

MINUTES
CAS BOARD OF DIRECTORS MEETING
September 13 - 14, 2010
Toronto, Ontario, Canada

PRESENT

Directors: Albert Beer, David Chernick, Eugene Connell, Richard Delaney, Wayne Fisher, Beth Fitzgerald, Richard Goldfarb, Morton Lane, Kathryn Morgan, Arlie Proctor, Kenneth Quintilian, John Tierney, Alice Underwood, Michael Wacek, Mavis Walters.

Board Chair: John Kollar
President: Roger Hayne
President Elect: Ralph Blanchard

AAA Liaison to the CAS Board: Gary Josephson; CIA Liaison to the CAS Board: Hugh White.

Vice Presidents: Nancy Braithwaite (Marketing and Communications), Kris DeFrain (International), Kevin Dickson (ERM), Louise Francis (Research and Development), Leslie R. Marlo (Administration), David Menning (Admissions), Chet Szczepanski (Professional Education).

CAS Executive Director, Cynthia Ziegler; Assistant Secretary – Board of Directors, M. Wendy Germani.

Invited Guests: Pat Teufel (Chair of Leadership Development Committee), Aaron Halpert (Chair of Risk Management Committee), James Christie (Chair of Task Force on Associates Rights).

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

John Kollar called the meeting to order at 8:00 a.m. EDT on September 13, 2010.

I. CONSENT ITEMS

The Board unanimously passed a motion to approve the following 2010-11 committee chairs and members of the Discipline Committee:

Audit	Mavis Walters
CAS Centennial Commemorative Steering	Steve D'Arcy
CAS Centennial Steering	Gail Ross
CAS Centennial History	Charles Bryan
CAS Centennial Finance	Robert Deutsch
CAS Centennial Marketing	Joanne Spalla
Risk Management	Aaron Halpert
TF on Board Operations and Structure	Mike Wacek
TF on CAS Nominating and Election Process	Dave Chernick
Discipline	Janet Fagan
Leadership Development	Joanne Spalla
Nominating	John Kollar
Strategic Planning	John Tierney

Discipline Committee Members: Janet Fagan, Rich Fein, Michael Fusco, Alice Gannon, Steven Goldberg, C.K. Stan Khury, Orin Linden, Sheldon Rosenberg, Richard Roth Jr.

Two consent items (Minutes of May 23, 2010 Board meeting and 2010-11 Nominating Committee) were identified for discussion later in the meeting.

II. CAS REVENUE STRUCTURE

Leslie Marlo led the discussion on the CAS revenue structure, on behalf of a Board working group that is exploring the treatment of certain revenue streams relative to other revenue streams, including the potential subsidization of specific functions. She explained that the working group is seeking Board input on the issues being addressed as it prepares a report for the Board. In particular, the working group is interested in feedback on the approach to dues, since decisions on dues revenue will affect the approach for other revenue streams.

The Board discussed whether increased dues revenue should be utilized to subsidize the registration fees for CAS continuing education events. Additional dues revenue would allow the CAS to lower attendee registration fees or waive registration fees for speakers, which are currently discounted by 50%. It was mentioned that travel costs are a major factor in attending continuing education events, and modestly lower registration fees would not greatly reduce the overall costs of continuing education. The Board conducted a straw poll on the question of whether the Board is comfortable with a substantial increase in dues (i.e., more than 10% increase annually), with 9 voting yes, 5 voting no, and 2 abstaining. It was clarified that a dues increase would not be used to fund new initiatives. Instead, increased dues revenue would allow the CAS to spread the cost of existing initiatives, such as expenses reimbursements for volunteer contributions, across the entire membership. There was a request that the working group identify specific options for the use of increased dues revenue.

The Board conducted straw poll on whether the working group should explore charging dues for candidates, with 4 voting yes, 11 voting no, and 3 abstaining.

It was suggested that the working group add a member from the Risk Management Committee.

III. MINUTES OF MAY 23, 2010 BOARD MEETING

A Board member pointed out that a motion made at the May meeting was not included in the minutes. Revised language for the minutes will be developed and presented for Board approval later in the meeting.

