

**MINUTES
CAS BOARD OF DIRECTORS MEETING
MAY 7, 2006
El Conquistador, Fajardo, Puerto Rico**

Present

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

Immediate Past President: Stephen D'Arcy.

President: Paul Braithwaite.

President-Elect: Thomas Myers.

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

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

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

Invited guests: Mary Frances Miller (as noted in minutes).

Observers: Steve Belden (for part of meeting), Clive Keatinge.

Steve D'Arcy called the meeting to order at 8:00 a.m. on Sunday, May 7, 2006.

1. CONSENT ITEMS

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

(a) Transitional VEE Exams

The recommendation that the CAS offer a final administration of the Transitional VEE Exams in August 2007, and that this be the only administration offered after August 2006, was approved.

(b) ERM Vision

The proposed CAS *ERM Vision* was adopted as presented.

(c) Procedures and Criteria for Event Sponsorship Consideration

The proposed CAS *Procedures and Criteria for Event Sponsorship Consideration* were adopted as presented.

(d) List of Approved Universities for CAS Examination Waivers

The recommendation, that the CAS accept for purposes of the CAS exam waiver policy any university included on the lists of approved universities maintained by the Faculty and Institute of Actuaries (U.K.) or the Institute of Actuaries of Australia, was approved.

(e) IAA Public Statement Release

Due to the lack of expertise of the CAS and its members on the topic of the proposed IAA statement, *Old-Age Income Support in the 21st Century: An International Perspective on Pension Systems and*

Reform, the Board voted to direct the CAS Council Delegate to the IAA to cast an “abstain” vote on the statement.

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

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

(f) Acquisition of CAS Audit Firm Langan Associates by Larson Allen

The Board approved continuing the remaining two years of the three-year audit engagement agreement between the CAS and Langan Associates, with its successor firm, Larson Allen.

The motion was seconded and approved, with 14 members voting in favor and 1 abstention.

2. FCAS EDUCATION DRAFT WHITE PAPER

Tom Myers presented a first draft of the White Paper, which was intended to document the proposal developed at a January 10, 2006 Board meeting. The Board informally reiterated its basic commitment to the goals expressed by the White Paper as it is currently drafted.

The request was made that the White Paper be revised to include a greater explanation of the reasons that the CAS is considering another significant restructuring of the syllabus. The Paper will also be revised to clarify the fact that each of the particular action items (e.g., the assignment of particular Learning Objectives to “mastery” and “familiarity” buckets) is preliminary, and may be subject to change depending on further deliberations by the implementing committees in the time before a revised syllabus is actually put into place. Another refinement will be to clarify that “Communication Skills,” while not a subject of basic actuarial education, is nevertheless an important part of the actuarial skill set that will likely continue to be addressed through other vehicles such as continuing education.

It was also stated that it is not a purpose of this proposal to reduce travel time.

There was a comment that it might be appropriate for the White Paper to give greater prominence to the very important topic of Continuing Professional Education.

Once this paper is complete, the next critical step will be to collect feedback from the membership on its major tenets. The CAS will craft a Communication Plan for the White Paper’s release this fall. After compilation and consideration of the feedback, an Implementation Plan will likely be the next important step.

3. CHANGES TO CONSTITUTION AND BY-LAWS – GOVERNANCE CHANGES

Debbie Rosenberg introduced this item and invited comment on the changes as proposed in the Board materials. The first question was how to present this item on the ballot. It was agreed that all the governance issues – the new appointed Board members, the addition of the Executive Director to the EC, and the miscellaneous changes to enable a more flexible governance structure– should be combined and presented to the membership as a single question.

There was discussion of how to present the proposed changes to the membership in a clear and concise fashion, similar to the approach used in corporate proxy statements. It was agreed that there is no need to show the members what the text will look like if certain questions pass and others fail, since it will suffice to represent to the members that appropriate wording changes will be made in such an event.

Suggestions were made for refinements to the proposed changes. Significant among these was the clarification, based on the intent of the Governance Task Force as expressed by its chair, that although the Executive Director would become an EC member if the proposal passes, that position would not be an Officer of the CAS. This requires some rewording of the proposed changes, which will be completed before

the ballot is released. It was also agreed that certain duties, currently expressly attributed to the Secretary and Treasurer, but proposed to be deleted in the ballot question, need to be delineated somewhere in the by-Laws. In the recodified by-laws (if approved by the members) the relevant duties will become the responsibility of the Chief Staff Executive (i.e., the Executive Director).

There was a motion that all the changes to the Constitution and the By-Laws relating to Governance (excluding the ACAS questions discussed below) that will be decided in the 2006 election should be presented to the membership as a single question.

The motion was seconded and approved, with 9 voting in favor, 4 opposed, and 1 abstention.

