

MINUTES
CAS BOARD OF DIRECTORS MEETING
May 15, 2011
Palm Beach, FL

PRESENT

Directors: Eugene Connell, Jeanne Crowell, Richard Delaney, Wayne Fisher, Beth Fitzgerald, Richard Goldfarb, Stan Khury, Ronald Kozlowski, Andy Kudera, Morton Lane, Kathryn Morgan, Arlie Proctor, Kenneth Quintilian, Mavis Walters.

Board Chair: Roger Hayne
President: Ralph Blanchard
President Elect: Patricia Teufel

American Academy of Actuaries Liaison to the CAS Board: Tim Wisecarver

Vice Presidents: Nancy Braithwaite (Marketing and Communications), Kris DeFrain (International), Barry Franklin (ERM), Louise Francis (Research and Development), Leslie Marlo (Administration), David Menning (Admissions).

CAS Executive Director: Cynthia Ziegler

Invited Guests: Cecil Bykerk, President of the International Actuarial Association and Aaron Halpert, Chairperson of the Risk Management Committee.

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

Excused: Alice Underwood, Director; Jim Christie, Canadian Institute of Actuaries Liaison to the CAS Board; Chet Szczepanski, VP-Professional Education.

Roger Hayne called the meeting to order at 8:00 a.m. EDT on May 15, 2011.

I. CONSENT ITEMS

A motion to approve the following consent items was made:

- a. Consideration of Singapore Actuarial Society for Recognition in the CAS CE Policy
The Board approved the recommendation to not include the current Singapore Actuarial Society continuing education requirement in the list of national schemes for which compliance satisfies the CAS Continuing Education Policy. The principal reasons for this Board decision are the lack of a requirement for Associate members and the lack of a Professionalism Education requirement.
- b. Constitution and Bylaws Revisions – Associate Rights
The Board approved the wording for questions related to ACAS eligibility that will be presented to the voting members on the 2011 elections ballot:
 - Do you approve the attached Constitution and Bylaws changes allowing Associates to vote (i.e. to become Voting Members of the CAS) five years after they are recognized as Associates, if they have not yet attained Fellowship?
 - On the condition that the first question passes, do you approve the attached Constitution and Bylaws changes making all Voting Members eligible to be elected members of the Board?

c. Rodermund Award Administration

The Board approved the recommendation to reassign responsibility for nominating the recipients of the annual Rodermund Award from the Nominating Committee to the Executive Council (EC). It is expected that the EC will charge the Committee on Volunteer Resources with administration of the award. The Board also charged the EC with responsibility for approving the winners of the Rodermund Award.

The motion to approve the items listed above was carried unanimously, with 17 voting in favor.

Four of the consent items were identified for discussion:

d. Summary of March 10-11, 2011 Board Meeting

There was a motion to approve posting the March 2011 Board Meeting Executive Summary on the CAS Web Site, as amended. A question was raised regarding how items from the Board meeting are considered for inclusion in the Summary. It was explained that the Summary is intended to serve as a concise review of discussions on key issues and decisions made by the Board that is provided to members as soon as possible following the Board meeting.

The motion was approved with 15 voting in favor and two abstentions.

e. Minutes of March 10-11, 2011 Board Meeting

There was a motion to approve the minutes of the March 2011 Board Meeting. It was noted that following the distribution of the agenda material for the meeting, several Board members had suggested revisions to the minutes. The Board proceeded to review the suggested revisions and discuss whether they should be reflected in the minutes.

The minutes were approved as amended, with 15 voting in favor and one abstention.

f. Statements of Principles Task Force Charge

There was a motion to direct the formation of a Task Force for the Review and Update of the Statements of Principles, and to approve the charter for the Task Force.

Gene Connell introduced this item by explaining that a sub-group of Board members developed the detailed charter to clarify the expectations for the Task Force. There was general agreement among the Board that the charter provided clear guidance to the Task Force, with some minor editorial changes suggested.

Suggestions were offered for Section 3 of the charter, which outlined the proposed make-up of the Task Force. There was some concern that the suggested make-up was overly prescriptive and should be considered as guidance rather than a directive.

The Board unanimously approved the formation of a Task Force for the Review and Update of the Statements of Principles and the charter for the Task Force, as amended, with 17 voting in favor.

