

**MINUTES
CAS BOARD OF DIRECTORS MEETING
NOVEMBER 17, 2004
Montréal, QC**

Present

Board Members: Curtis Gary Dean (by teleconference), Robert Deutsch, Sholom Feldblum (present for a portion of the meeting), David Hartman, David Oakden, Patricia Teufel, Oakley Van Slyke and Robert Wolf.

Immediate Past President: Gail Ross.

President: Mary Frances Miller.

President-Elect: Stephen D'Arcy.

Incoming President-Elect: Paul Braithwaite.

Incoming Board Members: Regina Berens, Christopher Carlson (also attending as a Vice President), Allan Kaufman, Karen Terry.

Vice Presidents: Christopher Carlson (also attending as an incoming Director), Thomas Myers, Donald Mango, John Narvell (present by teleconference for part of the meeting) Deborah Rosenberg and Joanne Spalla.

Incoming Vice Presidents: Amy Bouska (VP - International), Beth Fitzgerald (VP - Professional Education).

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

Board members not present: Phillip Ben-Zvi, Gary Josephson, Andrew Kudera, Janet Nelson.

Other Attendees: Michael Boa – Manager, Communications and Research, CAS Staff; Todd Rogers – Manager, Finance and Administration, CAS Staff.

Other attendee: Aaron Halpert, chairperson, Long Range Planning Committee (for part of the meeting).

Observer in attendance: Clive Keatinge.

Gail Ross called the meeting to order at 12:20 p.m. on Wednesday, November 17, 2004.

1. RECOGNITION OF NEW BOARD AND EC MEMBERS

Gail Ross recognized and welcomed incoming Board members Regina Berens, Christopher Carlson, Allan Kaufman, and Karen Terry; incoming CAS President-Elect Paul Braithwaite; and incoming Vice Presidents Amy Bouska and Beth Fitzgerald.

2. CONSENT ITEMS

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

(a) Minutes of September 9-10, 2004 Board Meeting

The minutes of the September 9-10, 2004 Board meeting were approved as written.

(b) Revised Board/EC Position Descriptions

The revised Board and EC position descriptions were approved as presented.

(c) 2004 Nominating Committee Membership

The Board approved the following slate of proposed 2004-2005 candidates for the Nominating Committee:

Gail Ross	Penultimate Past President, Chair
Mary Frances Miller	Past President, Vice Chair
Ann M. Conway	Member at Large > 10 Years
Michael Toothman	Member at Large > 10 Years
Dale S. Portfolio	Member at Large < 10 Years
Chester Szczepanski	Member at Large < 10 Years
Janet Fagan	Past Board Member

(d) Member Reinstatement

The request from a former member for reinstatement of a membership suspended for nonpayment of dues in 1999 was approved, subject to payment of a \$500 reapplication fee and payment of the dues for the current year (\$355).

(e) Mutual Recognition Agreement

At the request of a Board member this item was removed from the Consent Agenda to allow for discussion. It is discussed below under Item #3.

(f) Finalize 2004-05 VP Goals

The goals were approved as presented.

(g) Policy Statement on Exam Waivers

The policy statement was approved as presented.

(h) Candidate Adherence to CAS Code of Professional Conduct

The EC recommendation that candidates taking CAS-specific exams be required to adhere to the CAS Code of Professional Conduct, and that this agreement be documented by the candidate's signature on the exam application, was approved.

The motion was seconded and approved unanimously, with 11 members voting.

3. MUTUAL RECOGNITION AGREEMENTS

The Board discussed the first two Mutual Recognition Agreements to be presented for CAS Board approval. These landmark agreements are with the Faculty and Institute of Actuaries (Scotland and England, respectively). After addressing a few questions regarding details of the agreements' wording, it was mentioned that the Institute and Faculty Councils are expected to approve the agreements at their meetings in December 2004. A signing ceremony will then be held in early 2005, possibly at Lloyd's.

There was a motion to approve the proposed Mutual Recognition Agreements as presented.