There was a motion to approve the proposed wording changes to the Constitution and By-Laws, as amended, for inclusion in the 2006 CAS election ballot.

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

4. CHANGES TO CONSTITUTION AND BY-LAWS – ACAS VOTE

This section of the proposed changes will be presented to the membership as three separate questions.

There was a motion to approve the proposed wording changes to the Constitution and By-Laws related to expanding rights of Associates, as amended, for inclusion in the 2006 CAS election ballot.

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

5. CHANGES TO CONSTITUTION AND BY-LAWS – COMMUNICATION PLAN

Joanne Spalla introduced this item by explaining that the comprehensive plan being put into place by the CAS for communicating this issue is intended to educate the membership, engage their active involvement and consideration of the issues, and then to elicit their reasoned opinion in the election. It is not the goal of the CAS to try to influence the members to vote in favor of the proposals put forth by the Board. By the same token, the Plan will make clear that membership approval of these items is the course of action that the Board recommends. To that end, it is expected, in accordance with Board policy regarding public discussion of Board resolutions, that the Board members will express support for the Board recommendations in this regard.

6. REVIEW SERVICES TO MEMBERS

Paul Braithwaite introduced this item and stated that, in accordance with previous Board sentiment regarding the growing CAS surplus, the goal of this item is to identify worthwhile programs to be funded or expanded in the FY 2007 budget. Comments were elicited on most of the suggested initiatives. The most significant comments are described below.

It was agreed that the highest priority should be placed on Item 1 in the Board materials: funding a significantly more active effort toward streamlining the study materials for the exams, from the current syllabus' "patchwork" of Proceedings papers, textbooks and other materials. Various approaches to such an effort were discussed, including hiring a staff member, issuing an RFP, or retaining a coordinator to oversee the consolidated effort in this direction.

A straw poll was taken on whether the CAS should commit \$50,000 per year to the SOA-led profession-wide Image Campaign. To date the CAS has made a one-time, \$10,000 contribution, whereas the SOA is contributing approximately \$1,000,000 per year. The straw poll result was 5 in favor, 9 opposed to committing to the additional expenditure at this time.

It was agreed that a large part of the reticence on this item arises from a lack of familiarity of the details of the plans for this Campaign. Therefore, it was requested that a detailed briefing on the Image Campaign be included on the agenda of a future Board meeting.

Another recommendation was that the CAS issue an RFP for a CAS-funded banking operational risk analysis, in order to demonstrate the capabilities of CAS members in this area. This was assigned the second priority among these initiatives, although a more detailed proposal must be prepared before official approval can be given to this undertaking.

It was agreed that the proposed salary survey would be an unnecessary initiative at this time.

The third priority was given to investigating the potential for licensing a broad databank of academic journals for use by CAS members over the Internet. Such a license is generally available to universities, and it is possible that (for a potentially substantial but nonetheless worthwhile fee) a similar license could be procured for CAS members as well.

7. MINUTES OF MARCH 9-10, 2006 BOARD MEETING

A number of changes were discussed, which the Assistant Secretary will reflect in the minutes and redistribute.

A motion being made and duly seconded, the minutes of the March 9-10, 2006 Board meeting were unanimously approved as amended, with 15 members voting.

8. BOARD ATTENDANCE POLICY

A number of changes were discussed, which the Executive Director will reflect in the policy and redistribute. It was agreed that the approved policy would take effect September 2006.

A motion being made and duly seconded, the Board Attendance Policy was unanimously adopted as amended, with 15 members voting.

9. BOARD ATTENTION POLICY

It was agreed that instead of making this item a Board Policy, it will be given the status of a "guideline." It will be updated annually as new Boards and Chairs are seated, so that it remains responsive to changing times, technologies, etc. It was tabled for additional consideration and revision before acceptance.

10. ERMII REQUEST FOR ADMINISTRATIVE SUPPORT

Although it was agreed that this request for assistance might entail a significant amount of work for the CAS staff, it is recognized that the CAS will not be supplying this assistance for the long term. This effort is primarily for the purpose of helping ERMII "get started," in its current circumstances of little manpower or funding to provide such services for itself. It was agreed that providing such services will be very helpful to the success of ERMII, and will enhance the CAS working relationship with this promising organization.

A motion being made and duly seconded, the ERMII Request for Support was unanimously approved, with 15 members voting.

11. SYLLABUS COMMITTEE POLICY CONCERNING TEACHING EXAM PREPARATION COURSES

There was some discussion of the details of this policy.

A motion being made and duly seconded, the proposed changes to the Syllabus Committee Policy were approved, with 14 members in favor and 1 opposed.

