

**MINUTES  
CAS BOARD OF DIRECTORS MEETING  
NOVEMBER 13, 2005  
Baltimore, MD**

**Present**

Directors: Regina Berens, Christopher Carlson, Robert Deutsch, Sholom Feldblum, Gary Josephson, Allan Kaufman, Andrew Kudera, David Oakden, Karen Terry, Patricia Teufel, Oakley Van Slyke, and Robert Wolf.

Immediate Past President: Mary Frances Miller.

President: Stephen D'Arcy.

President-Elect: Paul Braithwaite.

Vice Presidents: Amy Bouska, Beth Fitzgerald, John Kollar, Donald Mango, Thomas Myers, Deborah Rosenberg, and Joanne Spalla.

CAS Executive Director, Cynthia Ziegler; Assistant Secretary – Board of Directors, Kenneth Quintilian.

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

Invited guests or presenters (present for some or all of the meeting): Irene Bass, James Christie (by teleconference), Aaron Halpert, Roger Hayne, Glenn Meyers, Mary D. Miller, Roosevelt Mosley.

Observers: Larry Haefner, Clive Keatinge.

Mary Frances Miller called the meeting to order at 8:05 a.m. on Sunday, November 13, 2005. She began the meeting by extending congratulations to the new Board members and officers (including those present as well as those who could not be present at this meeting): Irene Bass, Glenn Meyers, Don Mango and Roosevelt Mosley (in-coming Board members); and Jim Christie, Roger Hayne and John Kollar (newly selected Vice Presidents for the upcoming fiscal year). She also congratulated the new President-Elect, Tom Myers (outgoing VP-Admissions).

**1. CONSENT ITEMS**

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

- (a) Minutes of September 15-16, 2005 Board Meeting  
The minutes of the September 15-16, 2005 Board Meeting were approved.
- (b) Revised Board / EC Position Descriptions  
The revised Board and EC position descriptions were approved.
- (c) 2005-06 Discipline Committee Membership  
The recommended members for the Discipline Committee were approved.
- (d) Mutual Recognition Agreement with Institute of Actuaries of Australia  
Signing of the proposed Mutual Recognition Agreement was approved.

(e) Addition to List of Approved Universities for CAS Waivers

The Board approved adding the Australian National University to the list of approved universities for purposes of the CAS waiver policy.

(f) NAAC Working Agreement

The Board approved the proposed NAAC Working Agreement, subject to minor edits and subsequent re-ratification if necessary.

The motion was seconded and approved unanimously, with 12 members voting.

## 2. REPORT OF BOARD TASK FORCE ON NOMINATING COMMITTEE PROCEDURES

Mary Frances Miller discussed the deliberations of the Task Force and outlined its findings as found in its report. There are several recommendations for changes in procedures in the report. However, the most controversial item surrounds the issue of nominations for President-Elect.

Currently, the Nominating Committee meets to select a President-Elect nominee after any petitions for nomination to this position have been submitted by the membership-at-large. Furthermore, the Committee has the option to nominate zero or one candidate (in addition to any petition nominees). Therefore, in the event of any petitioned candidates being submitted, the Nominating Committee is placed in the uncomfortable position of having to decide whether to “challenge” the petitioned candidate(s) with a “Board-endorsed” slate.

In order to eliminate this difficulty, the Task Force suggested in its report that the Committee be tasked with identifying and nominating exactly one candidate, with the decision being made before the petitions have been received, and being kept confidential until all of the nominations have been submitted. The Nominating Committee’s candidate and any petitioning candidate(s) would be publicized simultaneously.

There was some discussion of the provision that the President-Elect nominee be initially kept confidential. Many on the Board expressed the opinion that the benefits to the democratic process of immediately publicizing the nominee outweighed any advantages of secrecy, and that in fact there was no real reason to disguise the identity of the Board-selected candidate in a contested field.

