

**MINUTES**  
**CAS BOARD OF DIRECTORS MEETING**  
**MARCH 10-11, 2008**  
**Charleston, SC**

**Present**

Directors: Albert Beer, Brian Brown, Charles Bryan, David Chernick, Glenn Meyers, Robert Miccolis, Mary Miller, Roosevelt Mosley, Joanne Spalla, John Tierney, Mark Vonnahme, Michael Wacek.

Board Chair: Thomas Myers.  
President: Christopher Carlson.  
President-Elect: John Kollar.

Vice Presidents: Ralph Blanchard (International), James Christie (Admissions), Roger Hayne (Research & Development), Kevin Dickson (ERM), Andrew Kudera (Professional Education), Kenneth Quintilian (Administration), Patricia Teufel (Marketing & Communications).

CAS Executive Director, Cynthia Ziegler; Assistant Secretary – Board of Directors, Alice Underwood.

Invited Guests: Dan McCarthy (Vice Chairman, The Actuarial Foundation); Steve Lehmann (Immediate Past President, American Academy of Actuaries), Bill Bluhm (President, American Academy of Actuaries), Rich Fein (Chairperson, Task Force on Foundational Statements), Deborah Rosenberg (Chairperson, Task Force for Enhancing the Reputation of Casualty Actuaries), Regina Berens (Chairperson, Strategic Planning Committee, attending by telephone for part of the meeting), Nasser Hadidi (Chairperson, Syllabus Committee, attending by telephone for part of the meeting).

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

Observers: Clive Keatinge.

Absent: Irene Bass, Don Mango.

Tom Myers called the meeting to order at 8:10 a.m. on Monday, March 10, 2008. He began by calling for a round of introductions, as several guests were present. He then reviewed the Casualty Actuarial Society Board of Directors Attendance Policy and Guidelines.

**I. CONSENT ITEMS**

**A motion to approve the following consent items (numbered as per the Board materials) was made:**

1. Minutes of November 11, 2007 Board Meeting

The Board approved these minutes as submitted.

2. Audit Committee Staffing

The Board appointed Mike Wacek and David Foley to the 2008 Audit Committee.

#### 5. Disband Joint Task Force for Enhancing the Reputation of Casualty Actuaries

The Board dismissed this Task Force, with thanks.

#### 7. International Actuarial Association Expense Reimbursement Policy

The Board approved the EC's recommendation to propose to the Council of U.S. Presidents that no reimbursement policy for IAA committee chairs should be adopted.

#### 8. Copyright / Authorship Issues

The Board approved the recommendations of the Publications Management Board that:

- The CAS require the copyright holder submitting a paper for CAS publication to identify the primary author(s) of the paper by executing a revised Permission to Publish Agreement, and that
- The CAS require the primary author(s) identified in the Permission to Publish Agreement to sign the Author Acknowledgement Form to attest to their authorship.

#### 9. Statement on Longevity

The Board approved the signing of the North American Actuarial Council's Statement on the Importance of Longevity as a Public Policy Issue.

#### 47. Nominating Committee Member

The Board approved John R. Pedrick as a member of the Nominating Committee with a term to expire in 2009.

The motion to approve the items listed above was seconded, and carried unanimously.

Additional items from the consent agenda (numbered as per the Board materials) were identified for separate discussion.

#### 4. Member Reinstatement

There was a question about the process by which the CAS keeps track of members' change of address and/or employer, and it was clarified that it is the members' responsibility to maintain up-to-date contact information on file with the CAS Office.

**There was a motion that the two members petitioning for reinstatement be reinstated, subject to payment of a \$500 reapplication fee and 2008 dues.**

This motion was seconded, and carried unanimously.

#### 6. Policy Manual Task Force

It was proposed that the Board establish a Policy Manual Task Force consisting of Ken Quintilian (chair), Alice Underwood, Chuck Bryan, Mike Wacek, and Cynthia Ziegler, charged "to review the current manual, revamp the format, revise / edit the content, and provide a revised manual to the Board for approval."

