

MINUTES
CAS BOARD OF DIRECTORS MEETING
NOVEMBER 11, 2007
Marriott Magnificent Mile, Chicago

Present

Directors: Irene Bass, Regina Berens, Brian Brown, Charles Bryan, Eugene Connell, Allan Kaufman, Don Mango, Glenn Meyers, Robert Miccolis, Mary Miller, Joanne Spalla, Karen Terry, Mark Vonnahme.

Board Chair: Paul Braithwaite.

President: Thomas Myers.

President-Elect: Christopher Carlson.

Vice Presidents: Amy Bouska (International), James Christie (Admissions), Roger Hayne (Research & Development), John Kollar (ERM), Andrew Kudera (Professional Education), Kenneth Quintilian (Administration), Patricia Teufel (Marketing & Communications).

CAS Executive Director, Cynthia Ziegler; Assistant Secretary – Board of Directors, Alice Underwood.

Invited Guests: Albert Beer, David Chernick, John Tierney, Michael Wacek, Ralph Blanchard.

Other Attendees: Michael Boa – Director of Communications and Marketing, CAS Staff.

Observers: Clive Keatinge.

Absent: Roosevelt Mosley

Paul Braithwaite called the meeting to order at 8:30 a.m. CST on Sunday, November 11, 2007. He began by extending congratulations to the new Board members and officers, both those present and those who could not be present at this meeting: John Kollar (President-Elect); Albert Beer, David Chernick, John Tierney, Michael Wacek (Board Members-Elect); and Ralph Blanchard and Kevin Dickson (Vice Presidents-Elect for International and ERM, respectively).

I. CONSENT ITEMS

A motion to approve the following consent items (numbered as per the Board materials) was made:

1. Minutes of September 17-18, 2007 Board Meeting

The Board approved these minutes as submitted.

4. CAS Liaison to the Joint Risk Management Section

The Board approved Eugene C. Connell as the CAS Liaison representative to the Joint Risk Management Section Council.

7. International 2010 Future State

The Board approved this document as submitted.

8. CAS Representatives to Joint Task Force on Discipline Process

The Board approved John Tierney and Rich Fein as the CAS representatives on the Joint Task Force on Discipline Process.

9. Member Reinstatement

The Board approved the reinstatement of a member who had lapsed for nonpayment of dues, subject to payment of reapplication fees and 2008 dues.

10. ERM for CAS Committee Name Change

The Board approved changing the name of the "ERM for CAS Committee" to the "CAS Risk Management Committee."

11. Disband Joint Committee on Principles

With the work of the Joint Committee on Principles having been completed, the Board voted to join with the SOA in disbanding this committee, with thanks.

The motion to approve these items was seconded and carried unanimously, with 15 voting in favor.

II. REVISED BOARD / EC POSITION DESCRIPTIONS

A point of clarification was raised on this item (numbered 2 in the Board materials). It was suggested that the description of expenditure authorities should be expanded to explicitly state that such authorities are granted in accordance with the Expenditure Authority Policy approved by the Board of Directors, so that it would be clear that the more detailed provisions of the Policy are intended to apply.

There was a motion to approve the Revised Board / EC Position Descriptions subject to inclusion of specific references to the Expenditure Authority Policy where applicable.

This motion was seconded and the Board approved it unanimously, with 15 voting in favor.

III. 2007-08 NOMINATING COMMITTEE MEMBERSHIP

It was noted that this item cannot yet be considered by the Board, as the proposed roster is incomplete. This item will be presented to the Board in the future.

IV. 2008 CAS ELECTION / TELLING PROCEDURES

The Board discussed a recommendation by the Nominating Committee to accelerate aspects of the election process. A Board member expressed concern with stretching the timeline, and the Board discussed whether shifting dates was truly warranted. Several Board members voiced the opinion that more time is indeed needed; it was noted that some aspects of the 2007 election were in fact delayed, and some saw such delays as likely to recur.

It was moved and seconded that the Board approve the new election and telling procedures as submitted.

This motion carried with 14 voting in favor, one opposed, and no abstentions.

