

**MINUTES**  
**CAS BOARD OF DIRECTORS MEETING**  
**MARCH 15-16, 2007**  
**Omni National, Tucson, AZ**

**Present**

Directors: Irene Bass, Regina Berens, Brian Brown, Charles Bryan, Eugene Connell, Allan Kaufman, Glenn Meyers, Robert Miccolis, Mary Miller, Roosevelt Mosley, Joanne Spalla, Karen Terry, Mark Vonnahme (formally appointed early in the meeting).

Board Chair: Paul Braithwaite.

President: Thomas Myers.

President-Elect: Christopher Carlson.

Vice Presidents: John Kollar (Risk Integration & ERM), James Christie (Admissions), Amy Bouska (International), Kenneth Quintilian (Administration), Roger Hayne (Research & Development), Patricia Teufel (Marketing & Communications).

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

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

Observers: Victoria Grossack (Friday only), Clive Keatinge.

Invited Guests: Richard Fein (by teleconference for part of the meeting).

Absent: Donald Mango; Andrew Kudera (VP-Professional Education).

Paul Braithwaite called the meeting to order at 8:00 a.m. on Thursday, March 15. He began by introducing Mark Vonnahme, candidate for an appointed Board position.

**I. BOARD OF DIRECTORS GUIDELINES**

The first order of business was to review the guidelines for meeting conduct. One Board member noted a typographical error in the guidelines as distributed: the fifth bullet point should read “Use electronic devices only for purposes of taking notes...”

**It was moved and seconded that the Board members adopt the guidelines, as corrected, for their meetings.**

The motion was carried unanimously, with 15 members voting.

## **II. CONSENT ITEMS**

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

1. Approval of minutes of November 12, 2006 Board Meeting

The Board approved these minutes as submitted.

2. Approval of Minutes of January 23, 2007 Board of Directors teleconference

The Board approved these minutes as submitted.

3. Audit Committee

The Board approved the recommended slate of members for the Audit Committee.

7. Member reinstatement

Having considered their applications and the respective circumstances presented therein, the Board resolved to reinstate two former members whose memberships had lapsed for non-payment of dues, with each reinstatement subject to payment of a \$500 reapplication fee in addition to dues for 2007.

The motion to approve these items was carried unanimously, with 15 members voting.

## **III. APPOINTMENT OF MARK VONNAHME**

**A motion to approve the appointment of Mark Vonnahme to the CAS Board of Directors was made and seconded.**

This motion carried unanimously, with 15 members voting. The Board welcomed Mark and thanked him for his willingness to serve.

## **IV. AUDIT COMMITTEE REPORT**

Regina Berens introduced this topic (Item 8 in the Board meeting materials).

**A motion to accept the Audit Report was made and seconded.**

This motion passed unanimously, with 16 members voting.

One of the Audit Report's findings related to an impending change in accounting requirements that will increase the CAS's pension liability for financial reporting in 2007. The Audit Committee recommended the CAS take voluntary steps to more fully fund the pension plan's invested assets, thus reducing its unfunded liability. The consensus of the Board was that exploring the question of pension plan funding should be delegated to the EC.

There was a question as to why the CAS offers its employees a defined benefit pension plan; it was noted that defined contribution plans seem to be more prevalent. Todd Rogers stated that CAS staff benefits and compensation were reviewed during 2005, which included an examination of the CAS's pension plan; the report will be forwarded to the Board for the benefit of the new Board members.

## **V. BOARD AND EC TRAVEL REIMBURSEMENT POLICY**

Next the Board turned to Item 9 in the Board meeting materials: the question of whether Board and EC members should be reimbursed for their travel expenses to attend Board and EC meetings. There is concern that lack of reimbursement of Board and EC travel expenses limits the pool of potential volunteers, as those whose employers do not cover such expenses are generally unwilling or unable to assume the cost themselves.

Currently the President and President-Elect are reimbursed by the CAS for travel related to their duties, as are volunteers for certain Admissions Committees. CAS policy allows other members to request reimbursement in cases where travel related to volunteer activity (such as EC or Board membership) poses a financial hardship, and a handful of such reimbursements are granted each year.

The topic generated questions leading to clarification of a number of points. The proposed policy would not cover travel to destinations such as the Leadership Meeting or regional affiliate meetings, only to Board and EC meetings. Part of the rationale for reimbursing Board and EC members but not committee members is that many committees conduct their business primarily by teleconference. Board meetings require attendance in person four times per year, while EC members are required to attend upwards of 10 in-person meetings per year.

