

**CAS BOARD OF DIRECTORS MEETING
SEPTEMBER 15-16, 2005
Chicago, IL
Executive Summary**

1. CAS EXAM SUPPORT OUTSIDE NORTH AMERICA

Pursuant to the international component of the Centennial Goal, the Board approved several initiatives to increase the attractiveness of exams for candidates outside the US, Canada and Bermuda. This included discounts in many countries for exams and study materials; coordination of similar proposals with the SOA; and other potential programs.

2. 2006 FY BUDGET

Debbie Rosenberg presented the FY 2006 budget on behalf of the Finance Committee. The Board and EC expressed the opinion that CAS budgets today represent a great improvement in detail and quality over the typical budget presented to the Board several years ago. Debbie detailed for the Board several of the more significant changes to the budget for 2006, particularly the proposed \$10 increase in dues, a modest increase in meeting/seminar fees and changes in fees for exams. The budget projects a net loss of approximately \$90,000, however, many of the assumptions are conservative and it is likely that actual results will show a profit. The Board accepted and approved the budget as presented. The current CAS surplus ratio is close to the CAS management guideline of a maximum ratio of 60%. Because of the high level of the surplus (which has been increasing over recent years and which will likely continue to increase), the Board also requested that the EC report to the Board regarding potential ways to help manage the surplus.

3. NOMINATING COMMITTEE

Gail Ross reported that the Nominating Committee has a perennial problem identifying a sufficient number of qualified members to stand for election, particularly to the Board. Various options for improving the situation will be considered by the Nominating Committee. For example, efforts should be made to educate potential nominees to improve their understanding of the time commitment for serving on the Board and the details of the election process.

There was some discussion of the method used for nominating a slate of President-Elect candidates. The pros and cons of one, two, and more candidates were debated, as were the implications for a contested or an uncontested election. The Board resolved to appoint a Task Force to recommend a course of action in this regard by the November 2005 Board meeting.

The Nominating Committee also recommended (and the Board accepted) a number of enhancements to the nomination process for the Rodermund Award, to encourage nominations from the membership and ease the Committee's decision-making.

4. CAS ENTERPRISE RISK MANAGEMENT TASK FORCE REPORT

John Kollar outlined the Task Force's findings. Some Board members expressed the opinion that having the CAS as an example of ERM best practices would be an excellent marketing tool for ERM generally, as well as for the CAS itself as one of its chief centers of expertise. It was also suggested that once an ERM study is completed, it could be made the basis of an article in a magazine such as *Association Management*, the journal of the American Society of Association Executives, of which Cynthia Ziegler is a member. The Board resolved to direct the Vice President – Risk Integration to pursue this goal, with a September 2006 target completion date.

5. SOA PROPOSED ERM CREDENTIAL

John Kollar described the SOA ERM Credential Task Force's idea for a new credential for ERM practitioners. This concept is still in the formative stage, with the SOA Task Force looking for support as well as suggestions on how to approach it. The proposed credential is expected to be presented to the SOA Board of Governors in November 2005. As currently proposed, the ERM credential, which would constitute a new class of membership in the SOA, would entail about four exams, some or all geared specifically toward ERM practice. Clive Keatinge, in his capacity as CAS representative on the Task Force, indicated that Board guidance on this matter would be very helpful to him in attempting to provide direction to the Task Force.

After discussing this issue at considerable length, it was ultimately the consensus of the CAS Board that:

1. At this time, the CAS Board discourages consideration of an independent ERM credential sponsored by the actuarial profession.
2. The CAS, in conjunction with the Joint Risk Management Section, should focus on enhancing the role of actuaries in ERM by:
 - Providing continuing education on ERM;
 - Conducting research to address unanswered ERM problems (e.g., operational risks; risk aggregation; etc.);
 - Promoting actuarial skills in addressing ERM issues; and
 - Exploring possible changes to the CAS basic education syllabus.
3. The CAS Board favors a partnership with ERMII. The CAS working with the Institute of Actuaries in Australia and other actuarial organizations should support ERMII in its education and research, particularly as these initiatives enhance the role of actuaries in ERM.
4. The CAS Board looks forward to a continuing partnership with the SOA in enhancing opportunities for actuaries in ERM.

6. ENHANCEMENT OF THE REPUTATION OF CASUALTY ACTUARIES

Pat Teufel provided the Board with an update on the activities of two Task Forces, both of which she chairs. These Task Forces (one of them Joint, and the other CAS-specific) are charged with various aspects of implementing the Actuarial Credibility Task Force Report that was recently published by the CAS.

The Joint Task Force for Enhancing the Reputation of Casualty Actuaries, with casualty participation from throughout the actuarial organizations, will act as a steering committee for credibility issues. The CAS Task Force for Enhancing the Reputation of Casualty Actuaries comprises representatives selected based on their roles throughout the CAS. The CAS group is responsible for implementing those objectives that are determined to be CAS-lead activities, and directing the reputation-related efforts of the other involved CAS committees. Pat indicated that an early step of the CAS Task Force will be to conduct a broad survey of all current or recent CAS opinion signers to collect their input. They would also like to survey opinion users.

The Board discussed whether more input should have been sought before the Credibility Report was released. There is significant concern being expressed in some quarters (both in the CAS and in the AAA) about Objective 1 (public disclosure of the difference in estimates). Concerns to be addressed include confidentiality, increased litigation risk, and the use of the opinion in ways other than its original intent, among others discussed.

It is premature to conclude that all of the Actuarial Credibility Task Force recommendations will be implemented. The Board and the CAS Task Force are still considering the merits of the various initiatives, some of which may be modified or ultimately rejected.

7. DFA MODELING WORKSHOP TASK FORCE REPORT

Sue Szkoda presented the final report of this Task Force. The last dry run was held in May 2005 and was well-received. The Task Force recommends making this seminar a capstone requirement for the attainment of FCAS. There was general approval of the idea of offering the course immediately as continuing education, as soon as instructors can be found and trained. The Board resolved to instruct the Task Force on FCAS Education to consider the recommendation that the course be made a requirement for completion of FCAS.

8. FCAS EDUCATION TASK FORCE STATUS REPORT

Lee Van Slyke outlined the two options (a seven-exam and an eight-exam option) in the Task Force's report, but the Task Force was unable to reach a consensus to recommend either of the options. It is the preference of the Task Force to present its findings but make no specific recommendations with respect to FCAS education, except that the Board should develop the necessary policy to move forward.

The Task Force concluded that more critical than a realignment of FCAS exams is a real strengthening of the CAS's continuing education curriculum. Continuing education was outside the Task Force's scope, yet (in the Task Force's opinion) it is an inseparable part of the resolution of the FCAS Education issue. The sentiment favoring stronger continuing education requirements was echoed by many Board and EC members. There was some sentiment that whatever changes the CAS settles upon should be delayed so as to avoid making yet another major change to the FCAS exam structure, so soon after several other substantial changes to the syllabus for the lower exams.

The Task Force's inclination was to include general knowledge of broad significance on the exams, and to put specialized information and "career tracks" into the continuing education curriculum for study and mastery after the completion of FCAS. The Task Force also requests additional guidance regarding nation-specific material, particularly in light of the international elements of the Centennial Goal.

In order to more rapidly come to policy decisions indicated by the Task Force, the Board will receive the final report of the current Task Force in November and will begin to consider it immediately in an extended Sunday Board session. If policy cannot be forged at that time, the issue will be brought up again at either the March meeting or on a special Board teleconference. This will form the foundation of the efforts of a subsequent Task Force to take up this issue. This new Task Force, when it is formed, is expected to be a Board Task Force with participation from some EC members.