

MINUTES
CAS BOARD OF DIRECTORS MEETING
NOVEMBER 16, 2008
Sheraton Seattle Hotel & Towers

Present

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

Board Chair: Thomas Myers.
President: Christopher Carlson.
President-Elect: John Kollar.

Vice Presidents: Ralph Blanchard (International), James Christie (Admissions), Roger Hayne (Research & Development), Kevin Dickson (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: David Menning, Louise Francis, Eugene Connell, Wayne Fisher, Morton Lane, Chet Szczepanski, Regina Berens, and Francois Morin (by teleconference for part of the meeting).

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

Observers: Clive Keatinge

The Chairman called the meeting to order at 8:00 a.m. PST on November 16, 2008. The Board offered congratulations to the new officers and Board members.

I. CONSENT ITEMS

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

3. 2008-2009 Nominating Committee Membership
The Board approved Sean P. McDermott as a new member of the Nominating Committee.

6. Election of Appointed Directors
The Board approved the reappointment of Mark Vonnahme to serve on the Board for the 2008-2009 term.

7. Board Liaison Expense Reimbursement

The Board resolved to: (1) formally extend the current Board travel reimbursement policy to the two appointed liaison positions and (2) approve an additional \$6000 (estimate) of travel related expenses in the current year's budget to cover the three remaining Board meetings for 2009.

The motion to approve the items listed above was seconded, and carried unanimously.

Additional items from the consent agenda (numbered as per the Board materials) were identified for separate discussion.

1. Minutes of September 2008 Board Meeting

The following clarifications to the minutes were requested:

- Item I of the minutes (Consent Items) on page 2 should clarify that Brian Brown will continue as the Chair of the Audit Committee until Michael Wacek takes over this responsibility.
- The second sentence of the fifth paragraph on Page 6 should be amended to read "There is a significant risk that CAS members will be less effective in their practice because they lack sufficient knowledge."
- In item XII of the minutes (Classes of Membership) on Page 8, references to Prescribed Statements of Actuarial Opinion should be replaced with "NAIC Reserve Opinions."

There was a motion to approve the minutes as amended.

This motion was seconded and passed by a unanimous voice vote.

2. Revised Board / EC Position Descriptions

There was discussion as to the appropriateness of having the Board continue to approve position descriptions for Vice Presidents. These positions report to the President, and in fact the President's position description indicates responsibility for Vice Presidents' position descriptions.

There was a motion to approve the complete set of position descriptions as submitted, while noting that the Board can delegate responsibility for approving the Vice Presidents' position descriptions to the President.

This motion was seconded and passed by a unanimous voice vote.

4. 2009 CAS Election / Telling Procedures

There was a motion to approve the proposed changes to election / telling procedures, specifically: all Fellows henceforth will be invited to vote using the online ballot, and automatically registered for the online election if they have a valid email address and do not "opt out." Fellows who would prefer to vote using the paper ballot will be afforded the option to request a paper ballot by a specified date. Fellows who receive a paper ballot will not have access to the online ballot. All Fellows without a valid email address will continue to be sent a paper ballot.

This motion was seconded and passed by a unanimous voice vote.

5. Member reinstatement

The Executive Council recommends the reinstatement of an individual whose membership had lapsed for nonpayment of dues, subject to payment of a \$500 reapplication fee in addition to the dues for 2009. There was a brief discussion of this item, and specifically it was noted that the Board has delegated to the Executive Council authority to handle such member reinstatements in future.

8. 2009 Presidential Goals

A few Board members asked why, when the Presidential Goals have previously been presented only as an information item, the 2009 Presidential Goals are being presented for Board approval. The President-Elect explained that he considers it very important to explicitly link his goals, and by extension the operational goals of the CAS, to the Centennial Goal and that he would like the Board to officially approve this approach. Some Board members expressed concern that approval of the President's goals is not included in the position description for the Board, and that confusion could be created if the President's goals were explicitly approved by the Board in some years but not in others. However, there was general consensus that the 2009 Presidential Goals as presented are appropriate.

There was a motion to approve Consent Item 5 (Member Reinstatement) and Consent Item 8 (2009 Presidential Goals) as submitted.

This motion was seconded and passed by a unanimous voice vote.

9. Vital Statistics Review

One Board member asked whether some measure of syllabus creep could be constructed and included with the Vital Statistics in future. It was also noted that presentation of the Vital Statistics on an annual basis, rather than quarterly, might be sufficient.