There was a question regarding situations in which the Board requests a CAS member to attend a meeting and make a presentation; the current proposal does not address this issue.

Discussion centered on the following arguments against the proposal: that approving the proposal might appear self-serving on the part of the Board; and that such a policy might eventually lead to a further expanded reimbursement policy with significant financial ramifications.

Conversely, arguments in favor of the proposal included the belief that many employers (even large firms) are seeking to reduce expenses and are less willing than they once were to cover travel expenses for CAS activities; the need to expand the pool of volunteers; the hardship that the current approach can place on self-employed or retired members; the desire to prevent a small pool of reimbursing employers from having undue influence on CAS affairs; and the belief that most nonprofit organizations do reimburse their directors and officers for travel expenses.

One Board member suggested that the proposal be amended to reimburse driving mileage at “the current IRS rate” rather than the dollar figure specified, thus avoiding future revisions to correct for the effect of inflation. Another Board member suggested that the word “reasonable” be inserted into the proposed policy, so that only “reasonable” travel expenses would be reimbursed. These suggestions garnered broad support.

**A motion was made to approve travel expense reimbursement for EC members according to the proposed policy, incorporating into the proposal the revisions mentioned above.**

This motion was seconded and passed unanimously, with 16 members voting.

The Board next turned to the question of reimbursement for Board members.

Some suggested that the hardship reimbursements currently available are sufficient for the Board’s needs. Others expressed concern that potential volunteers might simply decline to serve rather than ask for a “hardship” exemption, and reiterated the danger that those companies covering travel expenses for their employees might come to have disproportionate influence on the Board.

**A motion was made to approve reimbursement to Directors and to the Assistant Secretary according to the proposed policy, incorporating into the proposal the revisions mentioned above.**

This motion was seconded and approved with 13 voting in favor, two opposed, and one abstention.

The Board asked the Vice President – Marketing & Communications to develop a communication plan for this newly approved reimbursement policy, which will take effect October 1, 2007.

## **VI. REVISIONS TO LRPC NAME, GOALS, AND CHARGE**

Some Board members pointed out that proposed Items 4 and 5 of the Board meeting materials are contradictory. Item 4 suggests dropping liaisons between the Long Range Planning Committee (LRPC) and the EC because the ERM Committee already has EC liaisons, while item 5, the older document, retains mention of such liaisons. Ensuing discussion stressed the importance of communication between the LRPC and the EC, which is not always as robust or frequent as it could be. It was therefore concluded that maintaining the liaison function was appropriate.

**A motion was made and seconded for the Board to delete the paragraph in item 4 about dropping the liaison objective, and approve the LRPC’s proposed name change (Strategic Planning Committee), charge, and goals, subject to this amendment.**

This motion was passed unanimously, with 16 members voting.

## **VII. LRPC STRATEGIC PLANNING PROCESS**

After this topic (Item 10 in the Board meeting materials) was introduced, there was some discussion of how the CAS can best continue to get input from CFOs and CEOs as to what skill sets they need from actuaries, so that this information can be used in crafting basic and continuing education strategies.

Issues that continue to surface in feedback from employers relate to the need for actuaries to have “big-picture” perspective, better communication skills, and boardroom presence. An ongoing challenge is how to improve these skills among current and future CAS members. It was noted that the SOA’s “Image of the Actuary” campaign is constructing an “actuarial value ladder” to highlight skills actuaries need in order to advance to leadership roles in their careers. Fellows of the CAS are involved this campaign, which will include case studies of “actuaries in action.”

One Board member observed that some firms employ large numbers of actuaries relative to company size, while others employ far fewer. There was support for the concept that an understanding of the different “employer models” would be helpful.

**A motion to approve the recommended Strategic Planning Process was made.**

This motion was seconded and approved unanimously, with 16 members voting.

## **VIII. EXECUTIVE SUMMARY DOCUMENTS**

There was brief discussion of this topic (Item 11 in the Board meeting materials); several Board members suggested that a time frame for releasing the Executive Summary to the membership should be included.

**A motion was made to approve the proposed process and guidelines for preparation of the Board Meeting Executive Summary, subject to the inclusion of a goal that Executive Summary documents be released to the membership within four weeks following each Board meeting.**

This motion passed unanimously, with 16 members voting.