V. ELECTION OF APPOINTED DIRECTORS

In 2006, the CAS Constitution was amended to allow the Board to appoint up to three Directors in addition to the elected Directors. The Board discussed the procedure for the evaluation and election of appointed directors, and a question was raised as to whether current procedures allow enough time for bringing new appointed members onto the Board. It was suggested that the process begin in June, rather than September, as the appointed Board members would assume their role in November. This concern was noted, and the President suggested that the Board could consider changing the process it had approved at the prior meeting, but the Board agreed that the process itself was not the matter at hand.

It was moved and seconded that the Board approve the reappointment of Mark Vonnahme and Robert Miccolis to serve on the Board for the 2007-2008 term.

This motion was passed unanimously, with 15 voting in favor.

VI. PRIZES AND AWARDS POLICY

There was a brief discussion of this item. The VP – Administration clarified that the Prizes and Awards Policy Statement is intended only to provide high-level guidance. The strategy document currently in preparation will provide more detailed guidelines on prize and award administration.

It was moved and seconded that the Board approve the Prizes and Awards Policy Statement as submitted.

This motion carried unanimously, with 15 voting in favor.

VII. VITAL STATISTICS REVIEW

During the review of the Vital Statistics, a Board member expressed the opinion that this information should be communicated to the membership. There was a request that statistics on the number of volunteers be included in future. Statistics attracting particular interest were the International statistics, the statistics on CAS Web Site usage (which has dramatically increased in 2007), and the statistics on meeting attendance (which has remained flat even as membership increased).

VIII. CUSP RESPONSES TO CRUSAP RECOMMENDATIONS

The Council of U.S. Presidents (CUSP) provided a response to the recommendations put forth by the Critical Review of the U.S. Actuarial Profession (CRUSAP). Tom Myers led the discussion, noting that CUSP's intention was to provide a preliminary triage response to the CRUSAP report. CUSP itself does not have authority to take action; the member presidents can only recommend that their respective organizations take action.

On CRUSAP Recommendation #2 (making a "home" somewhere within the profession for all persons doing competent actuarial work), some Board members expressed the concern that following this recommendation could create more problems than it solved. Others said more clarity was needed on CRUSAP's intent. It was suggested that the CAS Subscriber Program could offer one possible approach. Currently there are approximately 70 CAS Subscribers, many of whom are actuarial recruiters, but the scope of this program need not remain so limited.

There was sentiment that the CAS and other societies should provide input on the recommendations pertaining to disciplinary process, specifically #10 (Enhance the ability of the ABCD to identify possible violations of the Code of Professional Conduct) and #13 (Provide for participation in the standards and discipline process by professionals who are not actuaries), rather than leaving these entirely to the ABCD. Tom clarified that ABCD input on these items was desirable, but it is not CUSP's intent to leave them entirely to the ABCD.

Some Board members, while not objecting specifically to any of CUSP's responses, questioned exactly what authority CUSP had to make this response or take other actions. Further discussion of this question was deferred to the Executive Session.

No Board action was necessary at this time, and the topic will remain a priority. The CUSP response will be published in the *Actuarial Update*.

IX. 2007 STRATEGIC PLANNING COMMITTEE REPORT

Regina Berens, Chair of the Strategic Planning Committee (SPC), introduced this topic. A draft of the SAM goals was presented at the September 2007 Board meeting; at that time the Board expressed discomfort with the idea that some of the goals would not be quantifiable. The SPC then asked the Executive Council for additional input and made changes accordingly. The SPC requested the Board's feedback on its 2008 plans and the redrafted goals.

Some Board members voiced concern that there may be too much focus on quantification, and that how measurement might be conducted should not direct the selection of goals. The specific numbers of international members and candidates mentioned in the draft goals were cited as perhaps focusing too much on "population" as opposed to "influence."

As regards the International goals, some expressed the opinion that there should be more reflection of the CAS "importing" ideas as well as "exporting" ideas outside North America. One concern is that the CAS may be too focused on North American issues to be an effective exporter of expertise. When asked whether there was consistency between the International goals and the "International 2010 Future State" document just approved by the Board, the VP – International confirmed that the SPC had sought her input and that of her successor, but agreed that additional weight to the importation of ideas would be valuable. It was also mentioned that there could be more emphasis given to international continuing education.

There was discussion of the possibility of actuarial jobs being outsourced to other countries, and what position, if any, the CAS should have with respect to this issue – especially given that the actuarial profession was identified in a recent academic study, cited in *Business Week*, as one of the white-collar professions most vulnerable to "offshoring."