The motion was seconded and approved unanimously, with 11 members voting.

4. ACTUARIAL CREDIBILITY REPORT

Dave Hartman presented the report of the Board Retreat Task Force on Actuarial Credibility. The Task Force facilitated the Board Retreat at the September 2004 Board Meeting and prepared the report included in the Board materials at Tab 9. There was extensive discussion of the report, its findings, and necessary follow-up activities.

It was agreed that this report is merely a first step in the process of securing actuarial credibility. The report presents a number of possible actions as a result of the “blue sky” process that was completed at the retreat. However, it does not prioritize the tasks, present a strategy for accomplishing them, or “flesh out” details on their implementation. It was expressed by some members that another Board retreat might be necessary in order to “drill down” to a more specific set of proposals.

The Board agreed that a new Task Force (chartered by the Board but including representation from outside the Board) should be established to consider the report. It was agreed that the new Task Force should report back to the Board with its selected priorities, along with strategic suggestions and action plans for the high-priority items, by the May 2005 Board meeting. It was expressed that the Task Force should contain one or more representatives from the Casualty Practice Council of the AAA.

There was some discussion and general approval of Mary Frances Miller’s presentation at the recent Annual Meeting General Session on the findings of the Board Retreat Task Force as described in its report. It was agreed that a summary of this session should be submitted to the Actuarial Review. It was agreed that CAS’s lawyers should look at the contents of documents (the report of the task force and handouts from the Annual Meeting presentation) before they are further disseminated. It was agreed that some caveats need to be prepared and attached to any such document to ensure that the report is not taken as being final, that readers recognize its contents as a work in progress and the proposals within it as tentative and preliminary, and that further work will be needed to prioritize the list.

There was a motion to dismiss the Board Retreat Task Force with thanks.

The motion was seconded and approved unanimously, with 11 members voting.

There was a motion to appoint a Task Force to prioritize, investigate the feasibility of, and recommend high priority action plans for implementation of the “possible solutions and action plans” presented in the Actuarial Credibility Report by the May 2005 Board meeting. The members of the Task Force will be selected by Gail Ross, Bob Conger and Dave Hartman, subject to the Board’s advice and consent.

The motion was seconded and approved unanimously, with 11 members voting.

5. TASK FORCE ON FCAS EDUCATION

Lee Van Slyke introduced this item and discussed the progress that the task force has made to date. The task force has taken its charge to be the evaluation of the syllabus learning objectives, with the goal of realigning and/or streamlining them to remove at least one exam from the basic education system (in anticipation of ceasing to confer the ACAS designation).

Lee Van Slyke related that the task force is dividing into small working parties of 3 or 4 members, each of which is taking a small group of learning objectives under its review. Each working group will write a white paper on whether the learning objectives are too broad, too narrow, adequately testable, etc. The first draft of these white papers is due in mid-May 2005, at which time a consolidated report will be prepared and

presented to the Board in September 2005. It was agreed that the new syllabus being contemplated could not go into effect any sooner than November 2007.

6. ANNUAL TRAVEL TIME UPDATE

Tom Myers introduced this item and led the discussion of the latest update of the travel time report. He reviewed the findings regarding the best measures to use in evaluating travel time, as found in the report. He commented on one of the report's conclusions that, in retrospect, partitioning of exams did not have a major effect on travel time. There was some discussion of the effect of data limitations, such as distortions introduced by the recent increase in the number of candidates taking the exams outside North America. It was recognized that both elapsed time to Fellowship, and number of sittings to Fellowship, are valuable measures of travel time that should be considered.

An initiative under active consideration is to begin to offer one exam – either Part 5 or Part 6 – twice per year, if enough volunteers can be found for the exam committee. It is widely thought that such an undertaking could have a significant effect on reducing travel time.

Without formal Board action it was agreed that the travel time report could be released to the public, and the sentiment of the Board was one of commendation to the Education Policy Committee on the quality of the annual report and the information it conveys.

