

MINUTES
CAS BOARD OF DIRECTORS MEETING
November 7, 2010
Washington, D.C.

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

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

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

Invited Guests: C. K. “Stan” Khury, Ronald Kozlowski, Andrew Kudera, Jeanne Crowell, Barry Franklin, David Hartman.

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

Observer: Camille Minogue

Excused: Chet Szczepanski (VP-Professional Education)

John Kollar called the meeting to order at 8:00 a.m. EST on November 7, 2010. The Board offered its congratulations to the new Board Members and Officers. There was a moment of silence in memory of Hugh White, who had served as Canadian Institute of Actuaries Liaison to the CAS Board.

I. CONSENT ITEMS

A motion to approve the following consent items was made:

- a. Minutes of September 13-14, 2010 Board Meeting
The minutes were approved as submitted.
- b. Approve CAS Policy Manual and Dismiss Task Force
The Board approved the recommendation to accept the CAS Policy Manual as edited and in its new format and to dismiss the Policy Manual Task Force with thanks.
- c. New Nominating Committee Members
The Board approved the recommendation to appoint Joseph A. Herbers and Thomas E. Hettinger as members of the Nominating Committee.

d. Chair and New Members of the Discipline Committee

The Board approved the recommendation to appoint Tom Myers as 2010-11 chair of the Discipline Committee and Mary D. Miller and Gary R. Josephson as new members of the Discipline Committee.

The motion to approve the items listed above carried unanimously.

The Board deferred action on the consent item for 2011 Election and Nomination Procedures until later in the meeting.

II. STRATEGIC PLANNING COMMITTEE UPDATE

John Tierney presented the Strategic Planning Committee update and led the discussion on the proposed Mission Statement, Vision Statement, and definition of a casualty actuary that were developed by the Committee.

There was a motion to approve the proposed Mission Statement:

The purposes of the Casualty Actuarial Society are:

- to advance the body of knowledge of actuarial science applied to general insurance, including property, casualty and similar risk exposures;
- to expand the application of actuarial science to enterprise risks and systemic risks;
- to establish and maintain standards of qualification for membership;
- to promote and maintain high standards of conduct and competence;
- to increase the awareness of actuarial science;
- and, to contribute to the well being of society as a whole.

The motion was approved unanimously.

There was a motion to approve the proposed Vision Statement:

Actuaries are recognized for their authoritative advice and valued comment wherever there is financial risk and uncertainty.

The motion was approved, with 14 in favor, 3 opposed, and one abstention.

There was a motion to approve the proposed definition of a casualty actuary:

A casualty actuary is a professional skilled in the analysis, evaluation and management of the financial implications of future contingent events primarily with respect to general insurance, including property, casualty, and similar risk exposures. A casualty actuary has practical knowledge of how these various risks interact with each other and the environment in which these risks occur.

The motion was approved unanimously.

The Board discussed the plans for communicating the approved Mission Statement, Vision Statement, and definition of a casualty actuary to the membership. The Board asked the Strategic Planning Committee to prepare an article about the items to be published in the Actuarial Review.

It was suggested that the Board should delay formally adopting the Mission Statement, Vision Statement, and definition of a casualty actuary while seeking member input on the statements.

There was a motion to provisionally adopt the Mission Statement, Vision Statement, and definition of a casualty actuary and to conduct a communication plan for the membership about the statements.

The motion did not carry by a vote of 7 in favor, 10 against, and 1 abstention.

III. REPORT OF THE TASK FORCE ON NOMINATING AND ELECTION PROCEDURES

Dave Chernick, chair of the CAS Board Task Force on Nominating and Election Procedures, presented the Task Force recommendations.

The Task Force recommended that the Board of Directors approve the procedures for the removal of an elected officer or director, as permitted by the Constitution. A Board member noted that there may be a situation in which the procedures call for a step to be taken by an officer who in fact is the subject of the removal process.

There was a motion to approve the procedures for the removal of an elected officer or director, subject to a modification of the language to address the situation that one of the acting parties in the procedures is the Subject Actuary, and subject to legal review.

The motion was approved unanimously.

The Task Force recommended that the Board approve the conducting of background checks on candidates for office. The Board discussed whether it was appropriate to conduct various types of background checks and conducted two straw polls:

- On the question of whether the CAS should conduct background checks, the straw poll vote was 16 in favor, 1 against, and 1 abstention.
- On the question of whether the CAS should conduct financial background checks, the straw poll vote was 3 in favor, 10 against, and 4 abstentions.