## **IX. VITAL STATISTICS**

The Vital Statistics (Item 12 in the Board meeting materials) were provided for the Board's information and comment. One observation on the statistics was that the number of meeting attendees is dropping, even as CAS membership grows, partly because the number of people attending multiple meetings has dropped. Also, some questioned whether the Seminar on Ratemaking and the Predictive Modeling Seminar should be combined, as their target audience is the same. Various suggestions were made regarding how the presentation of the statistics could be improved.

## **X. INTERNATIONAL VISION**

Amy Bouska presented this topic (Item 13 in the Board meeting materials) for discussion and feedback; a draft vision is to be formally presented to the Board during the June meeting.

Paul informed the Board that he has invited Derek Newton, the chair of the UK's General Insurance Board, to attend the Board's June meeting, and asked for suggestions as to what topics the Board might wish to discuss with him. Board members expressed interest in discussing the Morris report, General insurance premium Rating Issues working Party (GRIP), and General insurance Reserving Issues Taskforce (GRIT), as well as the issue of mutual recognition with India. It was suggested that a representative of the Institute of Actuaries of Australia be invited to attend the June Board meeting as well.

## **XI. REPORT OF THE BOARD GOVERNANCE TASK FORCE**

The Board reviewed the Report of the Board Governance Task Force (Item 14 in the Board meeting materials). Tom Myers noted that the Board previously discussed whether a standing governance committee was needed; at that time, the consensus was against it. In light of this, he asked whether the Governance Task Force should now be dismissed.

Irene Bass, chair of the Task Force, pointed out that there is one remaining Board vacancy for a non-CAS member, and that there will be ongoing issues related to appointed Board members. One Board member observed that most boards do have a standing governance committee, which is often a subcommittee of the board itself.

The consensus of the Board was that the Task Force should not be dismissed at this time. Instead, the Board asked the Task Force to consider candidates for the remaining vacancy, and recommend a charge for a future governance committee. This topic will be addressed during the September Board meeting.

## **XII. CAS AWARDS TASK FORCE REPORT**

Ken Quintilian presented this report (Item 15 in the Board meeting materials) and asked for the Board's feedback on using a single committee to centralize management of awards and prizes and on using the CAS Trust to centralize award / prize financing. The goal would be to achieve a more concerted overall strategy, for example, to ensure that awards further the overall goals of the CAS and that they remain appropriate in magnitude relative to one another.

Some Board members expressed concern that a single committee might have difficulty keeping in touch with current expertise on the broad range of topics required, and would simply introduce an additional layer of bureaucracy. It was also observed that there are many focused prize paper programs which were never intended to be institutionalized.

One Board member raised the question of whether the centralization of funding in the Trust should be considered separately from the issue of centralizing the awards process. There was also some discussion of the relationship of the CAS Trust to the Actuarial Foundation. Some felt that a vision for the CAS Trust is lacking.

The EC was encouraged to continue discussing this issue in light of the points raised by the Board.

## **XIII. EXECUTIVE SESSION**

At 11:15 the Board went into Executive Session until about 12:00.

## **XIV. STANDARDS OF PRACTICE / STATEMENTS OF PRINCIPLES**

Roger Hayne and Rich Fein (by teleconference) led a presentation on this issue (Item 16 in the Board meeting materials), concerning the relative roles of Statements of Principles and Actuarial Standards of Practice (ASOPs) in the management of actuarial professionalism. The Task Force on Principles was charged with

- clarifying the roles of Principles,
- determining whether the existing Principles satisfy those roles,
- determining what processes should be in place to assure that Principles continue to do so, and
- recommending appropriate actions to the Board by June 2007.

Roger and Rich stated that the original intent was that Statements of Principles would be fundamental truths (e.g. "future outcomes are uncertain") while Standards of Practice would discuss appropriate actuarial methods (e.g. "triangle development methods may be used to estimate uncertain future outcomes").

In fact, significant doubt exists as to whether the CAS should even promulgate principles. In the view of some on the Task Force, while some statements on fundamental truths are needed, they can be found elsewhere such as in ASOPs. Furthermore, the roles of the different types of professionalism pronouncements are currently not well understood by the membership.