This topic generated a great deal of discussion and some divergence of views. Some argued that the CAS should take a strategic position on the topic of offshoring, and work to ensure that CAS members have skills that are not readily offshorable, such as high-level interpretive skills and communications skills. Others argued that the CAS, as an international organization, should not be concerned with offshoring as there should be no "shores"; instead, the CAS should only be concerned with the quality of work performed, wherever it is done. Furthermore, several members expressed the opinion that offshoring is and will be a reality, and the CAS should be prepared for that reality.

As regards the ERM goals, it was noted that this is an area where the CAS could do more to "export" ideas to non-actuarial settings.

The Board asked the Strategic Planning Committee to review the draft SAM goals in light of the discussion and present the revised goals as a consent item for the March meeting.

X. FOUNDATIONAL STATEMENTS

Roger Hayne introduced this item (numbered 17 in the Board materials), noting that a task force chaired by Rich Fein had been assembled with the goal of presenting a draft set of Foundational Statements to the Board at this meeting. The task force has drafted a concise document, but based on initial feedback intends to make significant changes before presenting the document to the Board at the March 2008 Board meeting. Currently, the task force is developing a single set of broad statements that apply to all actuarial work in general insurance, as opposed to statements focused on specific topics such as reserving and ratemaking. It has been suggested that there could be a relatively fixed set of Foundational Statements accompanied by a set of interpretations that could be updated more often.

There was a question as to what process would be followed in adopting such Foundational Statements. The current intention is that the established process for Statements of Principles should be followed, even though the Foundational Statements will not be Statements of Principles. The President requested that a description of the timeline and process be presented with the draft Foundational Statements at the March 2008 meeting.

XI. SOA MANDATORY CPD PROPOSAL

It was noted that the SOA posted its exposure draft on Continuing Professional Development (CPD) two days earlier. A key point of the SOA proposal is that those members who do not satisfy the CPD requirement will be required to identify themselves as “FSA-Retired” or “FSA-Inactive.”

The CAS strategy on CPD has always been to follow the requirements imposed by the local organization (e.g. AAA) in the actuary’s region of practice. However, this leaves some gaps in cases such as Bermuda, where there is no local CPD requirement. The Board previously asked for a task force to examine the issue of CPD with consideration of, but without limitation to, the issue of “coverage gaps” and make recommendations, but to date no progress has been made.

The outgoing President assumed responsibility for assembling a Board-level task force to review the issue with a report due to the Board at the March 2008 meeting.

XII. INCREASING CAS REVENUES

At the September 2007 meeting, the Board created two task forces to review finance-related issues: one on expenses, chaired by Brian Brown, and one on revenues, chaired by Joanne Spalla. At this point, Joanne sought the sense of the Board as to whether any of the revenue ideas under preliminary consideration were unacceptable in concept. These ideas included:

- Sponsorship of functions such as meals or exhibit halls during meetings and seminars
- Expanding sponsorship on the BeAnActuary Web Site
- Allowing advertising or sponsorship in select areas of the CAS Web Site
- Further developing the job listings section of the CAS Web Site
- Allowing advertising in CAS publications
- Affinity group promotions (e.g. credit cards, group insurance)

The Board did not voice opposition to any of the ideas that were mentioned. There was some concern that guidelines would be needed to ensure transparency of sponsor relationships, such as those for the ERM Symposium. It would also be necessary to develop guidelines on the forms that web site sponsorship or advertising could take.

XIII. EXECUTIVE SESSION

At 11:05 a.m. Central Time, the Board went into Executive Session.

The open Board meeting reconvened at 1:30 p.m. following lunch.

