponsored ERM journal -- 10 votes.

It was the sense of the Board that if no other group like ERMII pursues an ERM journal, we should not move to set one up ourselves, but that if cosponsors were interested in helping to launch such a journal, the CAS should sponsor it as well. It was also expressed that whereas the ERM journal might lean toward more theoretical ERM issues, the CAS journal would be oriented toward practical applications of both ERM and other actuarial concepts.

Threat 2 – Marketing Actuarial Skills

Joanne reported that the SOA would welcome more active input and support from the CAS in the professionwide Image Campaign. There has been some dissatisfaction within the CAS regarding the way this campaign has been run to date. However, one of the reasons that CAS gets less prominence in the materials produced to date is that CAS has taken such a modest role in the project. The SOA would be willing to change that if the CAS sought more involvement. The EC approves of such a change, which the LRPC likewise recommended. On the other hand, the EC differs with the LRPC recommendation that the CAS seek to establish its own, parallel brand campaign.

The EC agrees that the CAS should consider hiring a part-time actuary to act as an advisor and ambassador for the CAS to other organizations and on the general branding issue. This should be a high-profile actuary, probably near or in retirement. The Board consensus was that it would like to see a detailed proposal, with names of candidates and funding levels, from the EC for the Board's consideration and approval. One member advised that the AAA be consulted in order to avoid conflicts in this area with the public relations roles that it already fills.

The consensus of the Board was to accept and pursue the recommendations of the EC regarding this threat, subject to formal Board action as necessary.

Threat 3 – Volunteerism

Building on the recommendations of the EC, there was discussion of various ways that surveys could be conducted to gather information regarding volunteerism in the CAS as viewed by our various publics, particularly: those members who do volunteer; those who do not; and employers.

Most agreed that the current SAM goal of 50% participation was laudable, but might be unachievable without many more meaningful volunteer opportunities to choose from. It was agreed that "make-work" positions should not be created simply to increase the volunteership percentage, which currently is in the low 30%'s. However, most agreed that it would be consistent with the Centennial Goal to seek to increase the percentage if possible, though perhaps not all the way to 50%. The SAM goal on this topic will be reconsidered and addressed at a later time.

There was some discussion of the potential benefits that reimbursement by the CAS of committee expenses might have for enhancing participation. It was suggested that this should be included in the volunteership survey. This might be a very attractive approach to retirees who would otherwise be interested in participating.

Threat 4 – Internationalism

Amy Bouska presented this item and discussed the ways in which the international landscape has shifted since the CAS first introduced the VP-International position several years ago. An obstacle to the internationalism part of the Centennial Goal is that the IAA is different than it was then. It is now taking “general insurance” more seriously as a separate track. More countries’ actuarial organizations are creating dedicated tracks for general insurance. The IAA is moving to create a global standard for actuarial practice, especially for those countries whose actuarial communities are currently underdeveloped. There is now more competition overseas to inhibit CAS expansion as “the” preeminent resource around the world, and this goal may therefore actually prove unattainable.

In order to expand in this way, the CAS has the twofold task of increasing its membership’s awareness of and interest in the issue; and increasing its prominence in other parts of the world to make more nations aware of the benefits that CAS can provide. Some of the current initiatives being spearheaded by the CAS or its partner organizations were outlined.

One of the obstacles to greater international activity is buy-in from the membership, who may not see how aggressive international activities will benefit their daily practice. One approach such education can take is to convey to the membership the contributions of non-North American actuaries to the practice of CAS actuaries (e.g., GLM). It was also suggested that the leadership could take more steps to listen to the interests of the membership in this regard before finalizing policy, since the membership’s concerns should have a lot to do with the direction that CAS policy ultimately takes.

Threat 5 – Quantification Skills

Roger Hayne discussed this issue and described the general conclusions of the EC. Various continuing education initiatives are under consideration to seek to improve the gaps that may currently exist in actuaries’ technical and communication skills. The EC will come to the Board at a later date with detailed proposals regarding expanded offerings. In order to accomplish most of these goals it was agreed that CE requirements would need to be strengthened, as is currently being proposed by the AAA.

The EC also presented some suggested revisions to SAM goals to help to bolster CAS credentials and skills in this general area of research and technical expertise.

Threat 6 – Reputation of the Actuarial Profession

Tom Myers presented this response. This threat is perceived by the EC as interrelated with Threat 5, since both speak to the CAS members’ core expertise. The LRPC’s primary recommendation in this area was the addition of several new SAM goals to seek to measure the threat and CAS’s success in combating it. The EC is hesitant to move forward with some of those recommendations before completion of the work of the Task Force on the Reputation of Casualty Actuaries. A report from this Task Force is due to the Board in September 2006.

9. STATUS –PUBLICATIONS TASK FORCES

Joanne Spalla introduced this item and gave a status report on the development and marketing of the new CAS journal. Six papers have already been submitted for the new journal, of which five have cleared initial screening. There are already some submissions from non-CAS members. There will be one more issue of the Proceedings with the current format (publishing the other papers that were already in the pipeline). All papers submitted after October 2005 have been routed to the new journal.

It is hoped that the new journal will publish two or four times per year. This will help to shorten the average 21 month time delay that has existed for the publication of Proceedings papers.