Subsequently, the Board approved the minutes of the May 23, 2010 Board meeting, as amended

IV. NOMINATING COMMITTEE

The Board approved the recommendation of the “sophomore class” of the Board to appoint Jeff Courchene and David Terne (as the new members-at-large < 10 years) and Joanne Spalla (as the past Board member) to the Nominating Committee.

V. INFORMATION ITEMS

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

- A. ERM Report
- B. Stochastic Modeling
- C. CAS Insurance Program for 2010-2011
- D. Results of Spring Exam Sitting
- E. Draft EC Goals for 2010
- F. Hong Kong Office Budget
- G. The Actuarial Foundation Report
- H. ABCD Report
- I. Report of TF to Review Admissions System

- J. Q3 FY 2010 Financial Report
- K. Review of Past BOD Evaluations
- L. 2010 Election Results
- M. Mapping of AICT Exam Waiver Policy to 2011 Education Structure
- N. Increased Length of Exam Time for Exam 3F/MFE for CBT
- O. CAS Online Policy Manual
- P. Research Centennial Goals
- Q. EC Meeting Minutes from May, June and July

Board discussion was requested on two items:

- Report of TF to Review Admissions System – A question was raised regarding the recommendation to establish a strategic planning committee dedicated to admissions issues. David Menning explained that the leaders of the Admissions Committees would be discussing whether to form such a committee. The leaders are discussing all of the recommendations and updates on actions taken will be reported to the Board.
- 2010 Election Results – There was a concern raised with decreasing voter turn-out in CAS elections. There was a request for additional data on voter demographics, which will be provided at the next Board meeting.

VI. AFFILIATE MEMBER POLICY

David Menning led the discussion on requirements for CAS Affiliate Membership. One of the requirements is that the applicant must have attained the highest actuarial designation of an organization that is a member of the International Actuarial Association. The Board was asked for input on whether membership in the American Academy of Actuaries (AAA) alone is sufficient to meet the requirement. There is a concern that since the AAA is a derivative organization that recognizes associateship credentials, relying on AAA membership may be a loophole in the requirement of having attained the highest actuarial designation.

Some members of the Board commented that Affiliate membership requirements should be made less restrictive in order to encourage more international actuaries to be associated with the CAS. On the question “Is membership in the American Academy of Actuaries alone sufficient to meet the requirement of having attained the highest actuarial designation of an organization that is a member of the International Actuarial Organization?” the Board voted 5 in favor, 8 against, and 4 abstentions. On the question “Should an applicant attain the highest actuarial designation of all organizations in which the applicant is a member to become an affiliate member of the CAS?” the Board voted 15 against with 3 abstentions.

VII. VOLUNTEER DEVELOPMENT ACTIVITIES

Pat Teufel, chair of the Leadership Development Committee, described the Committee’s efforts to develop training programs to advance the knowledge and skills necessary for those who fill CAS leadership positions. The Board provided feedback through a series of straw polls:

- Should the CAS invest in the development of training courses on “soft skills,” particularly those skills identified in the CAS Knowledge and Skills Inventory as critical to CAS leaders?
Yes - 15, No - 0, Abstention - 1.
- Should such training be available only to CAS volunteers?
Yes - 7, No - 11
- Should case studies be designed to address specific issues that CAS chairs face (6 in favor) or address more general situations that all CAS members may face (11 in favor)?
- Should attendance by CAS volunteers at leadership development courses be subsidized?
Yes - 11, No - 6.

- Should attendance by CAS volunteers at leadership development courses be fully subsidized?
Yes - 8, No – 7.

Pat thanked the Board for its input and stated that the input would be incorporated in the Committee's goals for the coming year. The Committee will work with the VP-Administration to evaluate the implications of the Board's input for the 2011 and 2012 budget.

VIII. STRATEGIC PLANNING COMMITTEE UPDATE

John Tierney, chair of the Strategic Planning Committee, reported that the Committee's principal goal for the year is rewriting the CAS Strategic Plan. Thus far, the committee has developed a proposed restatement of the CAS Mission Statement and definition of a Casualty Actuary. The committee is still working on a revised Vision statement. Members of the Board provided feedback on the proposed Mission Statement and definition of a Casualty Actuary included in the agenda material.