**There was a motion that the Board approve this proposal.**

This motion was seconded, and carried unanimously.

#### 10. Vital Statistics Review

The Board agreed that this item should have been part of the information agenda rather than the consent agenda.

### 3. Strategic Planning Committee SAM Goals

There was some discussion as to whether two emerging issues – economic capital and embedded value – were addressed in the proposed SAM goals. Some Board members noted that these issues could fall into the area of risk and return modeling (economic capital models are specifically mentioned in this section of the SAM goals), and others noted that they could also fit into the ERM area. Overall, the sense of the Board was that it would not be necessary to amend the proposed goals, and would be sufficient for the Strategic Planning Committee to be mindful of these issues going forward.

**There was a motion that the Board approve the Strategic Planning Committee SAM Goals as submitted.**

This motion was seconded, and carried unanimously.

## **II. THE ACTUARIAL FOUNDATION**

Dan McCarthy thanked the CAS for its support of the Actuarial Foundation and expressed the hope that this support will continue. Dan explained that the Actuarial Foundation has three main areas of operations: Youth Education, Consumer Education, and Research / Actuarial Education.

Among these three goals, perhaps the most time and effort is focused on Youth Education. In the past, the principal effort was the personal mentoring offered through the Advancing Student Achievement program. That program is recognized as very valuable but (given volunteer resources) necessarily limited in reach; therefore, an effort is being made to broaden impact by building a library of materials for teachers to use. To date two lessons (“Shake, Rattle, & Roll” and “Bars, Lines, & Pies”) have been released and teacher reaction has been very positive. These lessons are distributed by Scholastic free of charge to teachers and schools; the Actuarial Foundation covers the costs and owns the residuals.

In the area of Consumer Education, the Actuarial Foundation cannot afford to be a wholesale distributor, so it provides content to distributors such as AARP, DOL, WISER, and FLASH. The Foundation’s focus is on identifying “holes” in available material, and avoiding duplication of what others are doing.

As regards Research / Actuarial Education, the Foundation does not intend to develop a program independent from those of the CAS and SOA. Instead the current focus is on academic research, in particular bringing available grants to “21<sup>st</sup> century” levels. Scholarship and prize money all comes from contributed funds.

The Actuarial Foundation’s business plan was provided in the Board agenda materials. The Foundation is funded by individual donors, corporate donors, revenue from special events, and support from US-based actuarial organizations. The original timeline for CAS support to the Foundation was 2004-2008, but the Foundation hopes that infrastructure and financial support from the CAS will continue at the present level beyond 2008. With CAS support for infrastructure, the Foundation reaps a significant benefit in seeking additional donations because it can claim that all donations go towards funding programs.

The Chairman asked for the sense of the Board members as to whether they favored continuing support at current levels (\$59,000 annually). The consensus of the Board was in favor of this idea. The Board will advise the Finance Committee.

## **III. BOARD TASK FORCE ON BUDGETING**

Brian Brown introduced this item with a brief review: in September 2007 the Board confronted a significant increase in expenses, necessitating an increase in dues as well as seminar / meeting fees. At

that time a Board Task Force was created to look at the process for budgeting. The recommendations of this Task Force are:

1. **Present draft budget to the Board at the May/June meeting.** This would mean the Board could provide feedback on this draft to the EC in time for final budget approval in September. The CAS staff and the Finance Committee believe this time frame is feasible, although some items in the draft budget will be estimates. Board reaction to this recommendation was favorable.
2. **Outline recommended net income / (loss) targets for meetings, seminars, exams, and international activities.** The Task Force provided specific recommendations as to targets, outlined in Exhibit 1 of the report. These recommendations were crafted to be revenue neutral. There were some suggestions from Board members that none of the targets should be given as dollar figures (which would become outdated), and that a higher net income target might be appropriate for limited attendance seminars. It was also suggested that targets for webinars and for the professionalism course should be established.
3. **Expense guidelines.** The Task Force found it difficult to identify specific problems but did recommend that the Board establish an expense parameter, e.g., expenses should increase no more than  $x\%$  per year. Some Board members voiced the idea that many budget items, such as exams, meetings, and webinars, have both fixed and variable expenses, and suggested that only the fixed expenses should be subject to such a guideline. One suggestion for dealing with this would be normalizing expenses relative to an exposure base (e.g., exam expenses per candidate, membership expenses per member, meeting expenses per attendee). It was also suggested that instead of an income statement / balance sheet view, it might be helpful to segregate cash flows into categories such as exams, meetings, operating expenses, and strategic investments.
4. **Approve expenses and revenues at the same time.** The Task Force recommends that as many expense items as possible be held until the September Board meeting for approval, so that expenses and revenue could be approved at the same time. When expense items are approved throughout the year, revenue is the only adjustment that can be made when the budget is approved. Many Board members voiced support for this idea, because this would enable the Board to better evaluate the cost / benefit trade-off.
5. **Compare historical budgets with actuals.** As illustrated in Exhibit 2 of the Task Force report, in general the CAS tends to underestimate both revenues and expenses – with a greater underestimation of revenue, so that overall the budgets have not run a significant deficit.
6. **Consider improvements to Finance Committee reports and presentations.** The Finance Committee is in the process of looking at this. The quarterly statement presented at this meeting offers an example of changes that the Finance Committee is making.

**There was a motion to approve recommendations #1, 4, 5, and 6 as presented in the Task Force report.**

This motion was seconded, and carried unanimously with 15 voting in favor.

The Board asked the Task Force to present revisions to recommendations #2 and #3 at the June 2008 Board meeting.

#### **IV. AUDIT COMMITTEE REPORT**

Brian Brown explained that the Audit Committee has reviewed and accepted the independent auditor's report, and is asking the Board to accept its report including the recommendations found therein. The auditor's report is once again unqualified. He also noted that the Audit Committee is satisfied with the work of the auditing firm, but recommended issuing an RFP for auditing services as a routine periodic

review. Finally, he expressed the thanks of the Audit Committee and the compliments of the auditors to Todd Rogers for doing excellent work.

**There was a motion to accept the FY 2007 Audit Committee Report, including the recommendations found therein.**

This motion was seconded and passed unanimously, with 15 members voting.

**V. CAS LEADERSHIP TASK FORCE**

This Task Force, established at the September 2007 Board meeting, sought feedback from the Board as to whether it is headed in the right direction. The Task Force provided an interim report for the Board's review and discussion; a further report is planned for the June 2008 Board meeting.

The Board expressed a general consensus in favor of establishing a standing Board-level committee focused on developing future leaders. It is anticipated that this committee would work with the Seasoned Actuaries Section to provide mentoring relationships to future leaders. The Task Force expects that the leadership development process for each individual would stretch over several years.

The Board members generally expressed favorable opinions of the Task Force's direction.

**VI. EXECUTIVE SESSION**

At 10:45 a.m., the Board went into Executive Session. When the Board meeting reconvened in open session after lunch, the Chairman called for a motion to ratify the actions taken in Executive Session.

**A motion to ratify the actions taken during Executive Session was made.**

This motion was seconded and passed unanimously, with 13 members voting.

**VII. FOUNDATIONAL STATEMENTS**

Rich Fein began by reviewing the history of this topic. The goal in creating the Foundational Statements was to communicate the essence of casualty actuarial work, as distinct from standards of practice, with an intended audience encompassing both actuaries and the users of actuarial work products.

