

**MINUTES
CAS BOARD OF DIRECTORS MEETING
NOVEMBER 9, 2003
New Orleans, Louisiana**

Present

Board Members: Ralph Blanchard, Gary Dean, Janet Fagan, David Hartman, Gary Josephson, Michael Miller, Janet Nelson, David Oakden, Deborah Rosenberg, and Oakley Van Slyke

Immediate Past President: Robert Conger

President: Gail Ross

President-Elect: Mary Frances Miller

Incoming President-Elect: Stephen D'Arcy

Vice Presidents: Christopher Carlson, Donald Mango, Thomas Myers, and Sheldon Rosenberg

Incoming Board Members: Robert Deutsch, Sholom Feldblum, Andrew Kudera, and Robert Wolf

Executive Director, Cynthia Ziegler; Assistant Secretary-Board of Directors, Joanne Spalla; Incoming Assistant Secretary-Board of Directors, Ken Quintilian

Board members not present: Phillip Ben-Zvi and Patricia Teufel

Vice Presidents not present: Roger Schultz and John Narvell

Other Attendees: Michael Boa – Manager, Communications and Research, CAS Staff; Todd Rogers – Manager, Finance and Administration, CAS Staff; John Kulik, Chair of the Task Force on Publications, and Aaron Halpert, Chair of the Long Range Planning Committee. Charles Bryan, Chair of the Task Force on the Minimization of Actuarial Liability, participated by telephone for the discussion on his task force. Clive Keatinge attended as an observer.

Bob Conger called the meeting to order at 12:10 p.m. on Sunday, November 9, 2003.

1. RECOGNITION OF NEW BOARD AND EC MEMBERS

Bob Conger recognized incoming Board members Robert Deutsch, Sholom Feldblum, Andrew Kudera, and Robert Wolf, incoming CAS President-Elect Steve D'Arcy, and new EC members Debbie Rosenberg and Joanne Spalla. Ken Quintilian was introduced as the new assistant secretary to the Board.

2. CONSENT ITEMS

There was a motion to approve the following items on the consent agenda:

(a) Minutes of September 10-11, 2003 Board Meeting

The minutes of the September 10-11, 2003 Board Meeting were approved as amended.

(b) Revised Board/EC Position Descriptions

The Board approved revised position descriptions for the Board, Executive Council, and EC members.

(c) 2004 Nominating Committee Membership

The Board approved the following members of the 2004 Nominating Committee:

Bob Conger	Penultimate Past President, Chair
Gail Ross	Past President
Anne Kelly	Past Board Member
Ann Conway	Member-At-Large > 10 Years
Dale Porfilio	Member-At-Large < 10 Years
Doreen Faga	Member-at-Large >10 Years
Julie Stenberg	Member-at-Large <10 Years

(d) 2004 Discipline Committee Membership

The Board approved the following members of the 2003-04 Discipline Committee: John Tierney, chair, Irene Bass, Linda Bell, Janet Fagan, Michael Fusco, Steven F. Goldberg, Orin Linden, John Purple, Richard J. Roth, Jr., and Michael Toothman. The Board thanked retiring Discipline Committee members for their service on the Committee.

(e) Disband Mutual Recognition Task Force

The Board disbanded the Mutual Recognition Task Force with thanks.

(f) AICPCU Academic Excellence Award

The Board accepted the American Institute for Chartered Property Casualty Underwriters (AICPCU) invitation to become a sponsor of the Associate in Insurance Accounting and Finance Academic Excellence Award.

(g) Member Reinstatements

The Board resolved to reinstate a member, who voluntarily resigned his CAS membership, subject to payment of a \$500 reapplication fee in addition to dues for the current year (\$350).

The Board resolved to reinstate another member, who was dropped from the CAS membership for non-payment of 2002 dues, subject to payment of a \$500 reapplication fee in addition to dues for the current year (\$350).

There was a motion to approve the consent agenda. The motion was seconded and approved unanimously.

3. BOARD RESPONSIBILITIES BETWEEN MEETINGS

Gail Ross reminded Board members of the resolution that was passed at the September 2003 meeting to post a "Board of Directors Meeting Executive Summary" on the CAS Web Site following each Board meeting after the summary is approved by the Board members via e-mail. Gail Ross stated that Board members are responsible for responding to requests for e-mail votes between Board meetings.

