

**MINUTES
CAS BOARD OF DIRECTORS TELEPHONE CONFERENCE MEETING
NOVEMBER 1, 2001**

Present

Board Members: Amy Bouska, Charles Bryan, Ralph Blanchard, Stephen D'Arcy, Janet Fagan, John Kollar, Michael Miller, Deborah Rosenberg, Gail Ross, Michael Toothman and Susan Witcraft

President: Patrick Grannan

President-Elect: Robert Conger

Vice Presidents: Abbe Bensimon, LeRoy Boison, David Chernick, Gary Josephson, Mary Frances Miller and Sheldon Rosenberg

Executive Director, Tim Tinsley; Assistant Secretary-Board of Directors, Joanne Spalla

Other Attendees: Michael Boa – Manager, Communications and Research, CAS staff; Todd Rodgers – Manager, Finance and Administration, CAS staff.

Board Members Not Present: Alice Gannon, Immediate Past President; Fred Kist

Pat Grannan called the meeting to order at 9:00 a.m. (Eastern) on November 1, 2001.

1. MINUTES OF SEPTEMBER 13 BOARD MEETING AND NOTES FROM SEPTEMBER 19 BOARD TELEPHONE CONFERENCE

The minutes of the September 19, 2001 Board meeting were approved as amended.

2. REQUEST FOR REINSTATEMENT

Sheldon Rosenberg presented a request for member reinstatement, included as attachment 2 of the agenda. **There was a motion to reinstate the former member subject to payment of 2000 and 2001 dues, \$290 and \$300, respectively (total \$590).** The motion was seconded and approved unanimously. A Board member asked if we would honor the former member's request for back issues of CAS publications, and Sheldon Rosenberg replied that the CAS office would mail the member any publications that were easily available.

The EC requested feedback from the Board about whether the EC should continue to seek ABCD information on former members requesting reinstatement. The Board noted that it is important to make a distinction between ABCD investigations and recommendations. There was a suggestion that the CAS ask a former member requesting reinstatement if there is any pending ABCD investigation. It was also suggested that staff ask the ABCD to clarify what information it would be able to disclose about adverse recommendations.

There was a question from a Board member about how CAS policy concerning member requests for resignation assures that members do not resign to avoid discipline. It was noted that there is already a provision in the CAS constitution that deals with resignations.

There was a motion to direct the EC to only seek information on ABCD recommendations for discipline on former members requesting reinstatement. It was seconded. The motion passed with one opposed and one abstention.

3. DRAFT EC GOALS FOR 2001-02

Bob Conger presented the Draft EC goals for 2001-02, included as attachment 3 of the agenda. He highlighted several new goals, including creating a task force to address the design of the admissions process, implementing the Education Consultant initiatives, increasing the delivery of continuing education, increasing the emphasis on international issues, and ensuring a smooth transition of responsibilities to the new Executive Director. It was confirmed that the recommendations from the 2001 CAS Leadership Meeting were reflected in the goals. Additional goals may be added as a result of the recommendations of ongoing task forces, such as the Advisory Committee on Enterprise Risk Management. The Board asked that each VP's goals include "implement recommendations resulting from consideration of ideas arising from the 2001 and 2002 Leadership Meetings." A Board member suggested that goal #13 for the VP - Admissions be expanded to include the upper CAS exams in addition to Exams 3 and 4.

4. MUTUAL RECOGNITION PROPOSAL

LeRoy Boison presented a mutual recommendation proposal, included as attachment 4 of the agenda. The Board adopted the CAS policy on Mutual Recognition in November 1999, following review of the recommendations in the report by the CAS Task Force on Mutual Recognition. This policy includes the statement that the CAS should not seek to enter into bilateral agreements with other actuarial organizations granting reciprocal fellowship status to fellows wishing to practice in the host country of the other organization. Further, the policy states that the CAS should continue to work with actuarial organizations throughout the world to ensure that qualified actuaries are able to practice in all jurisdictions.