The set of Foundational Statements proposed in the Task Force's Discussion Draft is brief by design. It is not intended to address statistical or mathematical principles. It is not intended to be a self-contained document that would express everything about casualty actuarial work, but should be read in the context of the Standards of Practice and the actuarial literature. One priority in creating this set of statements was to avoid creating any ambiguity. The intent is that these Foundational Statements would replace the Statements of Principles. The Task Force proposes that formalization of this document would follow the process for adoption of Statements of Principles.

While there was general agreement among Board members that the Discussion Draft produced by the Task Force was valuable, there was not a high level of support for adopting the proposed statements as "Foundational Statements." The Board expressed several concerns with the document, but there was a lack of consensus among the Board members as to exactly what was needed.

The Chairman took a series of straw polls:

On the question of whether the current Statements of Principles should be withdrawn (with no guarantee they would be replaced): 9 in favor, 1 opposed, 3 abstaining

On the question of whether the concepts in the Task Force's document are important and should be formalized in some way: 12 in favor, 2 opposed, 1 abstaining

On the question of whether the Statement of Principles on reserves should be withdrawn because the existing Standard of Practice on Property/Casualty Unpaid Claim Liabilities is sufficient: 12 in favor, 1 opposed, 2 abstaining

On the question of whether the Discussion Draft should be circulated for comment in its current form: 6 in favor, 9 opposed

The question was tabled until Tuesday morning. At that time, the Chairman called for a motion on this topic.

**There was a motion that the Board release the Discussion Draft to the membership, accompanied by a document covering the highlights of the Board's discussion of Monday March 10, 2008.**

This motion was seconded, and discussion ensued.

Several Board members expressed concern that release of a Discussion Draft might give the membership the impression that it is in fact the intent of the Board to replace the Statements of Principles with something along the lines of the proposed Foundational Statements, when in fact the Board did not necessarily support such an action.

The motion was put to a vote and failed to pass, with 1 member voting in favor, 13 opposed, and no abstentions.

The Chairman then called for a Board task force to address this issue. Roosevelt Mosley, Bob Miccolis, Mary Miller, Mark Vonnahme, and John Tierney volunteered to staff this task force.

## **VIII. ACADEMY STRATEGIC PLAN**

Bill Bluhm, President of the American Academy of Actuaries (AAA), thanked the Board for the opportunity to speak. He presented the AAA's Strategic Plan, explaining that the emphasis of the plan is on collaboration across the U.S. actuarial organizations and on functions that would benefit from profession-wide efforts.

Steve Lehmann, the Immediate Past President of the AAA, provided additional context. Steve explained that there has been concern about whether the AAA is providing enough value to its members. The results of a recent survey of Academy members indicate a desire for the AAA to remain a provider of objective information in the area of public policy but at the same time to be more visible and proactive. Public policy makers tell the AAA that they want to receive concrete recommendations, not just explanations of the pros and cons of various options. An additional factor is the recent Critical Review of the U.S. Actuarial Profession (CRUSAP) report, which emphasized the importance of serving the public interest.

In light of all these factors, the AAA leadership sees the need to develop a framework for creating such recommendations. AAA leaders believe that there are some areas (e.g., funding of Social Security and Medicaid) where the actuarial profession should step forward and advocate policy. But they also believe that such advocacy positions should only be taken in areas where the actuarial profession has expertise, and where there is a strong consensus among members of the profession as to the appropriate policy.

Some CAS Board members said that a shift towards advocacy may undermine the AAA's objectivity and that it may fuel the perception that the AAA is a mouthpiece for the insurance industry. Steve and Bill responded that it would be up to the actuarial profession to ensure that sufficient safeguards are built into the process, and that the profession should be guided by its duty to the public.

The CAS Board thanked Steve and Bill for sharing this information and perspective on the AAA's activities.

## **IX. IMAGE OF THE ACTUARY**

Pat Teufel, VP – Marketing & Communications, reviewed the current status of the “Image of the Actuary” campaign and asked for the Board's guidance as to how the CAS should be involved in this initiative. In general the sense of the Board was that this is a worthwhile campaign and the CAS should continue to provide volunteer involvement and support, and should measure the benefits received.

