

**CAS BOARD OF DIRECTORS MEETING
MAY 5-6, 2001
Miami, Florida**

Present

Board Members: Amy Bouska, Charles Bryan, Ralph Blanchard, Stephen D'Arcy, Janet Fagan (Present on 5/6/01 only), Frederick Kist, John Kollar, Michael Miller, Gail Ross, Deborah Rosenberg, Michael Toothman and Susan Witcraft

Immediate Past President: Alice Gannon

President: Patrick Grannan

President-Elect: Robert Conger

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

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

Other Attendees: Michael Boa – Manager, Communications and Research, CAS Staff; Todd Rogers – Manager, Finance and Administration, CAS Staff. Thomas Myers, Chairperson of the Examination Committee and Ted Stone, Vice Chairperson of the Syllabus Committee participated on 5/6/01. Clive Keatinge, Part Chairperson and a member of the Preliminary Actuarial Examinations Syllabus and Education Committee, attended the meeting on 5/6/01 as an observer and was invited to comment during discussions of the joint exams.

Vice President Not Present: Sheldon Rosenberg (participated by teleconference on 5/6/01)

Alice Gannon called the meeting to order at 2:00 p.m. on Saturday May 5, 2001.

1. MINUTES OF MARCH 1-2 AND 30, 2001 BOARD MEETINGS

The minutes of the March 1-2, 2001 Board meeting were approved as amended.

There was a motion that the minutes include the complete wording of all motions that are approved. The motion was seconded. The motion was approved with thirteen in favor and one opposed.

There was a motion to include the complete wording of all motions that are not approved. The motion was seconded. The motion failed with four in favor and ten opposed.

The minutes of the March 30, 2001 teleconference were approved.

2. CONTINUING EDUCATION REQUIREMENTS (COP TASK FORCE REPORT)

Abbe Bensimon reviewed the Report to the Council of Presidents from the Joint Task Force on Continuing Professional Education (CPE), included in attachment 2 of the agenda. The highlights of the report are:

1. The task force acknowledges the value and importance of formal CPE, but recognizes that informal CPE can be valuable to actuaries who wish to keep current on developing practice. It can be difficult for some actuaries to obtain numerous hours of formal CPE.
2. The task force believes that all actuaries should obtain a certain amount of CPE and favors mandatory CPE requirements being adopted over time, but that guidelines be adopted in the short term.

3. The task force recommends that the U.S.-based organizations and the Canadian Institute of Actuaries conform to a common minimum CPE standard of at least twenty hours of CPE each year, of which at least six hours would consist of formal activities.
4. The task force believes that professionalism topics are an essential element of CPE.
5. The task force does not recommend establishing penalties for actuaries who do not meet the guidelines, but favors positive incentives for compliance with the guidelines.

The Board provided its observations and feedback on the proposal. There was general agreement that the CAS should take the lead in setting high standards for continuing education. The Board members generally preferred starting with voluntary, rather than mandatory, standards. A suggestion was made to survey CAS members about changing continuing education requirements.

There was a motion that the Committee on Continuing Education review the Report to the Council of Presidents from the Joint Task Force on Continuing Professional Education and develop proposals in response to the task force report to set the appropriate continuing education standards for CAS members. The motion was seconded. The motion was passed with three members abstaining.

3. NOMINATING COMMITTEE RECOMMENDATIONS RE BIOGRAPHICAL INFORMATION IN BALLOT PACKAGE FOR 2001 ELECTION

Alice Gannon said that the Nominating Committee has recommended that the Board approve the same two questions for each Board candidate that were in the 2000 CAS election ballot package. **There was a motion to approve the inclusion of these two questions in the 2001 election ballot package, as follows:**

- 1.) **Why do you want to be a member of the CAS Board of Directors?**
- 2.) **What particular qualities and experience would you bring to the Board?**

The motion was seconded and approved unanimously.

There was a motion that, if there is more than one candidate for president-elect, these candidates be given the opportunity to address issues, using the same two questions (appropriately modified for the office of president-elect). The motion was seconded and approved with one member abstaining.

4. BOARD AGENDA TIME MANAGEMENT

Chuck Bryan referred to his proposed guiding principles and procedures for effective Board meetings, included in attachment 4 of the agenda. After some discussion the Board decided to defer this issue until the September meeting. Mike Miller will prepare a proposal on related topics for review at that meeting.