12. EXAM FEE DISCOUNT STRUCTURE

The Board revised the Exam Fee Discount Program to apply to candidates who live in qualified counties where the per capita income is less than 50 percent of the average of the Canada/US per capita income. The previous threshold was one-third of the average of the Canada/US per capita income. The proposed fee structure was amended to include Hong Kong with the countries or territories receiving discounted fees, so that all of China (including Taiwan) will be charged a consistent exam fee.

A motion being made and duly seconded, the Exam Fee Discount Structure was unanimously approved as amended for candidates in the Exam Fee Discount Program, with 15 members voting.

13. PROPOSAL FOR REVIEW OF ABCD

This proposal, to conduct a review of the policies and procedures of the ABCD, came from two members of the CAS. It was agreed that, given the importance of the disciplinary responsibilities of the ABCD, such a review should be performed from time to time. However, it was noted that the Critical Review of the US Actuarial Profession (CRUSAP) Task Force of the AAA already has a review of the ABCD within its charge. Furthermore, CRUSAP is better positioned to perform such a review than is a group emanating from the CAS. Therefore, it was agreed to table this suggestion and revisit it at the September Board Meeting, at which time it is expected that a draft of the CRUSAP report will be available for review and consideration.

14. RFP FOR NAME AND DESIGN OF CAS JOURNAL

There was some discussion of the particulars of this proposed RFP, the scope of which has been expanded to include selection of a title due to the difficulty in selecting a single suitable title from the many proposals submitted by the membership.

A motion being made and duly seconded, the Board approved the preparation of an RFP to retain a firm to advise the CAS on naming, branding, and designing the layout of the new journal, with the funding authorization level described in the Board documents; with 14 members in favor and 1 abstaining.

15. EXECUTIVE SESSION

At 12:00 p.m. on May 7, the Board went into Executive Session until about 12:30 p.m.

16. VOLUNTEER OUTREACH EXPERIMENT

Steve D'Arcy led the discussion of this item. The goal of this proposal is to increase CAS volunteerism by extending personal appeals to non-volunteering members while advising them of various opportunities that would involve less time commitment than committee work or other traditional volunteer activities. The pilot test of this concept is intended to be conducted by Board members, who will each call a certain number of CAS members in the course of this experiment.

Additional "low-impact" opportunities were discussed, including the newly constituted Seasoned Member (i.e., retired members, and those with more than 25 years as members) Special Interest Section of the CAS. This could be both an additional opportunity for contribution by CAS members, as well as a source of volunteers for other activities.

A suggestion was made to approach senior executives and actuaries at companies underrepresented on the volunteer rolls of the CAS, to discuss the involvement of their employees in supporting the CAS. It was

suggested that it might be convincing to these audiences to provide an explanation of how the companies and their actuarial employees derive significant benefit from the volunteer activities of other CAS members, and how it is therefore part of the obligation of every employer of actuaries to contribute to this volunteer effort.

It was decided that this proposal should be delegated to the Committee on Volunteer Resources for further planning and information gathering.

17. CODE OF PROFESSIONAL CONDUCT FOR CANDIDATES

Beth Fitzgerald reviewed the proposed Code of Conduct as currently drafted. The Board discussed some of the more significant considerations, such as the fact that this Code would expand the charge of the Discipline Committee to include for the first time some investigatory responsibility. This Code will cover any candidate registering for Exam Parts 3 and 5 through 9. Beth stated that this discussion item is still a work in progress, and that a final proposal will be brought back as an action item for at the September Board meeting.

18. GLOBAL ACTUARIAL QUALIFICATION REPORT

The Board welcomed Mary Frances Miller, who joined the meeting to present this item. Mary Frances summarized the materials presented in the Board packet with regard to the IAA's efforts to institute a global actuarial qualification and education program. This action is being taken at the behest of the World Bank, which has expressed a desire to enhance the development of insurance in emerging economies by the stimulating the actuarial profession in those countries, which currently have no meaningful access to the actuarial support. The World Bank has offered funding for such a program but is looking to the world actuarial community to develop the minimum standards, curriculum, and testing framework within the next 3 to 5 years. The target syllabus will meet the IAA international actuarial education standard. A number of countries, including Indonesia, India, China, and even the U.K., have already expressed varying degrees of interest in adopting the resulting approach.

The international program is not intended to supersede any existing national program unless a nation's actuarial community decides to take that step. A developing country could, after getting their start on the international standard, choose subsequently to adopt a more nation-specific approach if desired, especially if they want to educate their actuaries beyond the limited (roughly ASA) level of the current IAA international syllabus. Some of the Board members felt that a "sunset clause" should be built in as regards any country's participation in the program, to prevent nations from remaining on the IAA program beyond a set time frame.

The IAA is leaning toward a general approach that emphasizes university coursework for the attainment of the learning objectives, with actuarial exams to provide the demonstration of both professional progress (credential) and academic progress (credit). Although the IAA will develop the learning materials and the testing instruments, it is likely that the program's administration vis-à-vis any particular country will be the responsibility of that nation.