The three key messages of the “Image of the Actuary” campaign are:

- Actuaries enable organizations to anticipate and manage strategic responses to the 21<sup>st</sup> century's changing economic and social needs.
- Actuaries are rigorously trained to manage risk, offering real-world solutions to complex and important problems.
- Anchored in centuries of helping the world understand risk, actuaries are well positioned to assume broader risk management and leadership roles.

There was general agreement among the members of the Board that these key messages were appropriate for casualty actuaries as well as for actuaries in general. The Board also agreed that employer perceptions identified in SOA research (that actuaries are too narrowly focused, too technical, and too weak in business savvy competencies) apply to casualty actuaries as well as actuaries in general.

There was some discussion on the topic of whether it should be the business of the CAS and/or SOA to train members in general business skills. Some felt that it can be said of any skilled profession that some members will remain technicians while others have the aptitude and the aspiration to reach the corporate suite. Others voiced the opinion that the CAS should work to ensure that its candidates are exposed to a broad spectrum of insurance company operations.

Overall, the sense of the Board was that the “Image of the Actuary” should be a profession-wide campaign, not limited to the SOA alone.

Pat next explained that the current SOA campaign falls into 3 broad categories:

1. Membership awareness
2. Advocacy of research that supports the enhanced “brand” (e.g. ERM, solving problems of a more general interest)
3. Outreach (greater involvement with non-actuaries)

She asked for feedback from the Board regarding which of these areas the CAS should support, and whether the CAS should actively seek a leadership role in any area. Each of the three categories attracted support from various Board members, and some members suggested that casualty actuaries might be well suited to help “expand the brand.”

Following this discussion, Pat asked how the CAS might measure the impact and benefit of participating in the campaign. Suggestions included monitoring the perceptions of employers of casualty actuaries as a distinct group; monitoring the involvement and representation of CAS members in the campaign; and establishing a link on the CAS website to the “Image of the Actuary” website and tracking “click-throughs.”

## **X. REVENUE GENERATION TASK FORCE**

Joanne Spalla, chairperson of this Task Force, presented the list of identified revenue opportunities.

1. Increase non-member attendance at CAS meetings and seminars
2. Sale of branded CAS merchandise through a turnkey vendor
3. Sale of DVD-ROMs of downloadable files
4. Sale of photographs at CAS meetings
5. Increase membership list sales by using an outside list broker
6. Expand webinars for profit and partner with other organizations to offer online educational opportunities
7. Enhance job posting functionality on the CAS Web Site
8. Increase sponsorship of CAS meetings and seminars
9. Offer content and speakers to large employers that prefer their employees receive continuing education in-house
10. Sell advertising in CAS publications
11. Sell advertising in CAS online venues
12. Consider implementing an integrated sponsorship program with assistance from a sponsorship consulting firm

The Task force has the greatest degree of comfort with items 1-7 at this time, and would like the Board’s approval to move forward with these items. In addition the Task Force would like the Board’s feedback on items 8-12.

Some reservations were expressed about item 5 with regard to privacy issues and opt-out procedures. Todd Rogers explained that currently the CAS sells one-time-use membership lists (for paper mail only, not email), as approved on a case-by-case basis. The most frequent requests are from firms who want to promote educational opportunities to CAS members.

There was opposition from some Board members to the idea of any advertising in Variance. Additionally, some board members expressed concern about advertising on the CAS Web Site. In general, many felt that some of the opportunities identified might not be worth the effort, if the expected revenue per member would be only a few dollars.

One Board member questioned whether any of the items identified by the Task Force present policy issues. If not, Board approval might not be required. Joanne responded that the only policy issues identified by the Task Force were the mailing list policy (which affects item 5) and the policy on non-members attending CAS meetings (which affects item 1).