5. REVIEW OF CONSTITUTION AND BYLAWS

Alice Gannon introduced a voting package for the Fellows for a proposed amendment to the CAS Constitution, included in attachment 5 of the agenda. The Executive Council proposes one additional change to the amendment previously approved by the Board on March 1-2, 2001. The following underlined abbreviation and sentence would be added to the current Article IX (i) of the CAS Constitution:

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

opinion to be issued by the IAA and allow the IAA to list the CAS as a supporting organization of that public expression of professional opinion when that vote is positive.

There was debate about adopting a broader wording. **There was a motion to approve the EC's recommendation to send the voting package to the Fellows, with changes to the cover letter.** The motion was seconded and approved with thirteen members in favor and one member abstaining.

6. 2001 LONG RANGE PLANNING COMMITTEE STATUS REPORT

John Kollar gave an overview of the LRPC's 2001 report framework, included in attachment 6 of the agenda, and asked for Board member comments and direction. Board members urged the committee to prioritize the recommendations in the report and address them in a focused manner. The LRPC was also encouraged to identify the key trends (threats, opportunities, etc.) that will impact the future of the CAS. There was a further suggestion to put more emphasis on advancing the research function.

7. EXECUTIVE DIRECTOR'S REPORT

Tim Tinsley, CAS Executive Director, presented the status report on office management issues, as contained in attachment 7 of the agenda. Negotiations have been concluded and the VP-Administration has signed the Second Amendment to the original 1991 CAS office lease. This amendment extends the period by five years to February 2006 with an option to extend it for another five years. The base year rent is \$30 per square foot. The buildout of the expansion space is completed. Four new staff members are on board to replace the four staff members that departed in January-April.

8. REPORT ON IAA MEETINGS (PORTUGAL, APRIL 5-7)

LeRoy Boison, Vice President-International, discussed the reports from the IAA meetings in April, 2001, included in attachment 8 of the agenda. Ralph Blanchard, Mary Frances Miller and Alice Gannon also attended the meetings. LeRoy Boison noted that the increased participation by CAS members on IAA committees is appreciated by the other organizations. There were questions about the IAA auditing our education process and the possibility that they could try to change our educational agenda. The AAA volunteered to be a test case for the audit.

The United States has been selected as the site for the 2004 IAA Council and committee meetings. The Council of Presidents will determine which U.S. organization will serve as host. A Board member suggested that the AAA should be the host, with the CAS contributing to the financing of the meetings.

9. CAS INTERNATIONAL STRATEGY – STATUS REPORT

LeRoy Boison gave the Board a status report on the development of a CAS International Strategy, included in attachment 9 of the agenda. The International Issues Committee (IIC) has held several teleconferences with the SOA to discuss potential synergies. The committee has assigned members to contact representatives in India and Hong Kong to discuss examination cooperation. Poland is under investigation. The committee is in the process of developing an action plan regarding coordination with the SOA. The IIC has also begun setting up the "Ambassador Program."

10. HIGHLIGHTS OF 2001 SPRING MEETING PROGRAM

David Chernick reported on the program and attendance at the 2001 Spring Meeting. The smaller new Associate class contributed to the lower attendance than planned and to the fewer accompanying persons. He indicated that there would be a \$15,000 fee to the hotel for fewer sleeping rooms utilized than in the CAS

contract with the hotel. Attendance trends will be discussed with the Board at the November 11, 2001 meeting.

11. 2001 CAS LEADERSHIP MEETING (SUMMARY)

Bob Conger reviewed the March 29, 2001 Leadership Meeting, included in attachment 10 of the agenda. The theme of the meeting was "External Perspectives on Casualty Actuaries." The meeting featured two panels from "consumers" and "future suppliers" of casualty actuarial services. The meeting also included breakout sessions to discuss those external perspectives, identify gaps between desired and actual perceptions, and suggest potential gap-closing solutions. Bob Conger added that there was excellent participation at the meeting. The Board commented that the summary of the Leadership Meeting was good. The Board asked about the next steps for the recommendations, and Bob Conger replied that the recommendations would be sent to the appropriate committees for consideration.