**There was a motion to revise the recommendations of the Task Force to prescribe that the nominated candidate be made public before the petitions are submitted; this change to be implemented by removing the word “not” from its two occurrences before the words “make public” in Item 2 of the Action Paper.**

The motion was seconded and approved, with 10 in favor, 1 opposed, and 2 abstaining.

**There was a motion to:**

- **Approve for immediate implementation the three recommendations of the Task Force, as contained in its Action Paper, relating to (1) rotation of Nominating Committee membership, (2) the Presidential Nomination Process (as amended above), and (3) the Rodermund Award;**
- **Approve the 2006 election documents; and**
- **Dismiss the Task Force with thanks.**

The motion was seconded and approved unanimously, with 13 voting.

## 3. FCAS EDUCATION TASK FORCE REPORT

Lee Van Slyke introduced this item and outlined for the Board the contents of the Task Force’s final report. Lee stated that there were different subgroups within the Task Force, with different ideas of what is important to be included in FCAS Basic Education. Points of view varied on the relative importance of such

issues as travel time; traditional topics vs. new, emerging areas of study; and degree of specialization appropriate at various stages of the education process. Symptomatic of the differing points of view of the members of the Task Force is the structure of the report itself, which includes a report from the majority of the Task Force; a separate, “dissenting” report signed by a minority of the members; and a third short report from a single member of the Task Force.

The group found it very difficult to adhere to its charge to focus solely on Parts 5 through 9, to the exclusion of Preliminary and Continuing Professional Education. This explains some of the conclusions they came to with regard to the relative roles of these fundamental elements of the education process. Ultimately the Task Force concluded that it did not have the scope of authority to completely redesign the syllabus in a way that would satisfy the spirit of its charge. Therefore, the Task Force is requesting that the Board produce extensive educational policy guidance before asking the Admissions Committees to address this topic again. The Task Force also believes, due to the fairly regular upheavals in the exam structure in recent years, that another change in the system ought not be rushed. Although the time sensitivity of the ACAS Vote / Classes of Membership issues was a large part of the urgency underlying this Task Force’s charge, the Task Force ultimately concluded that the ACAS issues can be dealt with before the FCAS Education issues have been resolved.

The findings of the Task Force were discussed by the Board and the Executive Council in a round-table format. The most basic and difficult issue is deciding what needs to be tested, at what depth, and in what way (basic vs. continuing vs. other educational formats). Learning Objectives are a key tool in evaluating this, as is laid out in the Task Force report. The widespread sentiment on the Task Force and in the discussion of the Board was that resolution of some of these difficulties could be eased by stronger Continuing Education (CE) requirements, either of the CAS or the AAA. It was mentioned that the AAA will soon be issuing an exposure draft of the Qualification Standards that will propose a significant expansion of these CE requirements.

The Task Force was not in agreement regarding whether the envisioned changes to the syllabus could – or should – reduce travel time to FCAS. Furthermore, not all saw this goal as a basic part of the charge of the Task Force.

One member suggested that we should stop thinking in a revolutionary mind set and seek to approach this issue through an incremental series of changes. It is not necessary to make all of these changes at once. The CAS can make them over time, adopting the most important part first but waiting for a period of years for all of the changes to be implemented. This will be less disruptive to the candidates (and membership), and less likely to result in a regrettable hasty mistake.

Further consideration of this issue was deferred until later in the meeting, at which time the status report of the Board Task Force on this issue was to be received.

#### **4. ANNUAL TRAVEL TIME UPDATE**

Tom Myers introduced this item and discussed the various statistics and diagnostics available in the latest Travel Time Report, along with the Education Policy Committee’s interpretation of those statistics. Certain new statistics included in the report indicate that there may be some reductions in travel time among certain cohorts of candidates. However, the Education Policy Committee continues to find no evidence that travel time skyrocketed through the 1990s (as is commonly perceived), or that exam partitioning had as adverse an effect on travel time as has traditionally been assumed. The Committee has strong doubts, however, whether the ultimate goal (as expressed by the Board) of reducing the median travel time to under seven years is feasible without a dramatic overhaul in the exam structure.