4. ACTUARIAL LIABILITY MINIMIZATION TASK FORCE UPDATE

Sheldon Rosenberg introduced Charles A. Bryan, Chair of the Task Force on the Minimization of Actuarial Liability, who participated in the meeting by telephone to discuss the Task Force's interim findings and solicit additional input. At the March 2003 meeting, a CAS Board member had expressed concern about the wording of Annotation 1-1 of Precept 1 of the Code of Professional Conduct. The Board felt that this issue had a broader application than the CAS and asked the American Academy of Actuaries (AAA) to participate. Earlier in 2003, the Council of Presidents (COP) commissioned a Task Force on the Minimization of Actuarial Liability with a broad charge to research actuarial liability issues, determine the aspects of these

issues that the profession can address and develop a plan to address those issues. The Task Force intends to deliver its plan to the COP for implementation. Sheldon Rosenberg was appointed to serve as the CAS representative on the Task Force, and Cynthia Ziegler is serving as an ex-officio member.

Chuck Bryan discussed the Task Force's methodology and preliminary report, which was included in attachment 7 of the agenda material. The Task Force expects to complete its work by year-end. It approached the issue by looking at three action agents (the actuary, the profession and laws/regulations) and three time periods (pre-engagement, during the engagement and post-engagement). The Task Force identified 40 actions across nine categories that it recommends be addressed.

Board members observed that the actions appeared to be worded from a consulting perspective and recommended emphasizing that the practices were equally applicable to company actuaries. Chuck Bryan stated that the actions are intended to apply to both and the term "work product" could be substituted for "engagement." Board members mentioned that case studies might be an effective educational tool and suggested that the Task Force contact other professions, such as public accountants, that face similar issues. Board members also inquired about the involvement of legal counsel, particularly from the large consulting firms. Chuck Bryan noted that the AAA staff is coordinating the legal review. The Board also discussed how the CAS core value of innovation might lead to liability and the need to include case studies that reflect the use of new techniques that are not documented in the literature.

Bob Conger commended the Task Force for its work to date and suggested that progress reports be presented to the CAS Board quarterly.

5. ANNUAL TRAVEL TIME UPDATE

Tom Myers noted the following highlights of the Annual Travel Time Report, included in attachment 8 of the agenda.

- The traditional CAS measure of travel time by ending cohorts (i.e. ACAS/FCAS class) is subject to distortion by significant changes over time in the number of people entering the profession.
- At the Board's request, travel time is now also measured by starting cohorts (i.e. year of initial P&C employment), which is less subject to bias. This measure shows median time to FCAS consistently at 8-9 years from the late 1970's through 1990, which is higher than the Board's target of 5-7 years. It's not yet clear whether the pattern for starting cohorts after 1990 will be substantially different.
- Exam progress, as measured by the average number of exam units passed by all candidates in one sitting, has been at record highs since Spring 2002 and is now 50% higher than the rates during the 1990's. This improvement is attributed to both an increase in the average number of exams taken and record-high pass ratios.

The EC noted that the record-high pass ratios since Spring 2002 are likely due to the use of pass mark panels to help determine the appropriate pass marks and the commitment to making exam length more reasonable. The EC expects that other initiatives resulting from the education consultant (item writer training and published learning objectives) will produce further incremental improvements in pass ratios over the next few sittings.

Although some data issues still exist, the Education Policy Committee has now developed a sufficient database to begin loss development type analyses of exam progress patterns to project travel times for immature starting cohorts. The Committee expects to have the results of these analyses available for its 2004 report to the Board. Also, beginning with the 2004 report, the Education Policy Committee intends to discontinue reporting on the "old calculation," which was based on the number of available sittings since first CAS exam plus two.

Board members cautioned that year of initial employment might be biased since year of initial employment has only been captured recently based on data from people who are already members. A Board member observed that given that travel time has never been lower than seven years historically, the Board's stated goal of 5-7 years will be challenging to achieve.

6. 2003-04 VP GOALS

Mary Frances Miller led the discussion on 2003-04 Vice President goals, which were included in attachment 9 of the agenda material. She noted that each Vice President has worked with members of the Long Range Planning Committee and Centennial Goal Implementation Task Force to make sure that their goals are consistent with the Centennial Goal. Board members suggested including the Centennial Goal and supporting goals with the reports on VP goals. The Board complimented the Vice Presidents on the goals.