One Board member provided additional historical perspective: at the time the Statements of Principles were originally developed, the assumption was that these fundamental truths lay within specific practice

areas rather than being all-encompassing. The original intent was to attach relevant Principles to each of the Standards of Practice and ensure that each of the Standards adhered to these Principles. At that time, one of the functions of the practice committees on Ratemaking, Reserving, and Valuation was to be conversant on the Principles and update them as needed.

Opinions of Board members ranged from supporting the direction taken by the Task Force to strong opposition. Since Standards of Practice are within the control of the Actuarial Standards Board, some expressed concern about also ceding control of the Principles. Furthermore, there was uncertainty about how a “merging” of Principles and Standards of Practice could in fact be accomplished. There was also concern that the membership may be uncertain as to the respective roles played by Statements of Principles, Standards of Practice, Qualification Standards, and the Code of Conduct.

This issue will be revisited by the Board at a future meeting, when it receives the final report from the Task Force.

## **XV. CENTENNIAL GOAL TASK FORCE REPORT**

Karen Terry, chair of the Board Task Force on refreshing the wording of the Centennial Goal, presented the Task Force’s suggestions (Item 17 in the Board meeting materials).

There was broad acceptance of the suggested wording for the first part of the goal (regarding international recognition), but there was much discussion of the wording of the second part (ERM). A number of preliminary attempts at editing were e-mailed to the Board members for their consideration over the evening, and the matter was tabled until the next morning.

**At that time, a motion was made and seconded to adopt the following refreshed wording for the Centennial Goal:**

**The CAS will be recognized globally as a leading resource in educating casualty actuaries and conducting research in casualty actuarial science. CAS members will advance their expertise in pricing, reserving, and capital modeling; and leverage their skills in risk analysis to become recognized as experts in the evaluation of enterprise risks, particularly for the property and casualty insurance industry.**

This motion was approved unanimously, with 16 members voting.

The EC was instructed to proceed with its communication plan to disseminate the new wording to the membership.

## **XVI. IMAGE OF THE ACTUARY**

Pat Teufel introduced this topic (Item 18 in the Board meeting materials), describing two straw polls that were taken within the EC.

- Should the CAS support the SOA “Image of the Actuary” initiative financially?

The position of the EC on this question was that the CAS should not contribute additional funding for the program.

- Should the CAS support the initiative with human resources?

The consensus of the EC on this question was that such support would be appropriate, and that CAS members and staff should continue to be directly involved with the initiative (current representatives include Cynthia Ziegler, Mike Boa, Joanne Spalla, and Pat Teufel), and proactive in working with the SOA.

The Board supported the EC's positions on these two questions, and there was support for the concept that the CAS should continue to look for opportunities for greater involvement in the initiative.

## **XVII. CRUSAP RECOMMENDATIONS**

Tom Myers introduced this topic (Item 19 in the Board meeting materials), describing a recent meeting of the Council of US Presidents (CUSP), which focused on how the profession should react to the final CRUSAP report. Tom asked for the Board's reaction to the idea of CUSP serving as a vehicle for reacting to CRUSAP, as well as the Board's reactions to CUSP recommendations on specific items.

Board members requested clarification of what it would mean for CUSP to be a forum for the profession's reaction. Tom explained that the intent is for CUSP to organize proposed responses to bring before the member organizations, as well as to disseminate ideas across member organizations.

A further comment was that some of the members represented by CUSP are not US actuaries, and CUSP should not take actions that would be detrimental to any other region.

Tom then asked for specific comments on CUSP's reactions to the individual CRUSAP items.

The topic of "para-actuaries" (CRUSAP Recommendation # 2) generated a great deal of discussion. There is a concern that those who are not members of any of the societies and yet perform actuarial work may not be qualified, and are not subject to discipline, standards, etc. Offering these people some sort of "home" within the profession might damage the reputation of credentialed actuaries.

Some questioned how it would be possible to require actuaries to demonstrate proficiency in communications skills (CRUSAP Recommendation # 14). One Board member commented that training provided in this area must be tailored specifically to technical actuarial communications and not just general speaking skills. Another member pointed out that the CIA has done just that, developing limited attendance seminars on technical communication.

Regarding the possible establishment of an independent oversight group (CRUSAP Recommendation # 18), a Board member pointed out that the CIA has recently set up an Actuarial Standards Oversight Board with no actuaries on it, modeled on the Canadian accounting governance process; the sole job of this Oversight Board is to ensure the ASB sets standards that meet public expectations. The CIA appointed all of the initial members on the Oversight Board, but that body will appoint its own members henceforth.