Among the marketing efforts, Joanne mentioned that talking points on the new journal are being prepared, and she encouraged all members to publicize the new journal at meetings, etc., especially internationally. Caution must be exercised not to approach foreign societies’ members for submissions without first

discussing the initiative with those societies' leadership. She also noted that a copy of the journal will be distributed to all attendees at the 2007 ASTIN meeting, which will be held in the U.S.

10. PASS MARK POLICY

Jim Christie reported that, in response to CAS requests, and to a report from a joint task force on pass marks (which is included in the Board packet), the SOA Board of Governors had moved quickly to repeal its prior decision regarding pass marks, and has instead passed a motion that the Education Policy Committee considers more flexible and more in line with CAS education goals. The chief effect of the change is a reduced reliance on pass mark norms, which are replaced by the qualitative goal of passing all candidates who have demonstrated adequate knowledge of the syllabus material, and failing all those who have not.

There was a motion to approve the recommendations of the Education Policy Committee, as detailed in the Board packet.

The motion was seconded and approved unanimously, with 13 voting.

This decision of the CAS and the SOA will be formalized in a joint policy statement on preliminary exam pass marks, to be developed by the Education Policy Committee in conjunction with the SOA.

11. FY 2005 FINANCIAL AUDIT

Bob Deutsch, Audit Committee chair, introduced this item, and reported that the CAS had once again received an unqualified audit opinion for the latest fiscal year. One comment from the auditors had to do with security of credit card information. The CAS staff has already begun taking quick steps to implement the enhanced security procedures that the auditors recommended.

There was some discussion of the Board members' obligation as fiduciaries to understand non-profit accounting standards to a sufficient degree to be able to critically assess the audit reports each year. The newer Board members were reminded that information regarding CAS accounting is included in their new Board member packet each new class receives in November.

There was a motion to approve the FY 2005 Audit Committee Report.

The motion was seconded and approved unanimously, with 12 voting.

12. UPDATE – BOARD TASK FORCE ON FCAS EDUCATION

Although the development of the white paper that will outline proposed changes to FCAS education is proceeding as expected, it was mentioned that there is growing impatience among the candidates with the uncertainty that still surrounds the future exam structure.

Jim Christie reported that, at a Syllabus Committee meeting, a straw poll was taken regarding the attitude of the committee's members toward some of the tentative proposals of the Board and the Task Force. Nearly all of the members present at that meeting opposed any pre-FCAS electives, though everyone was supportive of post-FCAS electives. An observer who was also present at the Syllabus Committee meeting stated that the pre-FCAS versus post-FCAS options may need to be discussed in greater depth before the Board makes a final decision. It was agreed that further publicizing of the Board's recommendations should await the release of the White Paper on the topic in the near future, at which time all of the recommendations can be presented together, along with their rationale, and comments can be invited from the membership at large.

13. EXECUTIVE SESSION

At 10:00 a.m. on March 10, the Board went into Executive Session until about 10:30 a.m.

14. INFORMATION ITEMS

The following items were presented for the Board's information. Board members were given the opportunity to comment on any item:

- Executive Council Minutes (Oct. 12, Nov. 15, & Dec. 13, 2005; & Jan. 18, 2006) (Attachment 15)
- Q1 FY 2006 Financial Statement (Attachment 16)
- Executive Director's Report (Attachment 17)
- LRPC Update (Attachment 18)
- Results of Fall 2005 Exams (Attachment 19)
- Debrief on February 2006 NAAC Meeting (Attachment 20)
- ASTIN 2007 Update (Attachment 21)
- Admission of Candidates with Criminal Records (Attachment 22)
- CAS Vital Statistics (Attachment 23)
- NAAC Working Agreement (Attachment 24)
- Faculty & Institute's Strategy Review (Attachment 25)
- Article from SOA's "The Actuary" (Attachment 26)
- IAA Organization Report (Attachment 27)
- National Underwriter Article (Attachment 28)
- ERMII Research Project "ERM in P&C Insurance" (Attachment 29)
- Expanded Member Services (Attachment 30)
- Minutes from NAAC, SOA, AAA Board Meetings (Attachment 31)

A question was raised about the source of the budget variance reported in the Q1 FY 2006 Financial Statement (Attachment 16). It was explained that registrations for CAS exams for the Fall 2005 exam sitting were higher than expected, resulting in an unexpected increase in revenue. Board members commented that the CAS should consider revising its budgeting process to lessen these large positive budget variances, which seem to be fairly common.

A question was raised about the drop-off in exam registrations in the Fall 2005 sitting for Part 1 (Attachment 23). Jim Christie explained that the drop-off occurred because the Fall sitting was the first offering of Computer-Based Testing; and because that sitting took place in September, off of its normal cycle. The drop-off is not expected to continue.

It was suggested that a chart be added to the CAS Vital Statistics to illustrate the aggregate annual attendance at CAS meetings and seminars; and that the number of joint exams taken should also be shown on an annualized basis.

Steve D'Arcy declared the meeting adjourned at 11:25 a.m.

Respectfully submitted,

Kenneth Quintilian
Assistant Secretary - Board of Directors

Approved May 7, 2006

Subsequent to the meeting, the Board unanimously approved via e-mail the recommendation to post on the CAS Website the March 9-10, 2006 Board Meeting Executive Summary, with 11 voting.