Discussion turned to how the Strategic Planning Committee should be positioned within the organization. There was general agreement that the Committee should be more closely aligned with the Board. For example, the Committee could be a subset of the Board, with a Board member as chair. It was related that this is the approach for the strategic planning committees of the UK actuarial profession and the CIA.

John thanked the Board members for their feedback on the work to date on rewriting the CAS Strategic Plan, and invited additional feedback from the Board via e-mail after the meeting.

IX. EXECUTIVE SESSION

The Board held an Executive Session from 11:30 a.m. to 12:00 p.m. When open session reconvened at 1:00 p.m., the Board unanimously ratified the following decisions made during Executive Session:

- The Board resolved to appoint Executive Director Cynthia Ziegler as Secretary/Treasurer of the CAS.
- The July 16, 2010 teleconference minutes were approved as submitted.

X. TASK FORCE ON ASSOCIATE RIGHTS

Jim Christie, chair of the Task Force on Associates Rights, provided the Board with an overview of the Task Force's recommendations. The Task Force was formed in 2009 in response to member concerns expressed through the 2008 Quinquennial Membership Survey. The Board discussed the recommendations of the Task Force and took action as follows:

- The Board considered a motion to charge the EC with preparing proposed changes to the CAS Constitution and Bylaws for a vote among eligible CAS members, so as to give Associates the right to vote either upon attainment of Fellowship or five years after they are recognized as Associates, whichever occurs first. Once granted, voting rights would be unrestricted. It was mentioned that the right to vote recognizes the commitment that "career Associates" have made to the profession and the CAS. It also provides a significant dues-paying population with a voice in the governance of the CAS. The motion was approved with 17 in favor and 1 abstention.
- The Board discussed whether all voting members should be eligible to be elected members of the Board (if the first item is approved by the membership). There was discussion regarding the issues that come before the Board, and whether career Associates serving on the Board may face a conflict of interest when considering admissions related issues. However there was a general sentiment that the value of having Associate representation on the Board out-weighed the concerns. The Board passed a motion to charge the EC with preparing proposed changes to the Constitution and Bylaws so as to allow all voting members to be eligible to be elected members of the Board. The motion was approved with 14 in favor, 2 against, and 2 abstentions.

- By a vote of 15 in favor and 3 against, the Board approved the motion to expand the Nominating Committee from seven to nine members, allowing either Associates or Fellows to fill the positions currently filled by over 10-year Fellows and under 10-year Fellows. The rules for the six at-large members are:
 - At least two members that meet the criteria for Category A (Associates with CAS membership over 15 years or Fellows who have been Fellows for over 10 years) and at least two members that meet the criteria for Category B (Associates with CAS membership of no more than 15 years or Fellows who have been Fellows for no more than 10 years.)
 - At least one of these six must be an Associate and at least one of these six must be a Fellow.
- The Board approved the recommendation of the EC that only Fellows and the Executive Director may be officers of the CAS, by a vote of 16 in favor and 2 abstentions.
- The Board voted unanimously to discharge the Task Force with thanks. The complete Task Force report will be made available on the CAS Web Site.

XI. CIA UPDATE

Hugh White, CIA Liaison to the CAS Board, provided an update on the CIA. Some of the issues currently facing the CIA are potential reforms of the pension system in Canada and the evaluation of the latest round of IFRS actions.

XII. RISK MANAGEMENT COMMITTEE UPDATE

Aaron Halpert, Chair of CAS Risk Management Committee, gave a report on the status of the Committee's Risk Identification and Prioritization Survey. The Committee has completed interviews with the EC and is planning to survey a broader group of stakeholders including appointed members of the Board, the Casualty Practice Council Chairperson, the Member Advisory Panel, members of the Seasoned Actuaries Section, and a selected group of CAS Committee Chairs. It was suggested that users of actuarial services should also be considered for interviews. The Committee will present a report to the Board in March 2011.