XIV. LEADERSHIP DEVELOPMENT REPORT

As the CAS grows, identifying potential new leaders becomes more challenging. The Nominating Committee has considered this item at the request of the Board. While the committee was unable to formulate a specific recommendation, they identified three possible bodies that could lead the development effort:

- Nominating Committee
 - Advantages: has overview of possible leaders; reports to the Board
 - Disadvantages: members of this committee are specifically chosen for a spread of experience levels; not all are ready for mentoring roles
- Committee On Volunteer Resources (COVR)
 - Advantage: has overview of volunteer community and access to feedback on volunteer pool which could help to select potential leaders
 - Disadvantages: members of this committee are specifically chosen for a spread of experience levels; not all are ready for mentoring roles
- Seasoned Actuaries section
 - Advantage: members of this section have the experience to be mentors
 - Disadvantages: not currently organized for such a task; may not have good overview of candidate pool

After some discussion, one Board member suggested that it might be best to include all three groups in the process: the COVR might be able to identify potential leaders; the Seasoned Actuaries section could be given this information and be asked to contact and mentor these individuals, and then assist the Nominating Committee.

The Nominating Committee suggested that the incoming President-Elect be tasked with responsibility for pursuing the Leadership Development initiative. It also identified possible changes that could be made, including term limits for committee members and chairs, and assigning an individual or group with identifying issues that impede international members from assuming leadership roles.

Many Board members were concerned that strictly enforced term limits could cause a problem in that there might not be sufficient volunteer resource to meet the new demand. There was general support for the idea of providing feedback and mentoring to potential leaders and helping them to map out what their future path with the CAS might be. Concern was expressed about the special circumstances faced by international members motivated to assume leadership roles.

There was a motion that the incoming President-Elect lead a task force to investigate how the CAS should deal with issues of leadership planning and development, and make a preliminary report to the Board at the June 2008 meeting.

This motion was seconded and passed unanimously, with 16 voting in favor.

Pat Teufel, Amy Bouska, and Karen Terry volunteered to serve on this Task Force. A request for volunteers will also be made at the November 12 meeting of the Seasoned Actuaries Section.

XV. BOARD BUDGET TASK FORCE

Brian Brown explained that the task force created following the September Board meeting has tried to identify the potential issues with the budgeting process. The task force asked for Board feedback as to their current list of issues:

1. The Board first sees the budget in preparation for the September meeting, and must approve it at that meeting.
 - Recommendation: provide a preliminary version at the June meeting.
2. Net income targets for meetings, seminars, and exams are not sufficiently clear.
 - Recommendation: ask Board to provide more detailed guidance.
3. The Board has asked for more information on expense trends.
 - Recommendation: create a task force to focus on this.
4. The financial ramifications of initiatives approved mid-year are not always fully apparent; these should be better monitored.
 - A task force may be needed to review this issue.
5. It would be useful to determine how accurate the budgets have been historically.
6. It seems there is too much detail provided for some items, not enough for others.

In the course of discussion, the Board identified the treatment of investment income as an additional issue: mark-to-market effects on surplus may be causing the Board to overreact.

The sense of the Board was that many good ideas were surfaced by the task force, and these needed to be fleshed out in more detail. The Board declined to take action at this time on any of the recommendations, preferring to act on the issue in an integrated way. The Board asked the task force to provide a revised draft well in advance of the March 2008 meeting so that decisions could be made at that time.

XVI. INFORMATION ITEMS

The following items, numbered as per the Board materials, were presented for the Board's information:

21. EC Minutes (May 15, June 19, August 14, and October Agenda)
22. Q4 FY 2007 Financial Statement
23. Task Force on Regulatory Actuaries' Attendance at CAS Meetings
24. Fourth Cycle Reports
25. Debrief on October 2007 NAAC Meeting
26. Report of the October AAA Board Meeting
27. Executive Director's Report
28. 2007-08 CAS Office Goals
29. Syllabus Changes for Joint Exams

30. Report of the Task Force on CIA Education Proposal
31. August 2007 VEE Exams Results
32. Hong Kong Joint Office Budget
33. Highlights of CAS 2007 Annual Meeting
34. GIRO Report
35. AAA Strategic Plan
36. CAS Brochure
37. NAAC Position Statement
38. CUSP Position Statement
39. October 08 Joint Board Orientation Session
40. Global ERM Qualification
41. Institute of Actuaries of Australia Report
42. Annual CAS Research Report
43. Annual Report of CAS Web Site
44. Annual Report of Discipline Committee
45. Annual Report of The Actuarial Foundation

XVII: REVIEW OF THE YEAR'S ACCOMPLISHMENTS

The Chairman congratulated the Board on the past year's accomplishments. Highlights included:

1. Transforming the Long Range Planning Committee into the Strategic Planning Committee
2. Implementing governance improvements, to include seating the first appointed directors
3. Refreshing the wording of the Centennial Goal
4. Addressing the issue of Foundational Statements
5. Selecting vendors to draft a unified basic education text
6. Clarifying the CAS's international vision
7. Laying groundwork for exam waivers for the Actuarial Society of India
8. Shoring up the CAS's pension funding
9. Approving a budget in a challenging year
10. Starting the process of improving leadership development

XVIII: DISSOLUTION OF 2006-07 BOARD

The Chairman thanked the Board members for their diligent service and called for a motion to adjourn.