There was a motion to approve the 2003-04 Vice President goals. The motion was seconded and approved unanimously.

7. PUBLICATIONS TASK FORCE REPORT

Don Mango introduced John Kulik, Chair of the Task Force on Publications, who presented the interim Task Force Report, included as attachment 10 of the agenda material. The Task Force, which includes the chairs of CAS publication committees, was commissioned to examine the strengths of the various CAS publications and identify opportunities for improvement. Given the breadth and complexity of issues, the Task Force believed it would be appropriate to present an interim report to solicit Board feedback before making major recommendations.

John Kulik described the Task Force's approach, which included evaluating CAS publications from both the internal CAS and external perspectives. The Task Force also considered the CAS strategic vision and goals. In addition, the Task Force reviewed the responses to the questions it provided for the CAS Membership Survey. The main strengths of CAS publications include the significant membership participation in call papers and the large volume of papers with practical content. The main weakness is the lack of recognition given to CAS publications outside the membership. The low level of CAS membership among the academic community influences its publications.

Board members compared and contrasted CAS publications with others, including the *ASTIN Bulletin* and *North American Actuarial Journal* and discussed "An Analysis of Risk, Insurance, and Actuarial Research: Citations From 1996 to 2000" by Professor L. Lee Colquitt, which had omitted the *CAS Proceedings* from its review of pertinent insurance-related journals. There was debate about the meaning of "top tier" journal, and whether the *CAS Proceedings* could be considered "top tier."

John Kulik asked for the Board's feedback on next steps. A series of straw polls of the current and incoming Board members provided the following guidance to the Task Force.

- A majority agreed that the CAS should remain committed to continuing to publish a refereed journal (16 in favor, 0 opposed, 2 abstained).
- A majority agreed that the Task Force should explore possibilities for having a refereed journal that includes both practical and theoretical applications (16 in favor, 1 opposed, 1 abstained). The dissenting Board member questioned the practicality of publishing a CAS refereed theoretical journal, and stated that there were not enough members interested in a theoretical journal to justify the time required to produce the publication.

- A majority agreed that CAS members should be encouraged to submit papers to other publications outside the U.S. in addition to submitting them to CAS publications (15 in favor, 2 opposed, 1 abstained).

The Task Force's final report is expected to be completed for the Board's review and discussion during the March 2004 Board meeting.

8. MUTUAL RECOGNITION EXPERIENCE REQUIREMENTS

Mary Frances Miller introduced the topic of Mutual Recognition Experience Requirements, included in attachment 29 of the agenda material. She requested the Board's feedback on the following experience parameters:

- Should any of the experience requirements involve post-Fellowship work?
- How important is recency and how do we define recency?
- How long should the experience requirement be?

The majority of the Board was in favor of requiring three full-time years of experience, but differed over how recent the experience should be. The requirement of three years experience in the past eight was favored by a small majority of Board members, with the remainder favoring a six-year period.

It was pointed out that candidates seeking mutual recognition would need a recommendation from a current CAS member. It was decided that Mary Frances Miller would try to negotiate an experience period between six and eight years. The Board then debated whether some of the experience should be required after Fellowship. A majority of the Board was against a post-Fellowship experience requirement.

9. 2014 CENTENNIAL/ICA SCHEDULE OPTIONS

Bob Conger presented the revised options, included in attachment 11 of the agenda material, for the 2014 CAS Centennial and ICA Congress.

There was a motion to schedule the CAS Centennial in New York City in the fall of 2014 and hold no CAS Spring Meeting in 2014. CAS members should be encouraged to attend the 2014 International Congress of Actuaries (ICA) scheduled for late March/early April in Washington, D.C. It was noted that no new Fellows and Associates would be recognized in the spring of 2014.

The motion was seconded and approved with twelve members in favor and one abstaining.

10. 2003 LRPC REPORT

Aaron Halpert, chairperson of the Long Range Planning Committee, was introduced. He presented the 2003 LRPC Report, included in attachment 12 of the agenda material. The 2003 LRPC Report includes the proposed Significant, Attainable, and Measurable (SAM) goals for the CAS for 2014. The SAM goals are intended to define key elements of achievement within the CAS Centennial Goal over the next decade.