Changes since the policy was originally adopted have necessitated a reevaluation of this policy. Developments in Australia, Ireland and possibly India regarding the qualifications for a valuation actuary to sign non-life opinions will exclude CAS members, since CAS Fellows are not recognized by the actuarial organizations in these countries as a consequence of the mutual recognition situation.

Steve Lehmann has brought this matter to the attention of the AAA leadership. However, efforts on the AAA's behalf to enter into mutual recognition agreements have not proved fruitful and will probably not be resolved until the enrolled actuary question with respect to IAA qualifications is settled. In addition, the IA of Australia and the Institute of Actuaries in the UK have approached Bob Conger and Pat Grannan about the possibility of the CAS reconsidering this issue.

The EC recommends that a new task force be created to revisit this matter with the charge to research the issues, gather feedback from the membership and, as appropriate, communicate the results. It is anticipated that the task force will evaluate the development of a mutual recognition agreement that focuses on casualty practice and education requirements.

A Board member noted that CAS members have expressed much concern about these issues previously. It was suggested that the task force charge focus on the barriers to practice rights.

There was a motion to approve the EC recommendation to form a task force to reevaluate the mutual recognition issue. It was seconded and approved unanimously.

5. ANNUAL TRAVEL TIME UPDATE

Mary Frances Miller presented the Education Policy Committee's annual review of travel time, included as attachment 5 of the agenda. This year's report includes a new statistic that is based on the actual number of sittings. The Education Policy Committee states that the new statistic provides a more accurate measure of travel time because it does not include skipped sittings and accounts for sittings where a candidate wrote only one part of a partitioned exam.

Travel time for Fall 2001 new Fellows increased to 18.1 sittings. An analysis of the pass ratios by the Education Policy Committee indicates that the increased travel time is due largely to partitioning. The pass ratios for all of the joint exams have increased since Spring 2001. The report will be published on the CAS Web Site.

A Board member suggested measuring travel time from college graduation date; another suggestion was to measure from first employment date. Mary Frances Miller replied that the Education Policy Committee is considering adding questions to the candidate registration form or new ACAS biographical information to capture when the candidate started in an actuarial career. There was also interest in capturing data on candidates who stop sitting for exams.

6. ANNUAL CORP INVENTORY REPORT

Abbe Bensimon presented the September 30, 2001 status report from the Committee on Review of Papers, included in attachment 6 of the agenda. The number of papers in the inventory has declined to three. A task force will be set up to address the decline in number of papers submitted in recent years and develop a strategy to encourage submission of more quality papers. It was suggested that the task force survey past authors, as well as the general membership of the CAS. There was also discussion about whether the value to authors of a refereed paper outweighs the additional work.

7. ANNUAL STATUS REPORT ON IMPLEMENTATION OF CAS COMMUNICATION PLAN

Dave Chernick presented the status of implementation of the CAS Communication Plan, included as attachment 7 of the agenda. A Media Relations Committee was proposed to develop a proactive relationship with the media to further support AAA media relations efforts and to enhance the external visibility and image of the CAS. The EC has approved the creation of this standing committee, which will be chaired by Bob Wolf. He will ensure that the Media Relations Committee coordinates with the AAA, as appropriate.

8. ANNUAL CAS RESEARCH REPORT

Gary Josephson presented the annual CAS research report, included as attachment 8 of the agenda. The estimated total expenditure on 2001 projects (expenses paid so far plus the commitment balance) is \$66,500. The EC approved a DFA research project in October and will be reviewing a proposal on Fair Value Accounting. There was Board discussion regarding how to increase awareness of ongoing research and publicize completed research on the Web Site. Research in the international area, particularly Fair Value Accounting, needs further emphasis.

9. RESEARCH GOALS FOR 2001-02

Gary Josephson presented the Research and Development Committees' goals, included as attachment 9 of the agenda, for the Board's information.