12. 2000 LRPC REPORT RECOMMENDATIONS – STATUS REPORT ON EC RESPONSES

Pat Grannan reviewed the LRPC Report recommendations and EC responses, included in attachment 11 of the agenda.

13. REPORT OF TASK FORCE ON GENERAL BUSINESS SKILLS EDUCATION

Dave Chernick reviewed the Report of the Task Force on General Business Skills Education, included in attachment 12 of the agenda. The EC accepted the report at its April 12, 2001 meeting and established a new permanent committee called the General Business Skills Education Committee. The EC has asked this new committee to review the seven recommendations contained in the 2001 LRPC Report that relate to general business skills education. A draft charge for this committee will be acted upon at the May 8, 2001 EC meeting. A Board member commented that communications issues are important and that the Board should consider including presentation skills in professionalism education.

14. OTHER INFORMATION ITEMS

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

- Report of the Task Force on E&E Process and Procedures (Progress Report) (Attachment 13)
- Second Cycle Reports/Review of 2000-01 Goals (Attachment 14)
- Minutes of February 20, March 30 EC Meetings; April 12 EC Agenda (Attachment 15)

15. ADJOURN UNTIL SUNDAY, MAY 6

The meeting was adjourned at 6:10 p.m. until Sunday, May 6, 2001.

Alice Gannon called the meeting back to order at 8:30 a.m. on Sunday, May 6, 2001.

16. REQUESTS FOR DUES WAIVER

The Board considered requests for dues waivers from two members, included in attachment 16 of the agenda. **There was a motion to approve the EC's recommendation to deny the request for an additional sixth dues waiver.** It was seconded and approved unanimously.

For the second member application, there was a motion to approve the EC's recommendation to deny the request for a permanent dues waiver, but instead grant him a temporary one-year waiver

in recognition of the member's current contributions to the CAS. The motion was seconded and approved unanimously.

17. REQUEST FOR REINSTATEMENT

The Board considered a request for reinstatement, included in attachment 17 of the agenda. **There was a motion to approve the EC's recommendation to reinstate the former member subject to repayment of 1999-2000 and 2000-2001 dues, \$290 and \$300, respectively (total \$590).** The motion was seconded and approved unanimously.

18. Q2 FY 2001 FINANCIAL STATEMENT/YEAR-END FORECAST

Todd Rogers, CAS Manager—Finance and Administration, discussed the second quarter financial results, included in attachment 18 of the agenda. There is a favorable variance (as compared to the budget) of \$111,615 for operations at the end of the second quarter, reducing the net loss for operations to \$222,285. This net loss is reduced to \$38,219 after investment income and unrealized gain on marketable securities. While the FY 2001 budget reflects a \$126,000 net loss at year-end, the current forecast is a net income of \$10,618 (including investment income and unrealized gain on marketable securities).

19. REVISED CAS COPYRIGHT AND RELEASE AND LICENSE FORMS

Tim Tinsley discussed revisions approved by the EC to the CAS Copyright and Release and License (R&L) forms included in attachment 19 of the agenda. He indicated that Jeff Glassie of the law firm of Shaw Pittman was asked to review and revise the two forms following a discussion of related issues by the EC. The title of the R&L form has been changed to the "Permission to Publish." The forms are simplified, but do not include the phrases "according to my knowledge of copyright law" and "to the best of my knowledge," which were part of the special exemption granted by the EC to a CAS Textbook author on January 18, 2001.

A Board member asked what rights does the author give up in the Copyright Assignment Agreement: the rights to the paper itself or the rights to the ideas in the paper? Also, do authors assign the patent rights to their ideas in the paper to the CAS under the Permission to Publish form? Tim Tinsley will refer these questions to the attorney and report back at the September 13, 2001 Board meeting. The Board interposed no objection to using the new Copyright Assignment Agreement and Permission to Publish forms, but the EC should consider making further revisions if authors have objections to their provisions. Alice Gannon pointed out that the EC still has the ability to grant exceptions to the agreements and directed staff and the EC to inform the Board when authors have concerns about signing the forms.