II. 2008 STRATEGIC PLANNING COMMITTEE REPORT

Regina Berens, Chair of the Strategic Planning Committee, introduced this topic by noting that the committee now has access to metrics on some items that were not previously quantifiable. One proposed metric, the inclusion of more international material on the Syllabus, attracted some discussion. Some Board members were concerned that internationalism for the sake of internationalism might not be appropriate. Others disagreed with this, noting the international aspirations of the CAS. Another group felt that casting as wide a net as possible is the best way to ensure that the highest-quality materials available are included on the CAS Syllabus. There was also concern expressed that the physical location of the authors might not be the best way to identify the desired content, but it was not clear what objective metric might be better.

Regina also asked for input on the globalization white paper. She noted that the scope of the planned white paper has been broadened from the charge initially given by the Board. The Strategic Planning Committee believes this investigation should broadly consider how the CAS can best provide value to its members and their employers in a global marketplace. The Committee intends to have the draft white paper, including key questions for the Board to consider, ready to discuss during the March 2009 Board meeting. The Board consensus was that such broadening of the original charge was warranted; there was support for the idea of making the white paper the basis for a "workshop" discussion similar in format to

the Technical Excellence workshop on the November 2008 Board agenda. On a related note, the Vice President – International requested time at the March 2009 Board meeting to offer a primer on the international landscape; additionally, it was suggested that a reading list on key topics be assembled for new directors in order to ease transition issues.

Finally, Regina asked for the Board approval on the proposed appointment to Vice Chair of the Strategic Planning Committee.

There was a motion to approve Andrew J. Doll as the Vice Chair of the Strategic Planning Committee.

This motion was seconded, and passed unanimously.

III. INVESTMENT COMMITTEE REPORT

The VP – Administration introduced this topic, noting that the Board materials contain two different items. Information on pension funding status is included only as an information item. The key discussion item is the PowerPoint document that examines how the investments of the CAS are faring in the current economic environment.

Francois Morin, Chair of the Investments Committee, joined the meeting by teleconference and began by directing the attention of the Board to the balance sheet exhibit on Page 6. He explained that operational efficiencies in Financial Year 2008 – amounting to roughly a \$900,000 benefit as compared to plan – significantly offset investment losses. However, given the losses on investments, the portfolio must be rebalanced to meet current allocation targets. The Investments Committee proposes to achieve this rebalancing gradually over the next 90 days.

The Chair thanked Francois and his committee for their work.

IV. TECHNICAL EXCELLENCE

At the September 2008 Board meeting, a Board task force was appointed to explore the topic of technical excellence. The task force members are in full agreement that the CAS should be proactive in encouraging continuing education, and that ideally every member should have familiarity with all topics added to the syllabus. However, in their discussions the task force members recognize that there are practical issues to be addressed. In order to explore the issues, the task force recommended that the Board conduct a “mini-workshop” on the topic rather than holding a formal Board discussion. Two sub-topics were identified for consideration:

- a. Familiarity: some method of ensuring that all CAS members are familiar with the topics covered by the current syllabus on an ongoing basis.
- b. Certification: a way recognizing CAS members who continually upgrade their knowledge.

The Board separated into two subgroups to discuss these topics. Upon reconvening, representatives of the subgroups related the key points of their discussions.

The group that discussed Certification identified the following key ideas and concerns:

- A “certification” process should not attempt to “certify” individuals to practice, or to award a new designation, but rather it should confer a certificate indicating fulfillment of a particular continuing education goal at a particular point in time.

- Participation in certificate programs should be fully voluntary.
- Certificate programs should target topic mastery as opposed to familiarity.
- Certificate topics should focus on narrow technical areas; for example, not “reserving” but rather “statutory reserve opinions” or “stochastic reserving.” The current limited attendance seminars could form a good basis for an initial list of topics. Certificates in particular topics might be discontinued or revamped as the landscape of the profession changes.
- Delivery method (limited attendance seminar, special track at a meeting, online course) and validation method (exam, graded project, online assessment) should be determined based on the topic.
- Desire for regular recertification might depend on the topic.
- It would be useful for participants to have the option to audit a certificate program for continuing education credit without proceeding to complete the validation required to receive the certificate.
- Whether non-members would be allowed to participate might depend on the topic. Members should be given priority over non-members if resources are constrained.
- Evaluation of needed resources should fall to the Professional Education committee

These ideas were generally well received by the full Board. It was noted that it would be necessary to develop a concise statement of what the CAS hopes to achieve by offering certificate programs, and also necessary to clarify how such certificate programs would interact with, for example, the anticipated Global ERM designation.