The Task Force recommended that the Board approve the screening of all candidates for any previous disciplinary actions. There were concerns expressed by Board members regarding the screening of all candidates for discipline issues.

The Task Force recommended that the Board approve the requirement that candidates for office complete the proposed Acknowledgement, Covenant, and Disclosure Statement. There were concerns expressed with the part of the statement in which candidates would agree to resign from office at the request of a super-majority of the Board. It was noted that this clause would bypass the membership, which just agreed to implement procedures for removing an elected officer or director from office. The Board held a straw poll on this question, and 12 were opposed to including this statement, with 2 in favor.

With guidance from the Board on background checks, screening of candidates for previous disciplinary actions, and the proposed Acknowledgement, Covenant, and Disclosure Statement, the Task Force will develop a revised proposal.

The Board reviewed the revised CAS Nominating Committee Procedures. **There was a motion to approve the revised CAS Nominating Committee Procedures, as amended, and to charge the VP-Administration with revamping the presentation of the procedures to a more user-friendly format.**

The motion was approved with 17 in favor and 1 abstention.

At the conclusion of the discussion, realizing that there were outstanding issues to be addressed that were included in the Nominating Committee procedures documents, **the Board passed a motion to suspend implementation of the revised Nominating Committee procedures, pending resolution of issues raised with the Acknowledgement, Covenant, and Disclosure Statement, by a vote of 16 in favor and 2 against.**

IV. 2011 ELECTION AND NOMINATION PROCEDURES

The Board approved the 2011 Election and Nomination Procedures, as amended. The Nominating Committee procedures will be edited to indicate that the Nominating Committee Chair contacts the appointed directors.

V. SOLVENCY II AND CAS MEMBERS

Kathryn Morgan led the discussion on Solvency II. She suggested that the CAS should consider communicating with CAS members about possible effects of Solvency II. The Board referred the issue to the EC, which should coordinate with the American Academy of Actuaries to explore possibilities for education on issues such as Solvency II and ORSA.

VI. CERA UPDATE

John Kollar gave an update on the implementation of awarding the CERA credential. The CAS's application for award signatory status is currently being reviewed by the CERA Review Panel. The Panel has requested complete exams that will be used for certification, and these exams are currently under development. The Experienced Practitioner Pathway option is on hold until the basic education pathway has been approved.

VII. ACTUARIAL SKILL SET

Roger Hayne led the discussion on the Actuarial Skill Set and proposed the following resolution: That the Board of Directors of the CAS supports the following general vision of the level of understanding required for membership in the CAS:

All CAS members should be competent in the application of casualty actuarial techniques.

CAS Fellows should not only be able to apply such techniques, but be able to synthesize such methodology and exercise complex judgment to bring those tools to bear in developing practical solutions to business problems not necessarily encountered before. Inherent in this ability is that Fellows be able to clearly communicate this understanding and complex judgment including inherent assumptions made and limitations in the approach taken to another party.

Following discussion, **there was a motion to approve the resolution.** The motion was approved with 16 in favor, 1 opposed, and 1 abstention.

The Board charged the Executive Council with studying the operational issues involved with implementing this vision and reporting policy implications back to the Board by May 2011. The Board will then decide on the next steps.

VIII. EXECUTIVE SESSION

The Board held an Executive Session at 12:00 p.m. Open session reconvened at 1:15 p.m.

The following actions were approved during Executive Session:

- a. **The Board unanimously approved the reappointments of Dick Delaney, Morton Lane, and Kathryn Morgan to serve on the CAS Board for the 2010-2011 term, per the 2006 change to the CAS Constitution that allows the Board to appoint up to three Directors in addition to the elected Directors.**
- b. **With 17 voting in favor and 1 opposed, the Board approved the appointment of Arlie Proctor as 2011 Chair of the Strategic Planning Committee and Gene Connell and Ron Kozlowski as Board representative members of the Committee.**

A motion to ratify the motions passed in Executive Session was approved unanimously in open session.

IX. THE ACTUARIAL FOUNDATION REPORT

David Hartman presented a report on the current activities of the Actuarial Foundation. He thanked the Board for the support of the CAS. The contributions of the CAS and other member organizations of the Foundation contribute to funding infrastructure costs of the Foundation so that 100% of individual contributions are directed toward Foundation programs. The Board thanked Dave for providing an update on the Foundation.