The Board directed the sub-group of Board members who developed the charter to proceed with forming the Task Force, using Section 3 of the charter as guidance.

g. Task Force on CAS Nominating and Election Process

There was a motion to approve changes to the CAS nominations and elections process based on the recommendations of the Task Force on CAS Nominating and Election Process. The Task Force recommended that the Board:

- **authorize the use by the Nominating Committee, at its discretion, of background checks on candidates for office.**
- **approve the requirement that candidates for office complete the Disclosure Statement.**
- **approve the procedures for removal of an officer or director, as permitted by the Constitution.**
- **delegate the task of revising the CAS Nominating Committee Procedures to the VP-Administration and staff.**
- **dismiss the Task Force with thanks.**

The Board discussed the recommendation related to conducting background checks and clarified that it was expected that background checks would be rarely conducted and done so at the discretion of the Nominating Committee.

The Board also discussed the procedures for the removal of an elected officer or director and editorial changes were suggested and accepted. It was further suggested that the step in the procedure related the subject actuary use of counsel should be clarified to define the role of counsel in the process. It was suggested that the Task Force should be asked to review the concerns related to this issue and to report back to the Board at a subsequent meeting. This suggestion was not included in the final motion.

With 11 voting in favor and five opposed, the motion was approved, with the procedures for removal of an officer or director as revised.

II. CONSTITUTION AND BYLAWS CHANGES – JOINT DISCIPLINE

Roger Hayne led the discussion on the proposed revisions to the CAS Constitution and Bylaws related to joint discipline. The proposed changes to the discipline process are intended to increase the efficiency of the process and create greater consistency among discipline outcomes. Roger reviewed the Board's actions at the previous meeting held in March 2011, in which the Board agreed to:

- revise the CAS disciplinary process,
- recommend amending the CAS Constitution and Bylaws to implement a joint process, and
- authorize the CAS President to enter into a compact with other U.S.-based actuarial organizations to implement the joint disciplinary process.

The Board discussed how best to protect the rights of CAS members and protect the right of the CAS to discipline its members while participating in a joint discipline process. Roger referred to the current working draft of a proposed agreement on joint discipline, which could be enacted if the proposed changes to the CAS Constitution and Bylaws are approved. The draft agreement specifies that for each organization of which the subject actuary is a member, members of that organization would represent a majority of the joint disciplinary panel. It also specifies that decisions by the disciplinary panel to suspend a subject actuary for more than two years or expel the subject actuary shall be referred to the organization of which the subject actuary is a member for a final disciplinary decision. While these two protections are expected to be codified in the joint agreement, there was support among the Board for also articulating them in the CAS Constitution and Bylaws.

The Board proceeded to review the detailed changes to the CAS Constitution and Bylaws that would enable the CAS to enter into a joint discipline process.

Roger explained the proposed changes to the Constitution and Bylaws included in the agenda material and recommended for Board approval a minimalist approach whereby the details expected to be included in the joint agreement would not be spelled out in the Constitution and Bylaws. A minor editorial change was suggested and accepted.

There was a motion to recommend that Fellows vote to approve the amendments to the CAS Constitution and Bylaws as presented in the agenda material, with one minor editorial change. The motion was not approved, with six voting in favor and 10 opposed.

There was general agreement among the Board that it was important to include wording in the Constitution and Bylaws that would allow the CAS to retain control of the discipline of its members. The following paragraph was suggested for inclusion in the Bylaws:

The CAS Discipline Committee shall be the appropriate disciplinary body for all CAS disciplinary actions unless the disciplinary action is recommended by an appropriate investigatory body and is covered by the terms of any joint agreement for discipline among various actuarial organizations including the CAS. In those cases the appropriate disciplinary body shall be the joint disciplinary panel or other body as provided in such an agreement. Such an agreement and any amendments to such agreement are only binding on the CAS if approved by a two-thirds majority vote of the CAS Board members voting, provided that:

- a) No CAS member will be disciplined unless a majority of the panel judging that CAS member is composed of CAS members and a majority of those CAS members concur with the discipline.
- b) The authority to impose penalties of expulsion or suspension for more than 2 years for any CAS member will remain with the CAS.