Some Board members questioned why the Task Force was not proposing to move forward with item 8. Joanne explained that while the CAS currently does allow limited sponsorship on a one-off basis (for example, sponsorship of a meal at a meeting), it will take some time to fully explore the possibility of more comprehensive sponsorship packages. Administering an expanded sponsorship offering will require resources; this could take the form of outsourcing, hiring a consultant, or creating a new staff position.

Overall, the Board agreed that the Task Force should continue to research items 8-12.

**There was a motion that the Board rescind the current policy prohibiting non-members from attending CAS meetings unless invited by a member.**

This motion was seconded and passed unanimously, with 15 members voting.

**There was a motion that the Board authorize the EC to implement items 1-7 listed above, and further that the Board ask the Revenue Generation Task Force to draft a general policy statement on revenue generation for the Board's review.**

This motion was seconded and passed unanimously, with 15 members voting.

## **XII. TASK FORCE FOR ENHANCING THE REPUTATION OF CASUALTY ACTUARIES**

Deborah Rosenberg opened by describing a recent article criticizing the actuarial profession for not doing enough to prevent its members from issuing excessively high rate indications, and calling for regulation of the profession. The CAS Risk Management Committee considers reputational risk the foremost risk the Society faces. The report submitted to the Board by this Task Force presents a framework for addressing reputational risk.

The charge given to the Task Force focused on the topic of loss reserves, but the name of the Task Force itself suggests a much broader view, across all areas of practice. Some of the recommendations in the Task Force Report can be applied to other areas of practice.

Debbie highlighted a few key considerations. Effective communication with users of actuarial work products and with the public is critical to enhancing the profession's reputation. To date the CAS has largely delegated this function to the AAA – should this delegation continue? The CAS has also delegated the discipline function to the Actuarial Board for Counseling and Discipline (ABCD); the Task Force suggests that the Board review the effectiveness of the ABCD and consider if there are any functions that the CAS should handle internally.

When the floor was opened for discussion, some Board members pointed out that the CAS has members outside the U.S. and so should not focus exclusively on the AAA and ABCD. This was acknowledged, but many felt that to begin the process of enhancing the reputation of casualty actuaries, the U.S. would be the most effective place to start.

There was some discussion of whether criticisms leveled at casualty actuaries were in fact warranted. One response to this question was that it is not possible to fully answer this question based on the information available, and this in part motivated the Task Force's recommendation that differences between the actuarial estimate of unpaid liabilities and management's booked reserves be provided to regulators.

Several members expressed concern about the idea of disclosing such differences. A major question was the degree of pressure that this would put on company actuaries; another question was whether, if a single point estimate were to be disclosed, this would reinforce the notion that actuarial projections are “flawed” because any selected point estimate is highly unlikely to be spot on.

It was noted that the recommendation of the original Task Force was to actually publish the actuarial central estimate of unpaid claim liabilities as well as management’s booked reserves. It was further noted that for ten years Canadian actuaries have been required to publish the actuarial estimate of unpaid claim liabilities. Part of the process is that every three years an outside actuary must review the reserves and certify that the analysis is appropriate, which gives actuaries more clout in discussions with their management. Some Board members felt that public disclosure of the actuarial estimate might be in the public interest, even if regulators are satisfied with private disclosure.

Some Board members suggested that the discussion was too focused on reserving, when greater refinement is also needed in ratemaking methods and price monitoring systems. Another area of concern was the difference between actuarially indicated rates and rates actually charged; premium deficiency reserves do not completely address this difference.

Several Board members expressed the opinion that, because actuarial projections are based on historical data, there will always be some lag in long-tail lines such as reinsurance and commercial liability. It will always be a challenge to distinguish “signal” from “noise” in the early stages of development; casualty actuaries need to communicate this issue clearly and apply professional judgment to deal with it.

**There was a motion that the Board accept the report and dismiss the Task Force for Enhancing the Reputation of Casualty Actuaries, with thanks.**

This motion was seconded and passed unanimously, with 15 voting.