The group that discussed Familiarity identified the following key ideas and concerns:

- Who should be subject to the Familiarity requirement? All CAS members? Only CAS members actively practicing as actuaries?
- How would assessment be performed?
- Enforceability: what would happen to members who do not comply?
- There is a danger that any practical implementation would in effect be reduced to “most actuaries should be familiar with most subjects most of the time.” The subgroup was not convinced that such a result would be worth the effort.

It was noted that as matters currently stand, CAS members have the ability to become familiar with any syllabus topic simply by reading the syllabus materials. One Board member suggested that it could be a valuable service to offer CAS members an online diagnostic test to help them identify any areas in which they might need to refresh their knowledge; others felt that the sample tests provided to exam candidates were already sufficient to serve that function, and it might only be necessary to remind the membership of this. There was discussion of whether the Familiarity concept could be integrated with existing Continuing Education requirements – i.e. just as members are currently expected to complete at least six hours of “organized activities” per year, a requirement to complete at least a certain number of “Syllabus Familiarity” hours could be added.

Upon conclusion of this discussion, the President-Elect asked the task force to review all the feedback generated by the workshop and come back to the Board in March with recommendations.

V. CAS RISK MANAGEMENT COMMITTEE

The Risk Management Committee is seeking a new chair. One of the leading candidates to chair the committee has asked the Board for additional clarification on the committee’s role.

One Board member commented that the CAS should be an exemplar of outstanding risk management – and, while the risk management efforts of the society are in line with observed practice, they may not rise

to the standard of being truly exemplary. This Board member encouraged the Risk Management Committee to explore what the CAS should do in order to be exemplary. Another Board member commented that establishing a Chief Risk Officer would seem to be a prerequisite of exemplary risk management practice.

It was stated that the Risk Management Committee should be reviewing and aggregating risks from across the CAS, wherever those might arise. The Vice President – ERM agreed with this and stated that this is currently happening. However, there is a sense that the CAS still needs to do a better job of moving the process deeper into the organization.

VI. EXECUTIVE SESSION

At 11:45 a.m. PST the Board went into Executive Session. Open session was reconvened at 1:00 p.m. PST following the lunch break.

VII. COMMUNICATING INTERNATIONAL ISSUES

Ralph Blanchard introduced this topic, explaining that the summary presented for the Board's review arose from a very general question raised in a prior meeting: "How should we communicate international issues to the membership?" The document as presented focuses on members practicing in the United States, under the assumption that members practicing outside the United States are already attuned to international issues.

One Board member expressed discomfort with this approach, given that the CAS already puts a great deal of emphasis on members practicing in the US. Instead, this Board member suggested the perspective of importing and exporting ideas, arguing that the CAS should be an active importer and exporter. This concept generated interest, and Ralph said that he would like to review the universe of export markets and import suppliers as part of his "international primer" at the March 2009 Board meeting.

On behalf of the Board, Tom Myers thanked Ralph for his work.

VIII. GLOBAL ERM DESIGNATION

This item, originally presented as #30 in the Information Items, was identified for specific discussion. Chris Carlson and John Kollar offered additional background on the topic. They explained that discussions at the recent IAA meeting gave the impression that the "XRX" Global ERM Designation would be akin to a franchise that the CAS could "buy into" and thereby be authorized to grant the credential. Currently there is some resistance to the idea of cross-border mutual recognition, but this is subsiding in importance; because there is so little consensus about what that should mean, there is a good chance that the issue will disappear or be minimized. The intent is to finalize the XRX syllabus by the end of 2008, and begin issuing the XRX as early as the third quarter of 2009. The SOA is pushing for the XRX to be a sub-Fellowship level designation, in line with their CERA. However, other organizations including the Institute of Actuaries of Australia and the CAS are pressing for a Fellowship or post-Fellowship level XRX designation.

Many Board members commented that the proposed XRX syllabus seems rigorous, and favored the idea of signing on to the treaty. These members expressed a sense of urgency given the short XRX time frame and how well this opportunity seems to mesh with the CAS Centennial Goal. They urged that the CAS

either endorse the XRX syllabus or quickly propose any changes believed to be necessary. One Board member noted that while going along with the XRX would entail ceding some degree of control, CAS members would enjoy substantial benefit from the society's participation in an international effort.

One Board member asked whether the CAS would in fact be prepared to offer a new designation. The mood of the Board on this question was uncertain. It was noted that the results of the Quinquennial survey will be available soon, shedding light on member sentiment about this issue. The Board requested that these results be tabulated and distributed as soon as possible. A related question was whether another body – perhaps the Joint Risk Management Section – might offer the XRX designation, but all indications are that the Joint Risk Management Section is not willing to do so.