## 5. CODE OF PROFESSIONAL CONDUCT FOR CANDIDATES

Beth Fitzgerald outlined for the Board the thinking to date on this issue. Although the Board had originally requested that the candidates be required to begin adhering to the Code of Conduct effective with the 2006 exams, this has proved impracticable due to concerns that came up near the deadline for the printing of the 2006 Syllabus. The EC decided (and requests that the Board ratify its decision) that the implementation of this requirement be deferred until such time as the recently emerged issues can be resolved. As a result, the 2006 Syllabus does not contain the new requirement.

The issues that Beth discussed were raised by the Committee on Professionalism Education (COPE) and the AAA Council of Professionalism. Some of these concerns will require extensive evaluation. In brief, the action might be viewed by other organizations as unilateral and peremptory on the part of the CAS, given that other organizations do not have a similar requirement for non-members. It is also not clear that the requirement is enforceable, since the Code is currently worded to apply to members of an actuarial organization that has adopted the Code (although simply the prohibition of offending candidates from taking subsequent exams might be a sufficiently effective deterrent).

Furthermore, the Code is fairly broad in its wording, incorporating by reference all applicable ASOP's. This presumes a great amount of training and education on Code issues that may be unreasonable to expect of a junior student. The Course on Professionalism is intended to train near-CAS members on Code of Conduct issues; if the candidates are to be bound by the same Code it might become necessary to train them in its application earlier in their exam progress. This would have major implications for the workload and budget of COPE, the Committee responsible for that Course.

These were among the more difficult issues raised by the responding organizations. However, given the recent attention paid to the credibility of casualty actuaries generally, the Board considers it appropriate to continue to pursue ways in which some control can be exercised by the CAS over the work performed and actuarial opinions expressed by non-members working in the casualty actuarial field, particularly those who are presenting themselves as "actuaries" before achieving their credential. If the issues can be resolved, the preferred method would still be to impose some type of a Code on Candidates.

Several of the other issues the other organizations raised can be addressed fairly easily by the EC (for example, the AAA raised a concern regarding the power of the ABCD to censure non-members; however, it would be the intent of the CAS to handle any discipline of candidates).

Ideas were expressed by members of the Board for the EC's subsequent consideration. One thought was that it is better to talk about it and be aware of it than to take no action at all – simply drawing candidates' attention to the Code would be valuable even in the absence of any discipline authority. A suggestion was made that a cut-down version of the Professionalism Course could be devised for candidates. An EC member suggested that the best place to start imposing the requirement would be at the "upper level" exams; that is, with Part 5. Another suggestion was that the CAS could unilaterally devise a somewhat modified Code of Conduct specifically for candidates that could omit the language found to be problematic for candidates in the current code.

The Canadian Institute of Actuaries has devised a class of membership called "Associate" which comprises students from four exams through Fellowship. This membership classification confers no practice rights but it does enable the CIA to impose the Code of Conduct upon those pre-Fellowship student members.

**There was a motion to endorse the action of the Executive Council regarding this issue, and to rescind the resolution of the Board directing the implementation of this directive, pending further study by the EC and further deliberation by the Board.**

The motion was seconded and approved, with 14 in favor and 1 opposed.

**Given that the Board considers it important to impose standards of ethical behavior upon candidates, the Board directs the EC to explore alternative approaches or similar initiatives that will achieve the goal while addressing the concerns expressed by COPE and AAA, and to report back to the Board with its findings.**

The motion was seconded and approved unanimously, with 15 voting.

## **6. LONG RANGE PLANNING COMMITTEE (LRPC) REPORT**

Aaron Halpert, chair of the LRPC, joined the meeting and summarized the annual report of the Committee. This year's report, contained in the Board materials, constitutes a detailed outline of the LRPC's findings from its recently completed "environmental scans" in support of the Centennial Goal (CG).