Tom asked the EC to develop an action plan for the Board to review during the September 2008 meeting.

### **XIII. CAS EDUCATION WHITE PAPER UPDATE**

Nasser Hadidi, chair of the Syllabus Committee, detailed the process for developing the Committee’s recommendation to revise the CAS basic education structure. The basic elements of this recommendation are:

- An internet-based course in two modules, consisting of parts of current exams 5, 6, and 7
- Reduction of the five upper-level exams from 20 hours to 17 hours
- A difference between FCAS and ACAS of three 3-hour exams
- Addition of “Stochastic Reserving and “Reserve Ranges” to the advanced reserving exam, and addition of the “Actuarial Control Cycle” to the internet-based modules
- Deletion of redundant elements of the current Exam 8, which are being moved to the preliminary exams.

While the Syllabus Committee liked the idea of the capstone seminar, they came to the conclusion that the risks and challenges out-weighed the potential benefits.

Jim Christie commented that when the Syllabus Committee was asked for a recommendation, it was clearly stated that the Board would prefer a system with only eight exams. However, as discussions

ensued it became clear that the Syllabus Committee as a whole was very uncomfortable with the proposals of the Board Task Force and with the eight-exam scheme. Many Syllabus Committee members felt that a system with more exams of shorter duration and greater topic cohesion would better serve the educational goals of the CAS.

Several Board members asked for a more detailed explanation of how the internet-based course would work. Nasser and Jim explained that this course covers the material targeted for “familiarity” rather than “mastery.” It could be completed at the student’s own pace and would probably take a few months to complete. There would be a final assessment, but it is anticipated that the pass rate on this module would be significantly higher than for the exams. The SOA currently uses an internet-based course along these lines and has offered to share its experiences.

One Board member noted that the proposal slots advanced reserving into the FCAS exams, while the ACAS are eligible to sign reserve opinions. This question was discussed by the Syllabus Committee, but because the new reserving text under development covers nearly all aspects of current reserving practice, the committee concluded that there was no problem. Their proposal would ensure that the ACAS designation meets minimum IAA requirements.

There was discussion of whether the benefits of the Syllabus Committee’s proposal – main benefits being the elimination of duplicated material, the movement of “familiarity” material to the internet course, and the alignment of basic ratemaking and basic reserving on a single exam – were sufficient to motivate making a change to the exam structure. Most Board members were of the opinion that the proposed transition rules would not be overly disruptive. It would be necessary to offer the basic ratemaking / reserving exam in two parts for some time, but this would not be a serious logistical problem. The Syllabus Committee envisions that only those candidates who already had credit for one part of the exam would be permitted to take a single part; all others would be required to sit the full exam.

Finally, the point was made that the Board must still separately address the “classes of membership” issue and bring it to closure.

**There was a motion that the Board approve the Syllabus Committee’s proposal.**

This motion was seconded. Then a question arose as to whether the original Education White Paper specified that the Board would seek additional member feedback before proceeding with any changes to the educational system.

**A friendly amendment was made to the prior motion: namely, that the motion be made contingent on any requirement to seek additional member input. This amendment was accepted.**

The amended motion passed with 14 voting in favor and one abstention.

The motion having carried, the Chairman asked the EC to develop a plan for implementing the Syllabus Committee’s proposal, including a plan for communication to members and candidates.

#### **XIV. CIA EDUCATION ISSUE**

The Canadian Institute of Actuaries (CIA) has put forth a proposal that would offer students with suitable university course credit a waiver of the first four actuarial exams when seeking CIA membership. If adopted, this would not be binding on the SOA or CAS.