20. LIST OF CAS CONSTITUENCIES FOR NOMINATING COMMITTEE

Tim Tinsley led the discussion of CAS Constituencies for Nominating Committee Consideration, included in attachment 20 of the agenda. At its April 12, 2001 meeting, the EC concluded, upon review of the distribution of elected Board members over the last eight years, that there has been a good mix of employment types and geographic locations have been represented on the Board. As an exception, the Nominating Committee has been aware of the problem of no Canadian members being elected to the Board. This has been somewhat overcome through appointments of Canadians to the Board to fill open, unexpired terms.

The breakdown by employment type and business location of the current Board members continuing to serve in 2002 will be provided to the Nominating Committee and included in the election ballot package. Board members asked that percentages based on the entire CAS membership be added to the historical distributions for Board members and that Canada be shown as a geographic category.

21. BASIC EDUCATION PRINCIPLES

Alice Gannon introduced Tom Myers, Chairperson of the Examination Committee and Ted Stone, Vice Chairperson of the Syllabus Committee, and thanked them for agreeing to attend. She also introduced Clive Keatinge who requested to attend as an observer.

Mary Frances Miller discussed the Proposed Principles of the CAS for Basic Education, included in attachment 21 of the agenda. **There was a motion to adopt the Principles of the CAS for Basic Education as revised by the EC following the March 1-2, 2001 Board meeting discussion (attached).** The motion was seconded and approved unanimously.

22. PRINCIPLES FOR CAS EXAM STRUCTURE

Mary Frances Miller requested that discussion of the Proposed Principles of CAS Exam Structure originally developed by Chuck Bryan, included in attachment 22 of the agenda, be tabled until after the Syllabus and Examination Committees have completed discussions with the education consultant and have recommendations to make on the proposal. It is anticipated that the EC will be ready to present a proposal at the September 13, 2001 Board meeting.

23. POLICY FOR EXAM DEVELOPMENT

Mary Frances Miller requested that discussion of the Proposed Policy for Exam Development originally developed by Mike Toothman, included in attachment 23 of the agenda, be tabled until after the Syllabus and Examination Committees have completed discussions with the education consultant and have recommendations to make on the proposal. It is anticipated that the EC will be ready to present a proposal at the September 13, 2001 Board meeting.

A Board member expressed concern about delaying discussion on the Proposed Principles of CAS Exam Structure and the Proposed Policy for Exam Development. One Board member suggested that the Board should be involved only in setting policies on travel time and having passing scores based on demonstration of competency, leaving the other exam issues to the EC and committees to resolve. Mary Frances Miller responded that by the September Board meeting she will propose a charge for a task force to assess the entire exam process. It was suggested that the Board needs to have more interim meetings to make progress on exam issues rather than waiting until September.

There was an inquiry about the charge given to the exam consultant. Tom Myers stated that the consultant was originally given three charges: (1) to review the process to develop learning objectives; (2) to build a training process for exam committee members; and (3) to find ways to a priori predict the length and difficulty of exams. The consultant suggested performing an entire audit of the exam process before addressing the three charges. Furthermore, the consultant thought that item (3) would be difficult to achieve.

There was more discussion on the Policy for Setting Pass Marks, which was approved at the March 1-2, 2001 Board meeting. However, it was agreed to not make any changes to the policy.

There was a motion that the Board table discussion of the Proposed Principles of CAS Exam Structure and the Proposed Policy for Exam Development as recommended by the EC above. The motion was seconded and approved unanimously.

24. REPORT OF EXAMS 3 AND 4 CONTINGENCY PLAN TASK FORCE

Gail Ross, Chairperson of the Exams 3 and 4 Contingency Plan Task Force, discussed the report of the Task Force, included in attachment 24 of the agenda. The Task Force was not able to arrive at a consensus on a proposal to recommend to the Board, thus two options were presented: a Two-Exam Option and a One-Exam

Option. The Task Force recommends that these options be presented to the Examination, Syllabus and Education Policy Committees for their input and their estimate of the timetable required to implement.

Two-exam option: This option calls for replacing the current Exams 3 and 4 with two new exams. The main goal of the two-exam option is to retain one exam that could be jointly sponsored by the CAS and SOA and introduce a separate exam to cover material that the CAS would likely need to test separately. The new Exam 3 would cover modeling, stochastic processes and simulation. The new Exam 4 would cover life contingencies, credibility and regression, forecasting and time series. It is anticipated that the new Exam 3 could be jointly sponsored with the SOA and that the new Exam 4 would most likely be a CAS-only exam, but could be offered with the SOA if there is agreement on the content. Under the proposed transition rules, any candidate who has passed just one of the current Exams 3 and 4 would get credit for the new Exam 3 but would have to take the new Exam 4.