X. ASSOCIATES RIGHTS BOARD POSITION

Roger Hayne led the discussion on communications related to the proposed Constitution and Bylaw changes that would expand the rights of Associates. He asked for input on how the Board should position itself on the issue and the degree of strength that position should take. Specifically, he asked if the Board wished to take a public stand on the proposed amendments. There was a general consensus that communications about the issues should be focused on educating the membership. It was suggested that the CAS should provide a “voter’s guide” that included a discussion of both the pros and the cons of the proposed amendments. In addition, any misinformation should be immediately corrected.

XI. CASUALTY PRACTICE COUNCIL UPDATE

Gary Josephson gave an update on the Casualty Practice Council of the American Academy of Actuaries.

XII. INFORMATION ITEMS

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

- a. Q4 FY 2010 Financial Statement
- b. Presidents Forum Notes
- c. Fourth Cycle Reports
- d. 2011 Presidential Goals
- e. Investment Committee Report
- f. Debrief on September 2010 NAAC Meeting
- g. Report of the October AAA Board Meeting
- h. Executive Director Goal
- i. Executive Director’s Report
- j. 2010-11 CAS office Goals
- k. Hong Kong Joint Office Budget
- l. Highlights of the CAS 2010 Meeting
- m. GIRO Report
- n. ABCD Status Report
- o. IAA Newsletter
- p. Vital Statistics Review
- q. Diagnostics of 2010 Election
- r. Joint Discipline Process
- s. Social Media Update
- t. Revenue Structure Update
- u. August EC minutes
- v. Interim Report from Task Force on Board Operations and Structure
- w. Exam 3F/MFE Contract
- x. Board Minutes Online
- y. President’s Position Description
- z. East Asia Task Force Report and International Vision
- aa. CAS Research Report

- bb. Report of CAS Web Site
- cc. Report of Discipline Committee
- dd. Committee on Sponsorship and Advertising
- ee. Variance Update

There was a short discussion on the Diagnostics of 2010 Election, and the EC agreed to look at ways to increase voter turnout.

There was a motion to adjourn the meeting of the 2009-2010 Board of Directors of the CAS.

This motion was seconded and approved unanimously. John declared the meeting adjourned, and the 2009-2010 Board dissolved, at 2:25 p.m. EST.

XIII. 2010 – 2011 BOARD CONVENES

Roger Hayne, Chairman of the 2010-2011 CAS Board of Directors called to order the meeting of the incoming Board. He welcomed the new Vice President-ERM Barry Franklin and the new Board members: Stan Khury, Ron Kozlowski, Andy Kudera and Jeanne Crowell. He extended the CAS's thanks to outgoing Directors Albert Beer, David Chernick, John Tierney and Michael Wacek, and to the outgoing Chairman, John Kollar. He also thanked outgoing Vice President-ERM Kevin Dickson, and outgoing Academy Board liaison (and Academy Casualty Practice Council chair) Gary Josephson. (The Board had earlier acknowledged the untimely death of its Canadian Institute of Actuaries liaison, Hugh White.)

Roger then led a short brainstorming session with the 2010-2011 Board to begin the process of identifying agenda priorities for the coming year. Suggested topics and issues for Board consideration in 2010-2011 included:

- a. How does the CAS want to position itself globally?
- b. Global CERA and related reputational issues
- c. Discussion of affiliate membership and what it means.
- d. Revenue structure
- e. Volunteer issues
- f. Communications issues
- g. Implementation of new Continuing Education Policy
- h. New strategic plan
- i. Actuarial Skill Sets.
- j. Joint discipline process
- k. Discipline transparency issues
- l. Current issue awareness - outward looking, include an outside speaker at a Board meeting.
- m. Foundational Statements
- n. Strengthening Bridges to Membership
- o. Scope and Scale of International efforts-what do we hope to achieve and at what cost?
- p. Centennial Goal progress
- q. Keeping track of risks facing the enterprise
- r. Positioning the Risk Management Committee within CAS.

There was a motion to adjourn the meeting. This motion was seconded and approved unanimously. Roger declared the meeting adjourned at 3:10 p.m. EST.

Respectfully submitted,

M. Wendy Germani
Assistant Secretary – Board of Directors

Approved: March 10, 2011

Subsequent to the meeting, the Board unanimously approved via e-mail the recommendation to post on the CAS Web Site the November 7, 2010 Board Meeting Executive Summary, with 15 voting.