XIII. WHAT IS THE PURPOSE OF THE BOARD?

Michael Wacek, chair of the Task Force on Board Operation and Structure, asked Board members to comment on what they see as the purpose of the Board. He stated that as the Task Force reviewed references to the Board's duties, role, and purpose in various governing documents, it did not find a consistent description of the purpose of the Board. Input from members of the Board on the purpose of the Board will assist the Task Force in addressing other related issues. Members of the Board provided their perspectives on the purpose of the Board, which will be conveyed back to the Task Force.

XIV. FY 2011 BUDGET

Leslie Marlo led the discussion on the FY 2011 CAS budget. She noted that the budget proposes a dues increase of \$10 and projects a net loss of about \$18,000, with a year-end surplus ratio of 49.4%. A couple of items in the budget were highlighted for the Board:

- There are a number of new revenue and expense implications resulting from the new CERA designation. It is proposed that CAS charge CERA designees an annual fee of \$150, in addition to CAS dues, to offset the costs to support CERA.
- The \$75 late fee for members whose dues are past due will be assessed after 4 months rather than the current practice of 6 months.

The Board unanimously passed the motion to approve the FY 2011 budget as proposed.

XV. REPORT FROM AAA LIAISON TO THE BOARD

Gary Josephson, AAA Liaison to the CAS Board, provided an update on the AAA and Casualty Practice Council. He mentioned that the Communications Task Force is working to enhance communications with CAS members. Also, the Academy will be conducting an Enterprise Risk Management analysis on the reputational risk of the AAA.

XVI. FOUNDATIONAL STATEMENTS

Roger Hayne introduced this topic and mentioned that the comment deadline on the proposed Foundational Statements is December 1, 2010. The Board unanimously approved the motion to appoint the current “sophomore class” of elected Board members as a task force of the board to provide the next detailed and critical review of the Foundational Statements after the Task Force on Foundational Statements reviews and addresses member comments. This creates a process similar to the one used by the ASB in promulgating standards of practice.

XVII. CERA UPDATE

Kevin Dickson provided a status report on the progress of implementing the CERA designation within the CAS. The CAS submitted its Award Signatory application, and was notified that a review panel began its review of the CAS application. The CAS is working with the panel to provide information to supplement the application as needed. The EC will continue to keep the Board apprised of significant developments with respect to the application.

The Board adjourned for the day at 4:30 p.m. and reconvened the following day at 8:00 a.m.

XVIII. ACTUARIAL SKILL SET

Roger Hayne led the discussion on whether the CAS basic education structure, which relies heavily on testing the direct application of formulae or concepts presented in syllabus readings, was adequately preparing members to compete in the global market. More specifically, the Board considered whether the skill set for a new Fellow should include complex reasoning and communication skills that go beyond simple technical competence, and how to incorporate that into the basic education system. It was suggested that the CAS may need to utilize its educational consultants for assistance in integrating assessment of complex reasoning and communication skills in its certification program.

The Board discussed a draft vision for the CAS and its members’ capabilities that was included in the agenda material. There was a suggestion that the Board would be able to more easily consider and provide feedback on the draft vision if it was broken into a series of separate statements. The EC will work on revising the vision for a follow-up discussion of the Board during its November meeting.

XIX. INTERNATIONAL ISSUES

The Board discussed how best to position the CAS on the global actuarial stage, with sentiment expressed for a global cooperation model that would focus on research and education in casualty actuarial science across the globe, while partnering with local actuarial organizations to address country-specific issues. There was a general consensus that the Board would favorably consider a formal policy statement in support of the cooperative approach, and there was a suggestion that the policy statement be prepared for Board review and approval at the November meeting.

The Board also considered how to provide services to CAS members outside the United States that are comparable to that available to members within the United States. A follow-up discussion will be held by the Board on these issues in the future.

The meeting was adjourned at 11:00 a.m.

Respectively Submitted by

M. Wendy Germani
Assistant Secretary – Board of Directors

Subsequent to the meeting via e-mail vote the Board unanimously approved the recommendation to post on the CAS Web Site the September 13-14, 2010 Board Meeting Executive Summary, with 15 voting.

Approved November 7, 2010