One-exam option: The main goal of the one-exam option is to reduce travel time by decreasing the number of exams while keeping an efficient education system. This proposal calls for replacing the current Exams 3 and 4 with one exam covering modeling, credibility and life contingencies. The topics of regression, forecasting, time series, stochastic processes and simulation would be shifted to other exams, and other material would need to be removed from those exams. The total number of exams would be reduced to eight. The new exam could either be a CAS exam or could be offered jointly with the SOA. Under the proposed transition rule, any candidate who has passed either of the current Exams 3 or 4 would get credit for the new exam.

The Task Force had difficulty in reaching consensus on the level at which the CAS should test life contingencies. A potential disadvantage of the two-exam option is that it may not reduce travel time. However, there was disagreement about whether travel time would be impacted. Potential disadvantages of the one-exam option are a single exam may be too large, inadequate treatment of topics, and a shift in material to other exams may require material to be removed from those exams.

It was pointed out that the need to invoke the contingency plan has not been determined and that the actions taken so far might eliminate the need for a contingency plan. It was noted that there had been insufficient experience to know if the revised Exams 3 and 4 were working sufficiently well. Concern was expressed about the ability to shift material to other exams, which already cover a great deal of material, and about the resources and time needed to shift material to other exams.

There was discussion about reducing the material on life contingencies. A Board member asked if there was a need for changes in Exams 5-9. Mary Frances Miller responded that there was concern about Exam 8: the topics may be appropriate, but there was concern about the level of the material on DFA and advanced ratemaking and whether the exam questions were appropriate.

A Board member asked about the ability to staff the exam committees under either alternative. Concerns were expressed about revamping the exams again, both because of the impact on the candidates and because of the limited availability of volunteers.

A Board member asked about the differences between the two-exam proposal and the revised Exams 3 and 4 Syllabuses. Steve D'Arcy replied that roughly 40% of the material on the current Exams 3 and 4 Syllabuses would be eliminated in the two-exam proposal. Gail Ross added that there is disagreement on the Task Force about how much life contingencies material to eliminate.

CAS staff distributed an information package regarding joint exams containing the following:

- Recent E-mails Addressed to the Board
- Travel Time by ACAS/FCAS Class (through Spring 2001)

- Pass Results for New Joint Exams (by student, worker categories)
- Pass Results for Old CAS Exams 4A, 4B (by student, worker categories)
- Registrations for New Joint Exams (by student, worker categories)
- Registrations for New CAS Exams 5-9
- CAS President E-mail Letter to Members, Candidates Re: Board Discussion of Exams 3 and 4 (March 30, 2001)

Steve D'Arcy distributed copies of the November 2000 Exams 3 and 4 questions with illustrative solutions. He pointed out questions that less than 20% of the candidates answered correctly. Tom Myers said that it is not unusual to have exam questions that less than 20% of the candidates answer correctly, particularly when there is new material on exams. A Board member asked about the proportion of SOA and CAS members staffing the exam committees; Tom Myers replied that the committees are staffed about equally with SOA and CAS members. Steve D'Arcy pointed out Exam 3 questions where the success rate for CAS candidates on questions was less than 80% of the non-CAS candidates. Another board member asked whether multiple-choice questions were an appropriate testing tool for multiple step problems.

A Board member was concerned that the exam process might end up passing candidates whose strengths are predominately mathematical in nature.

There was debate about whether the Board should act now to change Exams 3 and 4 or wait to see if the changes that have already been implemented will be sufficient. The Board was also divided about the two options presented with more Board members preferring the two-exam option. In addition, there was discussion about the desired pass ratio and travel time. The method of testing mastery of the material was also discussed, along with the need to make changes in continuing education requirements. The desirability of an "attractor" exam was brought up. There was concern about the logistical issues of successfully implementing changes to the exams. It was stated that there should be an emphasis on developing good study materials and writing effective exam questions.