The primary finding of the 2005 LRPC report is that there are key threats to the accomplishment of the CAS CG, particularly as it is embodied in the SAM sub-goals that have been identified to date. The common theme running through each of the six threats is that quick and decisive action is needed to avert the threat. If such actions (of which the LRPC's specific recommendations are delineated in the report) are not taken, it is possible that the given sub-goal will not be achievable by the target date of 2014. More significantly, some of the goals will become impossible to accomplish by any date without such actions (due to the permanent loss of the window of opportunity for that goal).

Because of the broad scope of the recommendations in the report, it was clear that the EC would require some guidance from the Board as to the relative importance and priority to be applied to the various ideas. The Board therefore discussed the findings at some length.

Regarding the Competition threat (relating primarily to ERM), it was generally agreed that a major impediment to the successful accomplishment of the ERM portion of the CG is gaining the support of the membership that ERM is an important goal to be aggressively pursued. The rest of the ERM-related initiatives could ultimately be unsuccessful if membership buy-in is not achieved. It was reported that, to date, about 300 CAS members have joined the Joint CAS/SoA ERM Section.

Not only other professions, but also the SoA is running ahead of the CAS on this issue, establishing a new ASA-level credential for ERM which the CAS has decided it cannot support or endorse. Input from both the leadership and the membership is needed in this area. It was proposed that diagnostics be explored that would evaluate the level of buy-in, not only from members, but from the employers who would have to fund volunteer initiatives in this area. Buy-in from the membership is a risk also faced in the area of the Internationalism threat.

The Marketing threat, and its proposed corrective actions, met with various responses. Regarding the CAS's support and advancement of the Image Campaign (Marketing Recommendation A), the overall sentiment was that the Campaign works best as a unified, profession-wide effort. It was not generally agreed that the CAS should push strongly for its own identifiable brand within the scope of the Image Campaign. However, most agreed with the recommendation that the CAS should consider its own marketing campaign (Marketing Recommendation B) to ensure the adequate publicizing of those characteristics unique to casualty actuaries.

There were mixed opinions regarding whether the CAS should hire a staff actuary to promote the CAS interests (Marketing Recommendation C). Most of the types of communication needed would be the kind of "public policy" work that is currently the domain of the AAA. Therefore, it was suggested that thought be given to some sort of "joint" staff position at the AAA, perhaps staffed part-time by a retired actuary.

The discussion of the Volunteerism threat centered on metrics for volunteerism. It was suggested that the 50% volunteerism SAM goal should be revisited. Further diagnostics regarding level of commitment to volunteerism, level of support from employers, and other potential roadblocks to volunteerism, were discussed, in the interests of quantifying the situation and any real or supposed hurdles.

In connection with the Reputation threat, the LRPC proposed a number of metrics to indirectly measure the reputation of the profession. It was suggested that, while these proposals were worthwhile, other diagnostics might also be identified that might more directly measure reputation.

The threat discussed under Quantification Skills is that CAS members may not be staying sufficiently abreast of current developments in statistical risk quantification and modeling to be able to compete with non-actuarial practitioners. A new SAM goal was proposed by the LRPC to help measure this issue.

A relevant question, when considering such threats as Competition and Internationalism, is whether the CG as currently worded is the correct rallying point for CAS efforts over the next nine years, or should it be revised in some ways? Is the current wording of the CG even achievable by 2014? It is clear to the LRPC that, at a minimum, some efforts need to be trained on revising and refining the SAM goals being used to implement the CG. Over the coming year the LRPC will look closely at the CG and its supporting SAMs.

**There was a motion to receive the report of the Long Range Planning Committee, to refer its recommendations to the EC for consideration, and to thank the Long Range Planning Committee for its efforts to date in overseeing and measuring progress regarding the Centennial Goal.**

The motion was seconded and approved unanimously, with 15 voting.