It was also suggested that the Bylaws include a revocation clause specifying how the CAS could withdraw from the joint agreement. It was mentioned that the proposed draft agreement on joint discipline includes an article stating that any party may withdraw from the agreement upon 30 days notice, and the Board could effect a CAS withdraw by a simple majority vote of the Directors. Therefore, some believed that a revocation clause was unnecessary.

There was a motion to recommend that Fellows vote to approve the amendments to the CAS Constitution and Bylaws as amended, with one minor editorial change, the addition of the CAS requirements for any joint agreement, and the addition of a revocation clause. The motion was not approved, with eight voting in favor, eight opposed, and one abstention.

The Board discussed the need for a voter's guide on the joint discipline proposal, and it was suggested that the voter's guide could include details regarding the process for withdrawing from the joint discipline process. It was explained that information designed to educate the members about the proposal has been released, including a letter from presidents of the U.S.-based actuarial organizations, a set of questions and answers about the proposal, and a hypothetical case study that compares the current process to the proposed process. In the coming days, it is anticipated that the current working draft of the joint agreement will be released. However, it was noted that work on the agreement is on-going, particularly with respect to the section that deals with administrative and legal issues. These issues are still being discussed because the joint agreement proposes a new joint discipline council, which would operate separately from the Academy, the Council of U.S. Presidents, or any other existing actuarial body.

There was a motion to recommend that Fellows vote to approve the amendments to the CAS Constitution and Bylaws as amended, with one minor editorial change and the addition of the CAS requirements for any joint agreement. The motion was approved, with 11 voting in favor, four opposed, and two abstentions.

III. FY 2012 BUDGET

Leslie Marlo led the discussion on the FY 2012 CAS Budget. It was noted that this is the “first pass” of the budget and that the final version of the budget will be presented to the Board for approval in September. Leslie noted that the exam fees are proposed to remain constant in FY 2012 and that proposed dues reflect a \$10 inflationary increase. She also stated that registrations fees for CAS meetings and seminars are proposed to remain constant. This would be the fourth consecutive year with no increases to registration fees, due to the emergence of revenue from sponsors and exhibitors. The budget is proposed at a loss of about \$147,000, with a resulting surplus ratio of 58%, which is within the targeted range.

It was noted that the Board retreat, which had been approved by the Board in March 2011, was not included in the budget. That item will be added to the budget. The Board will review and approve the final FY 2012 budget at its September meeting.

IV. BOARD COMMITTEE STRUCTURE TASK FORCE REPORT

There was a motion to receive the Report of the Task Force on Board Committee Structure. The motion was unanimously approved.

There was a motion to approve the recommendation to conduct a review of Board committee structure (similar to the one this Task Force completed) at approximately three-year intervals. The motion was unanimously approved.

There was a motion to approve the recommendation to require that every Board committee typically include at least three Board members, preferably staggered (generally one from each class, but with appointed Board members also included), to strengthen the elements of continuity and Board oversight in the work of each committee. New Board members should be led to expect that participation on Board committees is part of the duties of Board membership. This does not apply to the Nominating Committee. The motion was approved with 13 in favor, three opposed, and one abstention.

There was a motion to approve the recommendation to transfer the following committees/functions to the EC:

- **All committees concerned with the Centennial observation (reporting to the EC in toto and not to any one VP).**
- **Leadership Development Committee.**
- **The annual selection of the recipient of the Rodermund Award.**

Members of the Board expressed several concerns related to this recommendation:

- There was a concern with having committees report to the EC as a whole and it was suggested that the parenthetical in the first bullet should be deleted.
- It was pointed out that only the Centennial Steering Committee currently reports to the Board. Other groups working on the Centennial are subcommittees of the Steering Committee who report directly to the Steering Committee.
- It was suggested that leadership development is a strategic issue facing the CAS, though members of the Task Force countered that developing future leaders was an operational issue.
- The selection of the Rodermund Award recipient was transferred in a previous agenda item.

Following the acceptance of changes to the recommendation to address the issues identified, the motion was voted upon and did not pass, with six in favor, eight opposed, and 3 abstentions.

There was a motion to suspend discussion and action on the remaining recommendations until the September Board meeting. The motion was approved with 16 in favor and one abstention.