Alice Gannon asked Tom Myers and Ted Stone for their opinions. Tom Myers replied that he believed it would take 18 to 24 months to execute the contingency plan. In the interim, therefore, it may be prudent to immediately begin preliminary work on restructuring exams. He was concerned that the present members of the exam committees might not have the energy to undertake another restructuring while continuing to administer the current exams. He believed that the two-exam option would require a great deal of effort to implement.

Ted Stone said that he wanted to consult the Syllabus Committee when it meets in June. He felt that since the development of study notes for Exam 3 has just begun, it will probably be at least a year before study notes could be added to the syllabus. He noted that there is also concern that CAS candidates would not respond well to another dramatic change to the syllabus even if it includes further reduction in syllabus material.

The Board adjourned for lunch at 12:10 p. m.

The meeting was reconvened at 1:00 p.m.

Alice Gannon proposed discussing the action that the Board should take on Exams 3 and 4 and how its decisions should be communicated.

Mary Frances Miller expressed doubt that a new joint Exam 3 could be implemented by 2003. She recommended working with the SOA to develop creative interim solutions. She also cited the SOA's 2005 focus which may result in another large change to the exams.

There was a motion to direct the Admissions Committees to work with the SOA to develop creative solutions to reduce the level of life contingencies tested for CAS students as quickly as possible and report back to the Board no later than September 13, 2001. The motion was seconded. Some concerns about delaying a decision until September were expressed, and the need to develop a backup plan as quickly as possible was identified. The motion was approved unanimously.

There was a significant discussion about the difficulty of testing life contingencies in a way that meets both the CAS and SOA needs, and many Board members had concerns with whether a joint life contingency exam (that meets both CAS and SOA needs) would ever be feasible.

There was a motion to state that the Board has reviewed the Report of the CAS Exams 3 and 4 Contingency Plan Task Force and, as a general direction for change, expresses a preference for the two-exam option contained in the report. The motion was seconded and approved unanimously.

It was suggested that the Examination Committee look at creative ways (including funded efforts) to help CAS candidates overcome the difficulty in mastering the material through self-study. It was stated that more emphasis should be placed on developing study notes. Mary Frances Miller suggested contacting the organization in England that works with the Institute of Actuaries exam committees to develop self-study material.

A Board member asked whether there were other topics that should be eliminated from Exams 3 and 4. Gail Ross suggested arranging a Board teleconference after the Syllabus and Examination Committees have met in June and July, respectively. It was suggested that the Syllabus and Examination Committees provide feedback on other topics in the Task Force Report.

There was a motion to dismiss the CAS Exams 3 and 4 Contingency Plan Task Force with thanks. The motion was seconded and approved unanimously.

Bob Conger summarized the following action items as a result of the Board's discussions:

- Mary Frances Miller will report back to the Board on the status of study notes.
- The Admissions Committees will recommend other areas for changes in the exam process.
- The Admissions Committees will look into other creative, short-term actions to increase the pass ratios on Exams 3 and 4.

The Board then discussed how to communicate its actions on the exam issues. It was suggested that the President write a letter to CAS members and candidates reporting on recent developments, which would be posted on the CAS Web Site. The CAS Exams 3 and 4 Contingency Plan Task Force report will be placed on the CAS Web Site when the May 5-6 Board minutes are approved in September.

It was suggested that the communication reiterate the improvements to Exams 3 and 4 that have been implemented to date, state that the Board anticipates that the structure of exams will change in the 2003-2005 time frame, and that transition issues will be minimized. The communication could also emphasize the complexity of the examination issues so the audience appreciates the difficult work of the Syllabus and Examination Committees. There was debate about the timing of the communication. The Board agreed that the communication should address the staffing of committees and the lead-time required to write study notes. The Board was urged to publicly express support of the committees and discuss the results of the April meeting at the O'Hare Airport in Chicago. The communication should announce that Stuart Klugman is writing a study note. It should also report that the Board would be discussing life contingencies issues with the SOA.

It was agreed that Pat Grannan will write a letter to members and candidates and use his judgment regarding its contents.

There was a motion that the Board commends the Examination, Syllabus and Student Liaison Committees on their successful work to date on implementation of appropriate Task Force on Education and Examinations Process and Procedures recommendations. The motion was seconded and approved unanimously.