## **7. 2005-06 NOMINATING COMMITTEE**

The “sophomore class” of the Board, along with the President and President-Elect, presented the slate of candidates for the Nominating Committee for next year. Due to the approval of the new structure for the committee, a vacancy now exists that the group recommends be filled by LeRoy Boison. The slate that the group presents is therefore as follows:

Mary Frances Miller (ex officio)  
Steve D’Arcy (ex officio)  
Janet Fagan (Past Board Member)  
Mike Toothman (Member At Large, >10 years)  
Dale Portfolio (Member At Large, <10 years)  
Chet Szczepanski (Member At Large, <10 years)  
LeRoy Boison (Member At Large, >10 years)

**There was a motion to approve the slate of nominees for the 2005-06 Nominating Committee.**

The motion was seconded and approved unanimously, with 15 voting.

## **8. EXECUTIVE COUNCIL GOALS FOR 2005-06**

Paul Braithwaite led the discussion on this topic. A suggestion was made that a goal be added to the VP-International goal list relating to Bermuda. Currently, there is no actuarial standards-setting body in Bermuda, as the AAA has no jurisdiction there and Bermuda has no body of its own. The CAS regional affiliate (CABER) functions entirely as a social body.

As a result there is inconsistency in the application of actuarial standards there for general insurance. The only effective governance is by the regulatory authority. There are actuaries with credentials from a number of jurisdictions (such as U.S., U.K., Canada, and others) practicing there.

The VP-International was given a new goal to look into the ramifications of creating a new Bermuda-specific actuarial body like the AAA in Bermuda, and to report back to the Board on her findings.

There was unanimous agreement that, consistent with relevant prior Board action, the President's Goal #5 (Actuarial Credibility) should be revised so that "implement the recommendations of the Task Force on Actuarial Credibility" become "respond to the recommendations of the Task Force on Actuarial Credibility." It was agreed that this was more in keeping with previously elucidated Board sentiment.

## **9. CONFLICT OF INTEREST STATEMENT**

This item was brought to the floor to discuss two proposed clarifying changes from one Board member. These changes were generally agreed to and therefore were adopted.

**There was a motion to adopt the CAS Conflict Of Interest Policy and statement form as amended.**

The motion was seconded and approved unanimously, with 15 voting.

## **10. FCAS EDUCATION BOARD TASK FORCE STATUS REPORT**

This Board Task Force is chaired by Mary Frances Miller, and is separate from the Task Force chaired by Lee Van Slyke (the Van Slyke task force) that presented its final report earlier in the meeting. Whereas the Van Slyke task force has concluded its deliberations and expected to be dismissed at this Board meeting, the Board Task Force is earlier in the process and only presented a status report at this meeting. Mary Frances introduced this item and led the Board through some of the Board Task Force's thoughts to date. Many of these details are found in the Board materials on this item.

The approach of the Board Task Force to this point has been to consider each of the ten "identified concerns" of the Van Slyke task force, and to attempt to provide answers to those concerns. One of the basic difficulties of the prior task force was that many of their identified concerns stemmed from a need for Board guidance and policy, which this Board Task Force is taking a first step at attempting to provide.

One sentiment that has been emerging has been a desire not to rush into additional syllabus changes, considering the large number of transitions the candidates have been through in recent years, and a desire not to unnecessarily exacerbate any frustration that those candidates are likely feeling today regarding the exam process. It was generally agreed that it is not essential that all of the education issues be resolved before the pending actions regarding the status of the ACAS are brought to fruition.

It was agreed that the views of the individual members of the Van Slyke task force should be sought on the Board Task Force report. It will be useful to see whether these members consider the report responsive to the issues that they discerned in their deliberations.

**There was a motion to accept the report of the Task Force on FCAS Education [the Van Slyke task force] and to dismiss the Task Force with the Board's thanks.**

The motion was seconded and approved unanimously, with 15 voting.

**There was introduced a resolution to charge the Executive Director and the VP-Administration to delineate a process whereby the awarding of ACAS could be phased out within five years, and the vote could be given to ACAS right away (subject to the constraints previously prescribed by Board resolutions). This process would be initiated by propositions being placed to this end on the membership election ballot in Summer 2006. Proposed language for the ballot would be considered by the Board at its March 2006 meeting.**

The motion was made and seconded, and opened for discussion. A further motion was made to table this resolution. This latter motion was seconded, and defeated, with 6 in favor, 7 opposed, and 2 abstentions.