There was a motion to accept the 2003 LRPC Report and adopt the key SAM goals and the motion was seconded.

A Board member pointed out that the SAM goal that "at least 20% of the CAS curriculum will focus on strategic, financial or operational risk, or the integration of hazard risks with these risks" might have to be

revisited after a baseline is developed. It was noted that the SAM goals are flexible and can be revised in the future as appropriate.

The motion was approved with twelve in favor and one abstaining.

11. CENTENNIAL GOAL IMPLEMENTATION REPORT

Aaron Halpert provided background on the steps the Centennial Goal Implementation Task Force has taken to facilitate the integration of the CAS Centennial Goal and the supporting SAM Goals into the operational plans for each of the CAS Vice Presidents. Each Task Force member has been paired with a Vice President and has discussed the Centennial and SAM goals with their respective Vice President. A matrix that maps the SAM goals into the responsibilities of the Vice Presidents was provided in attachment 11 of the agenda material. Each SAM goal has one Vice President assigned with primary responsibility and may designate other Vice Presidents as having supporting roles. Task Force members reviewed drafts of each Vice President's goals to determine if they supported the Centennial Goal and concluded that the 2003-04 goals are consistent with the Centennial and SAM goals. It was agreed that the Task Force would report to Board on progress on the SAM goals at least once a year.

12. 2003-04 LONG RANGE PLANNING COMMITTEE (LRPC) OBJECTIVES

The 2003-04 LRPC objectives were discussed. Aaron Halpert asked for the Board's feedback about the how the LRPC could continue to provide value to the Board, now that the Centennial Goal framework has been put in place. It was agreed that the Board needs a long-term process to continue to look at the outside environment and how it affects the Centennial Goal.

The Board supported the LRPC's direction and proposed objectives, which build on the work accomplished over the past two years in the development of the CAS Centennial Goal and supporting SAM goals. It was suggested that the LRPC be involved in determining whether the recommendations of the Publications Task Force are consistent with the Centennial Goal.

13. PENSION ISSUES

This item was deferred to a future meeting.

14. HIGHLIGHTS OF 2003 ANNUAL MEETING

Chris Carlson provided highlights of 2003 Annual Meeting and noted that it will be the third largest meeting of the CAS.

15. RECOGNITION OF RETIRING BOARD/EC MEMBERS

Gail Ross recognized the outgoing Board and EC members. She thanked retiring Board members Ralph Blanchard, Janet Fagan, and Mike Miller for their service on the Board. . She also thanked retiring EC members Sheldon Rosenberg and Roger Schultz. Gail Ross recognized retiring Board Chairman Bob Conger and thanked him for his service to the CAS. She noted that all of the retiring EC and Board members had plans to continue serving the CAS in some capacity. Bob Conger recognized Gail Ross for her leadership as President in making 2003 a productive year for the CAS.

16. INFORMATION ITEMS

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

- EC Minutes (May 20, June 10, July 17, August 13 and September 2) (Attachment 14)

- Q4 FY 2003 Financial Statement (Attachment 15)
- Fourth Cycle Reports (Attachment 16)
- Minutes from July 2003 COP Meeting (Attachment 17)
- Debrief on October 2003 COP Meeting
- Annual Report from The Actuarial Foundation (Attachment 18)
- 2003-04 Casualty Practice Council Goals (Attachment 19)
- Executive Director's Report (Attachment 20)
- 2003-04 R&D Committee Goals (Attachment 21)
- Annual Roster of Affiliate Members (Attachment 22)
- 3-E Foundation (Attachment 28)

17. ANNUAL REPORTS

The following reports were provided for the Board's information:

- Annual Communications Plan Implementation Status Report (Attachment 23)
- Annual CAS Research Report (Attachment 24)
- Annual CORP Inventory Report (Attachment 25)
- Annual Report of CAS Web Site (Attachment 26)
- Annual Report of the Discipline Committee (Attachment 27)

18. EXECUTIVE SESSION

The Board held an Executive Session from 4:15 p.m. to 4:30 p.m.

19. ADJOURN

The meeting was adjourned at 4:30 p.m.

Respectfully submitted,

Joanne S. Spalla
Assistant Secretary - Board of Directors

Approved March 8, 2004.

Subsequent to the meeting, the Board approved via e-mail vote the recommendation to post the November 9, 2003 Board Meeting Executive Summary as written.