V. CHINA ASSOCIATION OF ACTUARIES PRESENTATION

The Board reviewed a video developed by the China Association of Actuaries (CAA) to mark the organization's acceptance as a full member of the International Association of Actuaries. Following the video, Ralph Blanchard briefed the Board on the development of the CAA and the actuarial profession in China and noted that the CAA is working on building relationships with established international actuarial organizations. Ralph noted that the number of CAS candidates in East Asia is greater than that in Europe, and he expressed a concern that the CAS was not keeping pace with developments internationally, particularly in Asia. He encouraged the Board to continue supporting the build up of the CAS's international presence.

VI. EXECUTIVE SESSION

The Board went into Executive Session at 12:00 p.m. EDT. At 1:00 p.m. EDT open session reconvened.

The Board unanimously ratified the following decision made during Executive Session: The following Vice Presidents were approved for 2011-12: Leslie R. Marlo (Administration), Virginia R. Prevosto (Admissions), Barry A. Franklin (ERM), Kris D. DeFrain (International), Nancy A. Braithwaite (Marketing & Communication), Chester Szczepanski (Professional Education), and Alice M. Underwood (Research & Development).

VII. CE AUDIT POLICY FOR CAS LEADERSHIP

Leslie Marlo presented the Action Paper for CE Audit Policy for CAS Leadership included in the agenda material and explained that in the spirit of increased transparency and governance, the EC agreed it would be beneficial to have a policy whereby 100% of CAS leadership (Board and Executive Council) are subject to annual audit regarding CE compliance. The audit of EC and Board members would be in addition to a sample audit of 1% of the membership. A Board member pointed out that the Executive Director and appointed Directors, members of the EC and Board respectively, would not normally be subject to the CE Policy because they are usually not CAS members.

There was a motion to approve the EC recommendation that 100% of the Board and EC members (excluding appointed directors and the Executive Director) be subject to annual audit regarding compliance with the CAS CE Policy. The motion was approved, with 16 voting in favor and one abstention.

VIII. VOLUNTEER ISSUES TASK FORCE REPORT

Pat Teufel led the discussion on the Volunteer Issues Task Force Report included in the agenda material.

It was moved that the Board:

- **accept the Report of the Volunteer Issues Task Force,**
- **charge the EC with implementing the recommendations of the Task Force, and**
- **dismiss the Task Force with thanks.**

The Board discussed the recommendation to periodically conduct a 360⁰ survey of all volunteers, committee chairs, Vice Presidents and CAS staff to better understand the full extent of volunteer efforts as well as gain qualitative insights on the effectiveness of committees. The results would be used by the Committee on Volunteer Resources and Leadership Development Committee.

The motion was unanimously approved.

IX. BOARD/MEMBER COMMUNICATIONS

Nancy Braithwaite presented the Discussion Paper on Board/Member Communications included in the agenda material. The Board discussed whether current means of communication to and from members are adequate. The Board discussed ways to supplement the current means for getting member input on critical issues facing the Board. There was general agreement that the CAS should increase the use of presentations by CAS leaders on current issues facing the organization at Regional Affiliate meetings. Board members were encouraged to fulfill their obligation to participate in Regional Affiliate meetings, which afford an opportunity to discuss issues with members face-to-face. It was suggested that Regional Affiliates who have not included a CAS issues presentation in the recent past should be contacted to request time on their meeting agendas, and all Regional Affiliates should be contacted on an annual basis. The current approach of only responding to invitations to speak may not be sufficient. In addition, Board members should be more diligent in providing reports from Regional Affiliate presentations and sharing feedback from members and candidates. A standard slide deck exists to assist Board members with preparing for the presentations, and the CAS reimburses Board members for travel expenses.

Additional comments and suggestions related to enhancing Board/Member communications included:

- The CAS has a current Task Force on Improving Communications within the CAS that is expected to submit a report this summer. This Task Force may identify ways to enhance communications between the CAS leadership and members.
- Members may be suffering from information overload, and CAS should consider ways that members could tailor the information they receive (e.g., frequency, vehicles, topics).
- The Board should ask members for input on priority issues on an annual basis, ask for input on issues at the earliest stages that the issues are under consideration, and establish a formal procedure for exposure and comment on major decisions.
- CAS should consider creating an online discussion forum for members. It was noted that the CAS e-mail listserv, CASNET, is essentially dormant.
- The emergence of social media as a communication vehicle and the planned redesign of the CAS Web Site may help alleviate existing communication gaps.
- The CAS is planning to establish a blog, which will allow for two-way communications between CAS leaders and members.