10. ANNUAL CAS WEB SITE REPORT

Sheldon Rosenberg summarized the 2001 accomplishments related to the CAS Web Site and plans for 2002, included as attachment 10 of the agenda. He commended the Committee on Online Services (COOS) and CAS Staff for their fine work on the Web Site. The Board supported requiring registration to participate in Web Site discussion forums. The Board agreed that the EC is the appropriate body to approve COOS recommendations on registration for discussion forums.

11. PUBLIC ACCESS TO MATERIAL IN MEMBER SERVICES SECTION OF WEBSITE

Sheldon Rosenberg discussed a proposal, included in attachment 11 of the agenda, by the Committee on Online Services (COOS). In an effort to make the documents in the "Member Services" section more accessible to candidates and other interested parties, the EC approved the COOS recommendation to make portions of the current "Member Services" section public, with the exception of the Searchable Database of Members, Membership Listing by Employment Type, CAS Candidate Status, Change of Address Form, Online Dues Payment, and any sensitive Examination Committee information. Committees will continue to be free to request that committee work be password-protected.

The EC has also asked COOS to consider providing candidates with the same access rights as members. COOS will discuss this during its November 27, 2001 meeting. The Board was comfortable with the proposal. There was discussion whether candidates for the joint exams should be given access in addition to candidates for the CAS exams. The Board delegated authority for this decision to the EC, but asked to be informed of changes and given the opportunity to consider the proposal before implementation. The Board also requested a report on the efforts to make the membership (including those who currently don't visit the website) aware of the amount of useful information on the Web Site.

12. MEETING/SEMINAR ATTENDANCE DATA (ANNUAL REPORT)

Dave Chernick discussed the meeting and seminar attendance data displayed in attachment 12 of the agenda. A task force will be established by the EC to examine the factors shaping the demand for CAS continuing education offerings in the future. It was suggested that the task force examine whether the CAS should modify the annual meeting format in light of the increased popularity of special interest seminars.

13. 2001-02 CAS MEETING AND SEMINAR CONTINGENCIES

Bob Conger discussed the information paper on 2001-02 CAS Meeting and Seminar Contingencies, included as attachment 13 of the agenda. In view of the potentially reduced business travel in the wake of the events of September 11, the CAS Office was asked to prepare financial estimates for upcoming meetings and seminars under several different hypothetical attendance scenarios. The analysis demonstrates that it is better financially to hold a meeting/seminar with low attendance than cancel. There are no current plans to cancel any of these events; however, attendance may fall below budget plans. The CAS will continue to make appropriate efforts to encourage attendance at upcoming meetings and will consider adjustments to expenditures for events with low registration. The EC will keep the Board advised of attendance issues and related financial implications. The CAS budget and surplus appear sufficiently strong to withstand reasonable shortfalls in meeting attendance in the short run. Cancellation of a major meeting was one of the risk scenarios considered when the target surplus level was examined several years ago. Finally, the EC plans to explore alternative continuing education delivery mechanisms, including distance-learning courses.

14. Q3 FY 2001 FINANCIAL STATEMENT

Sheldon Rosenberg presented the third quarter (June 30, 2001) results, included as attachment 14 of the agenda. Through the end of the third quarter of FY 2001, the net loss from operations is \$9,803, versus a

planned net loss of \$41,559 resulting in a favorable variance of \$31,756. The overall budgeted net loss for FY 2001 is \$126,769. The year-end financial statement will be in the agenda material for the November 11, 2001 Board meeting.