It was also pointed out that the CAS Syllabus Committee is currently adapting the syllabus to reflect the recently adopted changes in basic education. If the Board wants to ensure that all or most XRX syllabus topics are included in the CAS syllabus, the Syllabus Committee should be advised as soon as possible.

The Board directed the Global ERM Designation Task Force to consider the foregoing points and present a recommendation at the March 2009 Board meeting as to whether the CAS should participate in the Global ERM Designation and/or offer its own independent ERM designation. In addition to the recommendation, the Task Force should provide an action plan setting out the steps required to achieve the recommended goal.

VIII. INFORMATION ITEMS

The following items, numbered as per the Board materials, were presented for the Board's information. Members were given the opportunity to comment on any item:

14. EC Minutes
15. Q4 FY 2008 Financial Statement
16. SOA Role of Academia
17. International Professionalism Course
18. CAS Risk Management Report
19. ERM-II Report
20. Fourth Cycle Reports
21. Debrief on October 2008 NAAC Meeting
22. Debrief on October 2008 CUSP Meeting
23. Report of the October AAA Board Meeting
24. Executive Director Goals
25. Executive Director's Report
26. 2008-09 CAS Office Goals
27. Commissioned Education Materials
28. Report of the TF on CIA Education Proposal
29. Association Management Software Report
30. Global ERM Qualification
31. Hong Kong Joint Office Report
32. The Actuarial Foundation Report
33. Highlights of CAS 2008 Annual Meeting
34. GIRO Report
35. ABCD Status Report
36. IAA Newsletter
37. Board Budget Task Force

38. Annual CAS Research Report
39. Annual Report of CAS Web Site
40. Annual Report of Discipline Committee

Item #16, SOA Role of Academia, occasioned some comment. Several Board members disagreed with the SOA's focus on PhD/Fellows and university-based actuarial research and education. There was also concern about how the SOA's efforts relate to the CIA's Future Education Model. It was noted that the SOA's academic proposal closely resembles a program which the Institute of Actuaries of Australia recently discontinued because it was not working as they had hoped. Overall the sense of the Board was that while this is an SOA activity, and the CAS has not endorsed it, the CAS should continue to monitor the situation.

There was a motion to adjourn the meeting of the 2007-2008 Board of Directors of the CAS.

This motion was seconded and approved unanimously. Tom declared the meeting adjourned, and the 2007-2008 Board dissolved, at 3:00 p.m. PST.

VIX. 2008-2009 PRIORITIES

Chris Carlson, Chairman of the 2008-2009 Board of Directors, called to order the meeting of the incoming Board. He extended the CAS's thanks to outgoing Directors Irene Bass, Don Mango, Roosevelt Mosley, and Glenn Myers; to outgoing Vice Presidents Jim Christie and Roger Hayne; and to the outgoing Chairman, Tom Myers.

Chris then led a brainstorming session to identify issues for the Board to consider in the coming year, emphasizing that Board discussions and decisions should remain at the strategic level as much as possible. Potential topics identified included

- ERM designation
- Foundational Statements / Principles
- Monitoring the Centennial Goal
- Research excellence
- Revenue balance between dues and other sources
- Level of volunteerism / responding to trends in volunteerism
- Continuing education
- Critical review and response to Quinquennial Survey
- Relationship of Strategic Planning Committee and Risk Management Committee
- Global issues
- CIA Future Education Model and alternative educational methods
- Technical excellence
- Improving the quality of materials on the CAS syllabus
- Reputational risk
- Relationship with academia / SOA initiative
- Leadership development committee
- Funding
- Discipline process
- Market research – who uses our services and what will they need in the future?
- Preparing members for jobs in other sectors

Chris asked the CAS staff to send out an online survey to take a straw poll in order to determine priorities among these topics.

Chris then turned to an idea raised in the September 2008 meeting, namely that some of the information items could be sent to the Board as a monthly information packet instead of including them in the Board meeting materials. Discussion ensued; the consensus of the Board was that many items currently presented for the Board's information are operational in nature and do not rise to the level of strategy and policy. Rather than initiating the process of sending a monthly information packet, the President and Chair agreed to review potential information items and filter these down to only the key strategic policy items, which would continue to be included in the Board meeting materials.

After this discussion was concluded, the Chairman called for a motion to adjourn.

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

The meeting adjourned at 3:45 p.m. PST on Sunday, November 16, 2008.

Respectfully submitted,

Alice Underwood
Assistant Secretary – Board of Directors

Approved: March 19, 2009

Subsequent to the meeting, the Board unanimously approved via e-mail the recommendation to post on the CAS Web Site the November 16, 2008 Board Meeting Executive Summary, with 15 voting.