VP-Marketing and Communications Nancy Braithwaite will work with Director of Communications Mike Boa to consider and implement the suggestions.

X. CERA UPDATE

The Board received an update from Vice President-ERM Barry Franklin on the status of the CAS application to the Global CERA Review Panel for CERA award signatory status. Barry stated that he has been working on expediting the review and resolution of the CAS application. Based on recent discussions, the addition of a capstone seminar to the core CAS CERA requirements may assist with securing the Review Panel's approval. There was a general consensus among the Board that the EC should make changes to the CAS application, such as including a capstone seminar, to obtain approval for CERA award signatory status.

XI. A QUESTION OF BALANCE / ACTUARIAL SKILL SET

Ralph Blanchard led the discussion on "A Question of Balance / Actuarial Skill Set" and noted that there are short-term and long-term issues related to the topic. In the short-term, there are issues with regard to testing at higher levels of Bloom's Taxonomy within the current examination system. Long-term, there are issues related to the strategic direction of the CAS approach to basic education, i.e., whether the CAS is adequately preparing candidates and whether changes in our education program may be needed to ensure the ultimate viability of the CAS credential.

Ralph referred the Board to the action plan the EC has undertaken to address the short-term issues. The Board encouraged the EC to accelerate the portion of its action plan concerning the testing of higher order thinking in the basic education process. It was pointed out that there is a need to communicate with candidates concerning the changes to exams. Discussions on ways to address the long-term issues are ongoing.

XII. EC COMMENTS ON RISK MANAGEMENT COMMITTEE REPORT

Ralph Blanchard led the discussion on the EC response to the Risk Management Committee report and explained that the report is being presented to the Board as an interim draft for review and feedback. Aaron Halpert, Chair of the CAS Risk Management Committee, joined the discussion to provide the Committee's perspective, clarifications, and feedback on the EC report. The EC will continue developing a plan to respond to the identified risks.

XIII. INTERNATIONAL ACTUARIAL ASSOCIATION BRIEFING

The Board welcomed Cecil Bykerk, President of the International Actuarial Association (IAA), who briefed the Board on the role of the IAA and the importance of CAS participation at the IAA.

XIV. STRATEGIC PLANNING COMMITTEE INPUT

Arlie Proctor, chair of the Strategic Planning Committee, invited input from the Board on the international vision of the CAS as it relates to the strategic planning process. The Board engaged in a brief discussion and provided input on questions posed by the Committee.

XV. INFORMATION ITEMS

The following items were presented for the Board's information:

- a. Minutes of February 22 and April 14 EC meetings and May 17 EC agendas
- b. Highlights of 2011 Spring Meeting
- c. Q2 FY 2011 Financial Statement
- d. Investment Committee Report
- e. Report from IAA Meeting
- f. 2011 Schloss Scholarship Winner
- g. Annual Event Multiple Attendance Report
- h. Report from Presidents' Forum
- i. ABCD Report
- j. Annual Event Attendance Report
- k. Voter's Guide for ACAS Issues
- l. CAS Quarterly Update
- m. IAA Newsletter
- n. Evaluations from Leadership Meeting
- o. Regional Affiliates Report
- p. The Actuarial Foundation Report
- q. Standards Decision Tree

There being no new business, there was a motion to adjourn the meeting. This motion was seconded and approved unanimously. The meeting was declared adjourned at 5:00 p.m. EDT.

Respectfully submitted,

Michael Boa
Director of Communications and Marketing

Approved: September 13, 2011

Following the meeting, the Board considered an e-mail motion to approve posting the May 2011 Board Meeting Executive Summary on the CAS Web Site, as amended. One member of the Board formally abstained. Per e-mail voting procedures, since a Director formally abstained, “written consent” was not achieved, which is required for e-votes.

The Summary was considered for approval during a subsequent Board teleconference held on July 8, 2011. The teleconference was held as an executive session. During the teleconference, the Board ratified the electronic vote to approve posting the May 2011 Board Meeting Executive Summary, as amended, on the CAS Web Site.