There was a motion to adjourn the meeting of the 2006-07 Board of Directors of the CAS.

This motion was seconded and approved unanimously. Paul declared the meeting adjourned, and the previous Board dissolved, at 3:45 p.m. CST.

Respectfully submitted,

Alice Underwood
Assistant Secretary – Board of Directors

Approved: March 10, 2008

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CAS BOARD OF DIRECTORS MEETING
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Present

Directors: Irene Bass, Albert Beer, Brian Brown, Charles Bryan, David Chernick, Don Mango, Glenn Meyers, Robert Miccolis, Mary Miller, Joanne Spalla, John Tierney, Mark Vonnahme, Michael Wacek.

Board Chair: Thomas Myers.

Incoming President: Christopher Carlson.

Incoming President-Elect: John Kollar.

Vice Presidents: Amy Bouska (International), James Christie (Admissions), Roger Hayne (Research & Development), Andrew Kudera (Professional Education), Kenneth Quintilian (Administration), Patricia Teufel (Marketing & Communications).

CAS Executive Director, Cynthia Ziegler; Assistant Secretary – Board of Directors, Alice Underwood.

Invited Guests: Regina Berens, Paul Braithwaite, Eugene Connell, Allan Kaufman, Karen Terry, Ralph Blanchard.

Other Attendees: Michael Boa – Director of Communications and Marketing, CAS Staff.

Observers: Clive Keatinge.

Absent: Roosevelt Mosley

2007-08 PRIORITIES

Tom Myers, Chairman of the 2007-08 Board of Directors, called to order the meeting of the incoming Board at 3:45 p.m. CST. He extended the CAS's thanks to outgoing Directors Gene Connell, Allan Kaufman, Regina Berens, and Karen Terry; to outgoing Vice Presidents Amy Bouska and John Kollar; and to the outgoing Chairman, Paul Braithwaite.

Next, Tom led a brainstorming session on priorities for 2008. Topics were identified and then a straw poll of all incoming and outgoing Board and EC members was conducted to indicate the relative significance attached to each item (each person was allowed to vote in favor of as many topics as desired). Results follow:

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| 1. White Paper on CAS Education issues | (26 votes) |
| 2. Continuing Professional Development | (25 votes) |
| 3. Leadership development and sustained volunteerism | (18 votes) |
| 4. Technical excellence | (18 votes) |
| 5. ERM Strategy / Credential | (17 votes) |
| 6. Credibility / reputation of the actuarial profession | (17 votes) |
| 7. Foundational Statements | (15 votes) |
| 8. Communicating international issues and information to the membership | (14 votes) |

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| 9. Classes of membership | (13 votes) |
| 10. IAA / IFRS issues: solvency, risk margins, accounting | (12 votes) |
| 11. Improving the syllabus | (12 votes) |
| 12. Budget process | (11 votes) |
| 13. Image of the Actuary campaign | (9 votes) |
| 14. Meeting attendance trends | (7 votes) |
| 15. Strategic planning process | (7 votes) |
| 16. Internal capital model validation standards | (6 votes) |
| 17. AAA Strategic Plan | (6 votes) |
| 18. Offshoring and outsourcing | (4 votes) |
| 19. Membership trends and exam trends outside North America | (4 votes) |
| 20. Automatic AAA membership | (4 votes) |
| 21. Better ways to get membership input without doing formal surveys | (1 vote) |

After the brainstorming session was concluded, the Chairman called for a motion to adjourn.

A motion to adjourn was made, seconded, and approved unanimously.

The meeting adjourned at 4:00 p.m. CST on Sunday, November 11.

Respectfully submitted,

Alice Underwood
Assistant Secretary – Board of Directors

Approved: March 10, 2008