There was a general lack of support for consolidation of the U.S. actuarial organizations (CRUSAP Recommendation # 19). However, there is interest in investigating how the societies could increase efficiency by sharing infrastructure.

## **XVIII. FCAS EDUCATION WHITE PAPER FEEDBACK**

Chris Carlson provided the Board with a summary overview of the feedback from the membership on the White Paper on CAS Education Strategy (Item 20 in the Board meeting materials). Key points included agreement with the concept of distinguishing between topics requiring mastery versus familiarity, agreement with the need for enhanced continuing education (CE), lack of support for the idea of Fellowship “elective tracks,” and lack of support for discontinuing the ACAS credential. The membership also expressed desire for improved study materials, concern about the VEE system, and comments regarding the quality of exams.

Possible next steps, based on this feedback, include accelerating the expansion and enhancement of CE offerings, accelerating the development of improved study materials, exploring perceived issues with VEE, investigating the possibility of using CPCU exams for VEE-type credit, and exploring the possibility of offering the upper-level exams twice a year.

There was concern that the CAS could not muster enough resources to offer upper level exams twice a year unless the practice of releasing exams is discontinued. Some members voiced strong opposition to discontinuing the release of exams, due to the value of prior exams as an educational tool. The Board asked Jim Christie to look into what additional resources would be required to enable offering the upper-level exams twice a year.

Another topic of discussion was the fact that many among the membership perceive the Fellowship “elective tracks” as introducing specialization, when this was not the intent. A pervasive concern, not considered in the preparation of the White Paper, was how to guarantee career mobility if “elective tracks” are instituted. Furthermore, some saw a danger in the possibility of the CAS, not that large to begin with, fragmenting into specialties.

Some questioned whether the “electives” should be confined to CE. Intensive CE workshops – such as the DFA Workshop, Reinsurance Boot Camp, and Reserve Opinion Boot Camp – attract many participants and are often oversubscribed. Several Board members supported the idea of an educational system that would require exams plus one or more elective hands-on workshops, though these members also said it would be preferable for the final credential to be the same regardless of the particular electives selected (in other words, there should be no distinction between “FCAS-ERM” and “FCAS-Reserving,” etc.). It was observed that an “exams plus workshops” system would enable the testing of both knowledge (through the exams) and skills (through the workshops). Further, the workshops could offer a venue for the development and testing of communications skills. However, some Board members were concerned that a workshop requirement might pose an impediment for international candidates.

Jim Christie, Roosevelt Mosley, Tom Myers, and Glenn Meyers volunteered to staff a task force to flesh out the ideas discussed.

## **XIX. ERM VISION AND ISSUES UPDATE**

John Kollar introduced this topic (Item 21 in the Board meeting materials), explaining that the goal is to clarify the direction of the CAS with respect to ERM. The basic messages to communicate in the ERM Vision are:

- 1) CAS members already provide ERM services;
- 2) CAS members have the skills to hold ERM-related positions.

A few suggestions were made regarding improvements to the wording of the draft vision document. John will bring the Board a revised draft to consider at the June meeting.

## **XX. ERM FOR CAS COMMITTEE REPORT**

Preparation of this report is under way (as indicated by Item 22 in the Board meeting materials); John stated that the intent is for the report to be presented to the Board in September.

## **XXI. INFORMATION ITEMS**

The following items (numbered as in the Board meeting materials) were presented for the Board's information. Board members were given the opportunity to comment on any item:

23. EC Minutes (Oct 10, Nov 14, Dec 12, Jan 16)
24. Q1 FY 2007 Financial Statement
25. Executive Director's Report
26. Results of Fall 2006 Exams
27. ASTIN 2007 Update
28. Board Meeting Schedule 2008
29. Global ERM Credential
30. IAA Organization Report
31. NAAC Minutes
32. Council of U.S. Presidents (CUSP)
33. International Cooperation (CUSP Letter)
34. Meetings Attendance
35. CBT Provisional Passing Scores
36. Actuarial Foundation Report

Seeing that these items did not generate lengthy discussion, Paul called for a motion to adjourn.

A motion to adjourn was made, seconded, and approved unanimously. The meeting adjourned at 10:00 a.m. on Friday, March 16.

Respectfully submitted,



Alice Underwood  
Assistant Secretary – Board of Directors

Approved June 17, 2007