There was a motion to offer two separate CAS exams as an alternative to the current Exam One: one exam (1A) would cover calculus and the other (1B) would cover probability and statistics. Students would receive credit for passing either the two new CAS exams or the joint CAS/SOA Part One. The motion was seconded.

Offering credit for the Graduate Record Exam (GRE) for Exam 1A was suggested. There were concerns about breaking away from the SOA for Exam One because of the difficulty in attracting CAS candidates. There was a request for clarification about the problems in attracting students since over 4,100 candidates registered for Exam One, up 29% from the Spring 2000 sitting and the highest number since Spring 1992. It was suggested that there would be an advantage in having two smaller exams for college students rather than a single combined exam. Mary Frances Miller pointed out that SOA statistics show that 70% of the candidates that passed the pre-2000 Exam One did not register for any further exams. It was also noted that there would be certain fixed costs associated with separate exams, with possible low numbers of candidates to spread this cost over. There was concern about acting on the “attractor” exam proposal at this point. Members expressed a preference to direct the admissions committees to make a recommendation on the issue.

The motion to offer two separate CAS exams failed with three in favor, nine opposed and two abstaining.

The EC was directed to study the “attractor” exam idea further and make a proposal for the September 13, 2001 Board meeting.

25. JOINT EXAMS FINANCIALS

Tim Tinsley reported on the progress of discussions with the SOA on the joint exam financials. He reported that he had several teleconferences with the SOA Executive Director regarding the questions from the March 1-2, 2001 Board meeting and the follow-up questions from the April 12, 2001 EC meeting. The SOA acknowledged the large variance in salaries and benefits from the 1999 budget and pointed out factors that contributed to this variance. Details on staff time allocations to the joint exams were not provided, but fundamental operational differences between the SOA and CAS (e.g., use of staff actuaries for committee work) contribute to the salaries and benefits charged to the joint exams.

The SOA suggested a meeting between the respective Presidents-Elect to seek a framework for resolution of the joint exam agreement and the projected results for 2001 and 2002. An outcome would be a more specific business contract to state the terms of the agreement in greater detail. The SOA also expressed a willingness to work with the CAS on the timing for the annual approval of joint exam fees. The Board agreed with Tim Tinsley’s recommendation to pay the SOA \$52,000 to settle the 2000 fees and then work to improve the process for the 2001 and 2002 exams. The \$52,000 payment has been included in the projected 2001 year-end financial results discussed earlier.

26. OTHER MATTERS

John Kollar initiated further discussion about taking a broad conceptual view of how to attract new entrants to the examination program. It was acknowledged that the CAS needs to reduce travel time, but should not lower standards in so doing. Improving the quality of exams can reduce travel time. It was stated that it is important to define the standards for mastery. It was also suggested that there may be too much material on the exams.

A Board member requested that the median of the travel time distribution be captured in travel time reports. Mary Frances Miller responded that in the Spring class of new Fellows, the mean travel time was 18 sittings, with a range of 9 to 44 sittings. The median travel time was 16 sittings. Mary Frances Miller stated that travel time is measured by taking the actual number of sittings required to pass Exam 3 and higher and then adding two sittings for Exams 1 and 2. All available sittings are counted regardless of whether the candidate actually takes an exam.

A Board member stated that there is too much memorization on the exams. Mary Frances Miller said that the Examination Committee members would in the future be assigned learning objectives on which to base questions rather than being assigned syllabus material.

Alice Gannon encouraged all Board members to review the draft minutes of this meeting when distributed and provide feedback to the CAS Office for preparation of a red-lined version in advance of the September meeting. This process can reduce the time spent on the minutes during the Board meeting, limiting the discussion to the red-lined changes, as necessary.

There was discussion about the need for an interim Board meeting. Progress reports on the discussions with the SOA were requested. In addition, information on the Spring 2001 Exams 3 and 4 results was requested as soon as it is available. It was also requested that the education consultant's audit report be distributed as soon as it is finalized.

27. EXECUTIVE SESSION

The Board went into executive session at 4:05 p. m.

28. ADJOURN

The meeting adjourned at 4:30 p.m.

Respectfully submitted,

Joanne S. Spalla
Assistant Secretary - Board of Directors

Approved September 13, 2001

[Attachment](#)

[Principles of the Casualty Actuarial Society for Basic Education](#)