The question was then called. The original motion was approved, with 13 in favor, 1 opposed, and 1 abstention.

**There was a motion to charge the Board Task Force on FCAS Education to summarize the desired educational Learning Objectives (both current and proposed), including in that summary the Task Force's finding on whether each would be best taught as basic education, continuing education, etc; and to present the Task Force report including these findings at the next Board meeting.**

The motion was seconded and approved unanimously, with 15 voting.

**There was a motion that an extraordinary face-to-face Board meeting be held in Chicago in January 2006, for the purpose of discussing the report of the Board Task Force (which should be completed and available before the meeting). This meeting would be constituted as a Committee of the Whole.**

The motion was seconded and approved, with 12 in favor and 3 abstentions.

**There was a motion to direct the VP-Admissions and the VP-Professional Education to begin coordinating their activities, in order to establish and coordinate appropriate goals for the implementation of the findings of this Task Force.**

The motion was seconded and approved unanimously, with 15 voting.

## **11. INFORMATION ITEMS**

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

- Executive Council Minutes (May 17, Jun 2, Jul 20, Aug 17) and Oct 12 Agenda (Attachment 15)
- Q4 FY 2005 Financial Statement (Attachment 16)
- Fourth Cycle Reports (Attachment 17)
- Minutes from July 2005 NAAC Meeting (Attachment 18)
- Debrief on October 2005 NAAC Meeting (Attachment 19)
- Report of the October AAA Board Meeting (Attachment 20)
- 2005-06 AAA Casualty Practice Council Goals (Attachment 21)
- Executive Director's Report (Attachment 22)
- 2005-06 Goals - R&D Committees (Attachment 23)
- Vital Statistics (Attachment 24)
- Financial Economics in the Preliminary Education Structure (Attachment 25)
- August 2005 VEE Exam Results (Attachment 26)
- Status Update on Implementation of Computer Based Testing (Attachment 27)
- Task Force on Publications Update (Attachment 28)
- CAS Benefits Study (Attachment 29)
- Organizational Structure (Attachment 30)
- Status of Principles Underlying Actuarial Science (Attachment 31)
- Oral Report of Highlights of 2005 CAS Annual Meeting
- Annual CAS Research Report (Attachment 33)
- Annual Committee on Review of Papers Inventory Report (Attachment 34)
- Annual Report on CAS Web Site (Attachment 35)
- Annual Report of the Discipline Committee (Attachment 36)
- Annual Report from The Actuarial Foundation (Attachment 37)
- Moody's Report on Governance (Attachment 39)
- SOA Report – ERM Credential (Attachment 40)
- SOA Report – Task Force on Morris Report (Attachment 41)

## **12. EXECUTIVE SESSION**

At 4:00 p.m. the Board went into Executive Session until about 4:30 p.m.

## **13. DISSOLUTION / REORGANIZATION OF BOARD / ADJOURNMENT**

Mary Frances Miller thanked the retiring members of the 2004-05 Board (Gary Josephson, Dave Oakden, Pat Teufel, Lee Van Slyke) and declared the meeting adjourned, and the previous Board dissolved, at 4:58 p.m.

Steve D'Arcy, as Chair of the subsequent Board, welcomed the new 2005-06 Board members and the new President-Elect (Tom Myers). Steve also congratulated the outgoing Board members (including Mary Frances) and the outgoing Executive Council members (Don Mango and Tom Myers, both of whom are moving to other senior CAS leadership positions). He welcomed the members of the 2005-06 Executive Council. After speaking very briefly about plans for the upcoming year, Steve adjourned the reorganization meeting at 5:10 p.m.

Respectfully submitted,

Kenneth Quintilian  
Assistant Secretary - Board of Directors

Approved: March 9, 2006

Subsequent to the meeting, the Board unanimously approved via e-mail the recommendation to post on the CAS Website the November 13, 2005 Board Meeting Executive Summary, with 15 voting.