

CAS BOARD OF DIRECTORS MEETING
MAY 16, 2004
Colorado Springs, CO
Executive Summary

1. JOINT SOA/CAS RISK MANAGEMENT SECTION

The SOA recently started a Risk Management Section, which is a special interest group within the SOA. Membership in the Section is open to anyone, and the Section currently has over 300 members. At the September 2003 Board meeting, the Board endorsed the idea of encouraging CAS involvement in the SOA's Section. John Kollar was added to the Risk Management Section Council and began discussions with the Council about evolving the Section into a jointly sponsored entity. The proposed Joint CAS/SOA Risk Management Section builds on the success of the recent joint ERM Symposium, which attracted about 400 attendees.

The action plan for the proposed Joint Risk Management Section involves a four-phase approach that will encompass oversight of future symposia and research into the elements of risk and other initiatives. The Board passed a motion to approve the proposal to form a Joint CAS/SOA Risk Management Section and direct the Executive Council to implement it. The CAS should begin to publicize the Risk Management Section and encourage its members to join the Section.

2. TASK FORCE ON MODELING WORKSHOP REPORT

Due to the difficulty in adequately testing the topic, DFA was recently removed from the exam syllabus. In order to ensure that CAS members and candidates nevertheless be conversant with the subject, the Task Force on Modeling was established to explore the concept of constructing a Workshop on DFA. If the Workshop is successful, it may be considered as a mandatory part of the basic education process.

Sue Szkoda, chair of the Task Force, provided the Board with an overview of the Task Force's work process. The Task Force issued an RFP to solicit bids from firms interested in developing such a workshop. After reviewing the proposals, the Task Force selected Gen Re Capital Consultants. It appeared that this respondent most thoroughly grasped the learning objectives of the workshop, and also understood the desire of the Task Force that the workshop emphasize the best ways to evaluate model output and communicate the results to non-actuarial publics, as opposed to the mathematical underpinnings of the modeling process.

The Board approved the recommendation of the Modeling Workshop Task Force to contract with Gen Re Capital Consultants to develop and pilot the workshop.

3. COMPUTER-BASED TESTING TASK FORCE REPORT

David Menning, chair of the Computer-Based Testing Task Force, presented the Task Force report. The Task Force was formed in September 2003 with a charge to implement computer-based testing for one exam by Spring 2005. The Task Force issued an RFP to solicit bids from vendors. After reviewing the proposals, the Task Force selected Capstar to help convert Exam 1 to a computer-based format. There will initially be three computer-based administrations per year, with the frequency being increased in subsequent years. For some period of time, it may be necessary to maintain the paper-and-pencil alternative at some locations. The Task Force recommendation is being forwarded concurrently to the SOA and CIA for consideration. The Board passed a motion to approve the report of the Computer-Based Testing Task Force, charge the joint Exam 1 committee to move forward with implementing the Task Force recommendations, and dismiss the Task Force with thanks.

4. REPORT OF TASK FORCE ON CLASSES OF MEMBERSHIP

Shelley Rosenberg presented the report of the Task Force on Classes of Membership. The Task Force concluded that there should be only one class of membership for the CAS. The Task Force believes that the ideal number of exams for Fellowship may be eight, and that the necessary syllabus material can be reorganized to fit into that number of exams.

The Task Force recommends that the ACAS designation continue to be awarded for a limited time (e.g., until 2008), and that all existing ACAS's be subsequently awarded FCAS either upon the passing of their Fellowship exams, or five years after the last ACAS has been awarded (at a time approximately coincident with the CAS Centennial in 2014).

The Board Chair conducted a series of straw polls of the Board and EC. All CAS members in attendance were permitted to vote in a separate straw poll of "Observers" on the same questions. The results of both groups of polls were broadly supportive of most of the conclusions of the Task Force. The Board agreed that more discussion is needed on the implementation timeframes, with respect to both the length of time before new Associateships would cease to be offered and the manner in which existing Associates would migrate to Fellowship status if the decision is made to migrate Associates to Fellowship.

A question arose regarding the period of time necessary to redesign the syllabus and begin offering realigned exams after approval of the single membership class and identification of the necessary subject matter for the exams. Tom Myers indicated that the earliest the new exams could be offered would be 2007 or 2008.

The straw polls were not binding on the Board. It was agreed that the revised report, along with a summary of the Board deliberations and the results of the straw polls, would be released to the membership. Comments from the membership will be solicited. This issue will be a major focus of the September Board meeting, with the hope that a final vote can be taken on the issue at that time. While it is not clear whether the move to one class of membership will require a Constitutional amendment, the Board intends to develop a process that will allow thorough discussion and exchange of ideas among the members.

5. REPORT OF TASK FORCE ON THE ACAS VOTE

Amy Bouska presented her Task Force's report on the ACAS Vote. It was decided that, after final decision by the Board on all of these recommendations (as well as those of the Task Force on Classes of Membership), the Board and CAS leadership will undertake an educational initiative to assist the membership in understanding the issues and reasons for the changes approved by the Board. This initiative will include talks at Regional Affiliates.

The Board voted on each of the specific recommendations of the Task Force on the ACAS Vote. The following changes to CAS governance were approved by the Board, subject to further approval by the membership, where necessary:

- That the unrestricted right to vote be given to members either upon attainment of Fellowship or five years after their recognition as Associates, whichever should occur first.
- That all voting members be allowed to stand for election to the Board of Directors, with no change in the current size or structure of the Board.
- That voting Associates be allowed to hold all officer positions with the exception of President, President-Elect, and Vice President—Admissions.
- That any voting member be permitted to serve on the Audit Committee.

- That the Discipline Committee, Education Policy Committee, and Syllabus Committee continue to be restricted to Fellows.
- That one seat be added to the Nominating Committee for an Associate with more than 10 years as a voting member.
- That the Examination Committee and Part Committee membership restrictions remain unchanged. (Any Associate can serve on the Associateship Part Committees, but not as chair. They cannot sit on the Fellowship Part Committees, except as a consultant, and cannot sit on the broader Examination Committee.)
- That any Associate who is eligible to serve on a Committee should become eligible to chair that Committee, with the exception of the Examination Committee and the Part Committees.

The granting of voting rights to Associates will require approval of a Constitutional amendment. The Board anticipates that, if a vote on the Classes of Membership proposal is required, it will precede the vote on voting rights for Associates.

6. OTHER BUSINESS

There was a resolution by the Board to direct the Executive Council to consider methods of subjecting all candidates to professional standards, including the Code of Professional Conduct, as is done by other professional organizations.

Approved June 21, 2004