15. COP TASK FORCE ON ABCD OPERATIONS – STATUS REPORT

Bob Conger reported on the status of the review of the operations of the ABCD, included as attachment 15 of the agenda. The Council of Presidents (COP) sponsored this review to explore the effectiveness of the design and performance of the ABCD's operations—including its counseling, investigation, and hearing roles—and to identify areas for improvement. The Task Force, created earlier this year and chaired by Dan McCarthy, President-Elect of the American Academy of Actuaries, includes members of the various US actuarial organizations (AAA, ASPA, CAS, CCA and SOA). Discussion of the Task Force report is expected at the November 2001 COP meeting. A Board member asked whether feedback from the general CAS membership was being solicited. A Board member suggested that the Task Force consider the member feedback that has been provided on CASNET to make sure that the issues that have been raised are addressed. Bob Conger will pass these comments to the Task Force.

16. DEBRIEF OF JULY '01 COP MEETING AND OTHER MATTERS

Pat Grannan provided an oral overview of the July 2001 COP meeting. Further discussion by the AAA with the Institute of Actuaries, the Faculty of Actuaries, and Group Consultatif regarding mutual recognition is on hold pending IAA review of the AAA education requirements for Enrolled Actuaries. A Board member urged the CAS to encourage the AAA to consider tiers of membership if doing so would facilitate mutual recognition.

The CIA will likely make a proposal at the January 2002 CAS EC meeting to cosponsor exams with the CAS. The proposal is expected to include adding the CIA name to the CAS exams and appointing CIA members to the exam committees.

There are some issues with the U.S./Canada Cross Border Discipline Agreement. The COP will consider a side agreement to address these issues, including what appears to be an inconsistency between the Agreement and CAS bylaws and discipline rules. This matter will probably be brought to the Board in 2002.

There was discussion about low attendance by CAS members at the July ASTIN meeting and the downward trend in ASTIN membership in the U.S. Jim MacGinnitie has suggested including ASTIN dues on the CAS dues notice or automatically enrolling all CAS members under a negotiated lump sum payment. There was discussion on how to increase CAS member interest in ASTIN; for example, how to encourage ASTIN papers without competing with the *Proceedings of the CAS*.

Bob Conger was asked to circulate a presentation made to the COP on attracting the best and brightest to the actuarial profession.

There was also discussion on NAFTA Schedule 16. A CIA exposure draft on peer review, with a proposed effective date of January 2003, has been cut back to focus on objective peer review rather than independent peer view. Bob Conger stated that he believes that CAS participation on the COP is valuable to sustain relationships with other actuarial organizations.

Bob Conger reported that a portion of the SOA Board of Governors discussion in October 2001 on QRA focused on the previous elimination of nation-specific material. The SOA Board created separate Task Forces for the QRA level exams and for the upper exams.

17. OTHER INFORMATION ITEMS

Pat Grannan requested any comments from the Board on the following information items:

- Annual Report of the Discipline Committee (Attachment 16)
- 2001 CAS Leadership Meeting Recommendations with EC Responses (Attachment 17)
- Board Web Site Q&A Response(s) (Attachment 18)
- New Regional Affiliate (Central States Actuarial Forum) (Attachment 19)
- CAS Insurance Program for 2001-02 (Attachment 20)
- Copyright and Permission to Publish Forms (Attachment 21)
- EC Minutes (Apr 12, May 8, Jun 12, Jul 19, Aug 15, Oct 12 Agenda) (Attachment 22)
- Third Cycle Reports/Review of 2000-01 Goals (Attachment 23)
- Annual Report of Affiliate Members (Attachment 24)

A Board member asked for a description of the process for recognizing a new regional affiliate. Pat Grannan and Tim Tinsley responded that new regional affiliates normally arise from grass roots requests and the CAS provides support including a constitution template.

Pat Grannan announced that a status report on Exams 3 and 4, requested during the September 19 Board teleconference on exam issues, will be discussed at the November 11, 2001 Board meeting.

18. EXECUTIVE SESSION

The Board went into Executive Session at 11:45 a. m.

19. ADJOURN

The meeting was adjourned at 12:00 p.m.

Respectfully submitted,

Joanne S. Spalla
Assistant Secretary - Board of Directors

Approved March 16, 2002