7. 2004 LONG RANGE PLANNING COMMITTEE REPORT

Aaron Halpert introduced this item and presented the 2004 report of the LRPC progress in implementation of the Centennial Goal and its supporting SAM goals. He characterized the report as not a final report, but still a "work in progress." The focus of the LRPC's efforts this year has been on completing the environmental scans that it has undertaken. These scans are needed in order to establish a baseline for the evaluation of the progress toward the Centennial Goal. The LRPC has defined three necessary scans, all of which it has commenced to perform and has made substantial progress on, but none of which are yet entirely complete: inside the CAS; other actuarial / insurance organizations; and other professions/other organizations. Each of the scans is oriented toward collecting information about the challenges and opportunities facing CAS actuaries in these spheres of influence, with regard to the expertise and "territory" that the CAS has staked out for itself in the context of the Centennial Goal.

The internal CAS scan is finding that the majority of CAS members may not be focused on international issues because they perceive that these issues do not affect them as practitioners. These members wonder why the effort is being put into an area outside their area of activity and interest, and may see Internationalism as an uncalled-for undertaking by a Board with its sights set on a global perspective not shared by the rank-and-file. It was suggested that the LRPC engage the Membership Advisory Panel to seek their input into the issue. It was also suggested that the solution to this problem would be a more concerted process of educating the membership in the importance of the international approach to maintaining actuarial relevance in the long term.

There is evidence that it is becoming more difficult for CAS members to find the time or obtain permission from their employers to commit time to volunteer activities. Increasing volunteerism is an important component of the Centennial Goal.

With regard to other actuarial organizations, there was some discussion of the LRPC's finding that the CAS is experiencing only modest competition from other organizations with regard to its core competency of management of hazard risk. There was some sentiment among the Board members and other attendees that this may not be the case and that other organizations, due to their larger sizes, might be in a position to

successfully challenge the CAS in this area. The lack of focus among CAS members on international issues might be the greatest barrier to competing in this regard.

There was discussion of the much greater competition that the CAS is encountering with regard to risk integration issues. This is also related to the Enterprise Risk Management issue that that was discussed later in the meeting. It is widely recognized that, while actuaries have the skills to compete effectively in providing these services both within and outside of the insurance industry, many other professions such as CFA's and MBA's are in many ways far ahead of the CAS in establishing themselves as experts in these areas, particularly in other industries such as banking and energy.

Aaron Halpert related that it is the sense of the LRPC and some of those interviewed through the scans that the current set of SAM goals needs to be revised. Although the initial list of 10 SAMs was an appropriate start, it was never intended to remain "etched in stone" after their initial promulgation. As they currently stand, it is thought that the CAS could accomplish all 10 SAM goals and not accomplish the Centennial Goal. As such, the SAMs are probably too focused and don't cover the whole scope of initiatives necessary to achieve the Centennial Goal. An example of a major area not mentioned in the SAM's is actuarial credibility – this issue came to the fore after the promulgation of the SAMs, so it is not currently addressed at all. There was some concern that the credibility issue may be so overwhelming that the Centennial Goal itself might need to be recast in its light.

The Vice Presidents and their goals currently are well-aligned with the Centennial Goal and the SAM goals. The Committees on the other hand are not as far along, and need to do more work to align their goals with this strategic focus. Joanne Spalla shared the results of the feedback she gathered on the Centennial Goal and its implementation from the Committee Chairs of the Marketing and Communications, and Professional Education Committees. She indicated that she would forward a summary of this feedback to the LRPC.

8. ENTERPRISE RISK MANAGEMENT ACTUARIAL STRATEGIES

Don Mango led the discussion on ERM and the actuarial profession. He reported on the coordinated efforts of the SOA and the CAS to establish prominence for actuaries in this area. The proponents of ERM argue that ERM is actuarial work, but that actuaries are allowing other professions to take it away through slow response to its emergence as a discipline. For example, derivatives firms (and their CFAs and MBAs) are years ahead of actuaries on the issue, while the actuarial profession is just starting to take a serious look at it. Don Mango effectively showed that the types of work being done by derivatives firms in this area are indistinguishable from traditional actuarial work, making it a natural area of endeavor for CAS members if actuaries can establish credibility in this area.