The resulting program is intended to be cost-neutral to the organizations helping to develop it. There may even be some form of reimbursement to the national organizations for their developmental efforts.

The resulting program must be strictly country-neutral, which makes it impossible to simply test candidates from the new countries on exams already offered elsewhere – those exams are all identified with their country of origin, even if they don't contain nation-specific material. If feasible, it would be desirable to establish a CAS exam-waiver program for those progressing through this avenue.

There will be a vote of the IAA Council to accept and approve the recommendations of the *IAA Task Force on the Feasibility of a Global Actuarial Qualification Standard*, as set out in the Board packet.

There was a motion to instruct the CAS Delegate to the IAA Council to vote in favor of the motion at the IAA Council.

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

The Council Delegates will also be asked to indicate, in a non-binding vote, whether their respective organizations will be likely to switch to the IAA Education Program. The Board conducted a straw poll to gauge interest in taking such a step. The vote was 0 in favor, 14 opposed, with 1 abstention. The Council Delegate was directed to vote accordingly.

19. INFORMATION ITEMS

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

- CAS Centennial and SAM Goals and Vital Statistics (Board book behind agenda)
- Minutes of February 15, March 23, 2006 EC Meetings and April 18 EC Agenda (Attachment 20)
- Highlights of 2006 Spring Meeting (Oral Report)
- Q2 FY 2006 Financial Statement (Attachment 21)
- Report on 2006 Leadership Meeting (Attachment 22)
- International Activities (Attachment 23)
- Executive Director's Report (Attachment 24)
- Dave Ingram Article (Attachment 25)
- Dailey & Selznick Article (Attachment 26)
- Regional Affiliates Presentation Reports (Attachment 27)
- Publication Task Force Report (Attachment 28)
- Long Range Planning Committee Report (Attachment 29)
- Financial Support for Joint Risk Mgmt Section (Attachment 30)
- The Equitable Life Assurance Society Archive (Attachment 31)
- Exam 3 Syllabus Changes for 2007 (Attachment 32)
- 2006 Schloss Scholarship (Attachment 33)

There was some discussion of the Vital Statistics along with some suggestions for additional metrics, which will be added in future reports.

Beth Fitzgerald reported on the 2006 Spring Meeting, at which attendance has significantly exceeded budget estimates, although the revenue impact of this was tempered by a deviation from the expected demographic – an unexpectedly large number of the attendees were “accompanying persons,” who pay much lower fees. She also discussed the introduction of concurrent-session “tracks,” including one for ERM, which allows the continuing education to reach a greater subject matter depth than would normally be possible.

Tom Myers discussed the recent Leadership Meeting (Attachment 22), and the feedback from the attendees. The recently-used format of a generic facilitated management workshop was mentioned in a number of evaluation forms as the possible cause of a seeming decline in satisfaction. Now that the Centennial Goal, which emerged through facilitated sessions in prior years, is fairly well established, there is some sentiment favoring a return to the previous meeting format, with a greater emphasis on discussion of CAS short and long-range goals, liaison between committees and VP's, committee goal-setting, and planning. One committee chair opined that there is sometimes a shortage of communication between CAS leadership groups, which can lead to an unfocused goal-setting process at the committee level; this problem could be remedied by a robust discussion in a venue such as the Leadership Meeting. The short VP-Chair discussion that did take place at the end of this meeting was well received by its participants, though its placement at the end of the meeting adversely impacted attendance at that session.

Some VP's currently (or did until recently) conduct their own independent meetings of this sort, at central locations such as Chicago, to afford the opportunity for such correspondence when the format of the

Leadership Meeting did not permit it. This approach does require all of the participants to commit to an additional trip in the course of the year. On the other hand, an advantage of this approach is that it can be placed in September, when goal-setting should be at its height.

With regard to Attachment 30, John Kollar reported that the Joint Risk Management Section is growing strongly, with over 500 CAS members, and favorable feedback on the group and its activities so far. The next ERM Symposium will be in late March 2007, in Chicago.

The Board was reminded that the 2007 changes to both SOA and CAS Part 3 to include Financial Economics (Attachment 32) is intended to allow ASA and ACAS to meet the standards of the IAA syllabus under its global actuarial minimum education standard. At the current time the CAS does not report its ACAS to the IAA as members, even though they are AAA members, because the ACAS credential is not yet enough for global qualification.

Steve D'Arcy declared the meeting adjourned at 4:30 p.m.

Respectfully submitted,

Kenneth Quintilian
Assistant Secretary - Board of Directors

Approved September 15, 2006.

Subsequent to the meeting, the Board unanimously approved via e-mail the recommendation to post on the CAS Website the May 7, 2006 Board Meeting Executive Summary, with 13 voting.