Several concerns about the CIA proposal were discussed:

- The statement “leaders of the CAS have also indicated their support, in principle, for this direction” may imply a greater degree of support from the CAS than the CAS intended.
- If adopted, this proposal might motivate universities in the United States and other countries, for example China, to seek similar exam waivers for their students.
- If the university coursework is equivalent to passing actuarial exams, students who have done well in these courses should have no trouble passing the exams and so the waiver is unnecessary.
- Some university professors believe that students actually work harder in their classes because they know they must pass the actuarial exams.
- If the proposal is adopted by the CIA but not the SOA or CAS, this could lead to CIA members who are not members of any other organization (except possibly by mutual recognition).

It was recommended that the CAS participate in a joint task force to explore the issues surrounding the CIA’s decision “that the long-term goal of the CIA should be to accredit Canadian university programs as a substitute for the earlier actuarial examinations currently co-sponsored by the SOA and the CAS and the CIA”.

**There was a motion to authorize the formation of the Joint SOA-CAS-CIA Task Force on Educational Alternatives and authorize the appointment of three CAS representatives.**

This motion was seconded and passed with 12 voting in favor, one opposed, and no abstentions.

**XV. CAS RISK MANAGEMENT COMMITTEE REPORT**

Kevin Dickson introduced this topic, noting that to some extent the Risk Management Committee (RMC) is seeking to clarify its role in relation to various other committees and task forces. The RMC asked for the Board’s input on this topic as well as feedback on the report.

There was discussion of the concept that the RMC is meant to be an oversight body and a forum for identifying and reporting risks, but generally would not address risks; only when there is “no other home” for a particular risk would the RMC take ownership of the issue. As regards potential overlap with the Strategic Planning Committee (SPC), in general the SPC is intended to take a long-term view of issues facing the CAS, while the RMC’s purview is more immediate.

One Board member suggested that the RMC look into the risk presented by CAS leaders traveling together on the same plane: does this warrant an official policy?

In general there was a sense that the Board would like to see more quantification of risks and their interaction, but this might be a longer-term goal.

**XVII. ANNOUNCEMENTS:**

1. Kevin Dickson announced that a special session on “ERM for Board Members” will be held at the 2008 ERM Symposium. This session is designed for members of both corporate and nonprofit boards. All CAS Board members are cordially invited.
2. Chris Carlson announced that a new seminar combining the best features of the Ratemaking Seminar and the Seminar on Predictive Modeling is on the drawing board, and the CAS plans to roll out this new seminar in Spring 2009. The new seminar (as yet unnamed) will reflect the evolving role of the actuary and is expected to include product management, product development, pricing, underwriting, and marketing, and possibly claims. A plan for communication to the membership is being developed and an announcement will be made at the March 2008 Ratemaking Seminar. FAQs will be posted on the CAS Web Site soon.

## **XVIII. INFORMATION ITEMS**

The following items, numbered as per the Board materials, were presented for the Board's information. Members were given the opportunity to comment on any item:

22. EC Minutes (Nov. 13, Dec. 11, Jan. 11 and Feb. agenda)
23. Q1 FY 2008 Financial Statement
24. Executive Director's Report
25. Results of Fall 2007 Exams
26. Board Meeting Schedule 2008
27. Global ERM Designation
28. Strategic Planning Committee Academic Survey
29. IAA Organization Report
30. NAAC Minutes
31. Council of U.S. Presidents (CUSP)
32. AAA January Board Meeting Notes
33. Travel Time Report
34. Regional Affiliate Reports
35. Actuarial Foundation Report
36. Jt. China Office Report

**A motion to adjourn was made, seconded, and approved unanimously.**

The meeting adjourned at 11:20 on Tuesday March 11, 2008.

Respectfully submitted,

Alice Underwood  
Assistant Secretary – Board of Directors

Approved: June 15, 2008

Subsequent to the meeting, it was confirmed that there were not any requirements for the Board to seek additional member feedback before proceeding with changes to the educational system.

Subsequent to the meeting, the Board unanimously approved via e-mail the recommendation to post on the CAS Web Site the March 10-11, 2008 Board Meeting Executive Summary, with 14 voting.