One of the characteristics of CAS members that amply qualifies them for work in risk integration is the breadth of the CAS educational program, which provides exposure to a wide range of functional (and therefore risk) areas within the insurance enterprise.

A new ERM Institute is being started at Georgia State University under Shaun Wang. The CAS approached Dr. Wang and offered to participate in the Institute, and the offer was accepted. This will help ensure that the CAS will be "at the table," helping to set policy and qualification standards as a new risk profession emerges.

The Board took no formal action on this item but gave its endorsement to Don Mango's efforts to date and encouraged him to continue seeking to increase opportunities for the CAS to participate in this process.

9. MODELING WORKSHOP TASK FORCE

This item had been removed from the set of Information Items at the request of a Board member but sufficient discussion of the issue preceded the Board meeting (in the form of email exchanges, etc.) that there was little additional discussion needed at this time. The Board therefore accepted Tom Myers' status report on the progress of the trial workshops.

10. INFORMATION ITEMS

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

- EC Minutes (May 18, Jun 17, Jul 15, Aug 19 and Oct 20-21 agenda) (Attachment 14)
- Q4 FY 2004 Financial Statement (Attachment 15)
- Board Question and Answer Forum (Attachment 16)
- Fourth Cycle Reports (Attachment 17)
- Minutes from July 2004 COP Meeting (Attachment 18)
- Debrief on October 2004 COP Meeting (Attachment 19)
- Annual Report from The Actuarial Foundation (Attachment 20)
- Report of the September AAA Board Meeting (Attachment 21)
- Executive Director's Report (Attachment 23)
- 2004-05 R&D Committee Goals (Attachment 24)
- Annual Roster of Affiliate Members (Attachment 25)
- eForum Online Working Paper and Model Repository (Attachment 26)
- Annual Communications Plan Implementation Status Report (Attachment 27)
- Annual CAS Research Report (Attachment 28)
- Annual CORP Inventory Report (Attachment 29)
- Annual Report of CAS Web Site (Attachment 30)
- Annual Report of the Discipline Committee (Attachment 31)
- CAS Fellow Named Top Equities Analyst (Attachment 32)
- Feedback on Classes of Membership (Attachment 33)
- 2004-2005 President's Goals (Attachment 34)
- Federal Register Information (Attachment 35)

11. RECOGNITION OF RETIRING BOARD / EC MEMBERS

Mary Frances Miller recognized and thanked the outgoing Board members (Phil Ben-Zvi, Gary Dean, Dave Hartman, and Janet Nelson) and the outgoing EC members (Chris Carlson and John Narvell) for their dedicated service to the CAS. Mary Frances Miller also recognized outgoing Board Chairman Gail Ross for her capable leadership of the Board in the 2003-2004 year.

12. EXECUTIVE SESSION

The Board held an Executive Session from 4:30-5:00 p.m.

13. ADJOURN

The Board meeting was adjourned at 5:00 p.m.

Respectfully submitted,

Kenneth Quintilian
Assistant Secretary - Board of Directors

Approved: March 2, 2005

Subsequent to the meeting, the Board approved via e-mail vote the recommendation to post the November 17, 2004 Board Meeting Executive Summary, with 12 in favor and 3 abstentions.

By e-mail vote in February 2005, the Board passed the following motion, with 14 in favor:

The Board of Directors resolves to:

- a. Authorize the Executive Director to continue the search for a new office location within the following specified guidelines.
 - Rent not to exceed \$35.00 per square foot.
 - Space not to exceed 8,000 square feet.
 - 10 year lease (with option to renew preferred).
 - Location in Arlington.
 - Approve \$5 ft² to cover 'soft' costs related to move.
- b. Delegate the specific site selection decision to the CAS President, Vice President-Administration, and Executive Director.
- c. Authorize the Vice President-Administration and Executive Director to execute a lease within the above stated guidelines.