

# Constitution and Bylaws Changes to be Voted on During 2011 Elections

**T**he CAS Board of Directors is proposing changes to the CAS Constitution and Bylaws for the Fellows' consideration on the 2011 election ballot. In order to be adopted, the proposed changes require an affirmative vote of 10% of the Fellows or two-thirds of the Fellows voting, whichever is greater. A total of four ballot questions will be presented to the Fellows.

The ballot questions relate to the ACAS voting eligibility, ACAS Board service eligibility, and the actuarial discipline process. In addition, during the review of the Constitution and Bylaws, one instance of antiquated language was uncovered.

The proposed changes, each of which will be presented and voted on individually, are described briefly below. More details on the changes are provided in subsequent pages. The actual wording changes for the proposed amendments to the Constitution and Bylaws can be reviewed beginning on page 16.

## Summary of Ballot Questions for Proposed Changes to the CAS Constitution and Bylaws

### **1. Do you approve the Constitution and Bylaws changes allowing Associates to vote (i.e., to become Voting Members of the CAS) five years after they are recognized as Associates, if they have not yet attained Fellowship?**

*Changes affecting (1) Constitution Article III, Sections 1a and 1b; (2) Constitution Article IV, Sections 2 and 4; (3) Constitution Article V, Sections 2 and 4; (4) Constitution Article VII; (5) Constitution Article VIII; (6) Constitution Article IX, Item (i); (7) Constitution Article XII; (8) Bylaws Article V; and (9) Bylaws Article IX.*

This proposal was initiated by the Task Force on Associate Rights, which was formed in response to member concerns that were expressed in the 2008 Quinquennial Membership Survey. The Task Force was asked to evaluate how best to ensure fair representation within the CAS of Associate members, including such issues as voting rights, Board service, and dues. The Task Force recommendations were presented to the CAS Board of Directors in September 2010, at which time the Board agreed to propose changes to the CAS Constitution and Bylaws that

would give Associates the right to vote either upon attainment of Fellowship or five years after they are recognized as Associates, whichever occurs first.

Additional details can be found on pages 24-27.

### **2. On the condition that the first question passes, do you approve the Constitution and Bylaws changes making all Voting Members eligible to be elected members of the Board?**

*Changes affecting (1) Constitution Article V, Sections 1 and 2.*

This proposal was also initiated by the Task Force on Associate Rights and presented to the CAS Board of Directors in September 2010. The Board agreed to propose changes to the CAS Constitution and Bylaws that would allow all Voting Members to be eligible to be elected members of the Board.

Additional details can be found on pages 24-27.

### **3. Do you approve the Constitution and Bylaws changes related to the discipline process?**

*Changes affecting (1) Constitution Article X, and (2) Bylaws Article VI, Sections 2, 3, and 5.*

During the May 2011 Board meeting, the Board passed a motion to recommend that the Fellows vote to approve the amendments to the CAS Constitution and Bylaws that would allow the CAS, with appropriate Board approval, to participate in a joint disciplinary process that meets certain criteria.

Additional details on the changes to the discipline process can be found on pages 28-37.

### **4. Do you approve the elimination of antiquated language from the Constitution and Bylaws related to Affiliate members?**

*Changes affecting (1) Constitution Article III, Section 1c.*

In reviewing the Constitution and Bylaws, one instance of antiquated language was uncovered. The Board agreed that the Constitution does not need to specify that Affiliates are entitled to attend meetings of the Casualty Actuarial Society and to participate in Society functions. The CAS does not restrict attendance at its meetings and seminars.

# Proposed Changes to the CAS Constitution and Bylaws

[Proposed November 7, 2010, and May 15, 2011]

## CAS CONSTITUTION

NOTE: Deletions are in ~~strike through~~; additions are underlined.

(As Amended August 30, 2010)

### ARTICLE I. - *Name*

This organization shall be called the "Casualty Actuarial Society." (CAS)

### ARTICLE II. - *Statement of Purpose*

The purposes of the Casualty Actuarial Society are to advance the body of knowledge of actuarial science applied to property, casualty, and similar risk exposures, to establish and maintain standards of qualification for membership, to promote and maintain high standards of conduct and competence for the members, and to increase the awareness of actuarial science.

### ARTICLE III. - *Membership*

#### SECTION 1.—CLASSES OF MEMBERS

The membership of the Casualty Actuarial Society shall be composed of three classes:

##### a) *Fellows*

The Fellows of the Society shall be the present Fellows and those who may be duly admitted to Fellowship as hereinafter provided. Fellows shall be ~~eligible to vote, hold office, make nominations, and generally exercise the rights of full membership~~ Voting Members of the Society and shall also be eligible to hold office, make nominations, and generally exercise the rights of full membership. Fellows are authorized to append to their names the initials F.C.A.S.

##### b) *Associates*

The Associates shall be the present Associates and those who may be duly admitted to Associateship as hereinafter provided. ~~Associates shall be entitled to attend meetings of the Casualty Actuarial Society and to participate at Society functions. Five years after becoming an Associate (or upon becoming a Fellow, whichever occurs first), an Associate shall become a Voting Member of the Society. Members who have been Associates for five years as of any date on or after the date of adoption of this provision will then immediately become Voting Members.~~ Associates are authorized to append to their names the initials A.C.A.S.

##### c) *Affiliates*

The Affiliates shall be the present Affiliates and those who may be duly admitted as Affiliates. ~~Affiliates shall be entitled to attend meetings of the Casualty Actuarial Society and to participate at Society functions.~~ Affiliates are encouraged to refer to themselves as such, but are not authorized to append CAS initials to their name. In referring to themselves Affiliates may refer to themselves as "Affiliate of the Casualty Actuarial Society" or "Affiliate Member of the Casualty Actuarial Society." They may not refer to themselves as "Member of the Casualty Actuarial Society."

#### SECTION 2.—REQUIREMENTS FOR ADMISSION TO MEMBERSHIP

##### a) *Associateship*

Any applicant shall be enrolled as an Associate upon notification by the Casualty Actuarial Society provided that:

- (i) the applicant successfully completes the examinations prescribed by the Board of Directors for Associateship and complies with any further requirements the Board may prescribe; and
- (ii) the applicant is approved by a majority vote of the Board of Directors.

Associate  
Voting  
Eligibility

Remove  
Antiquated  
Language

*b) Fellowship*

An Associate shall be enrolled as a Fellow of the Society following notification of successful completion of the examinations prescribed by the Board of Directors for Fellowship, subject to any further requirements the Board may prescribe.

*c) Affiliates*

An actuary who is not otherwise a member shall be enrolled as an Affiliate upon action of the Board of Directors, subject to such requirements as the Board may prescribe.

*d) Waiver of Examinations*

The Board of Directors may waive, subject to such other requirements as it may prescribe, any examination of the Casualty Actuarial Society if the applicant has passed an examination required by another recognized actuarial organization that the Board of Directors deems equivalent to such examination of the Casualty Actuarial Society.

*e) Mutual Recognition*

The Board of Directors may negotiate and implement Mutual Recognition Agreements with other actuarial organizations that qualify actuaries through a process that includes rigorous testing of a comprehensive property and casualty specialization. Such Mutual Recognition Agreements will include requirements that applicants:

- (i) complete the property and casualty specialization requirements and all other requirements for full membership in their home organization,
- (ii) complete the CAS professionalism education requirements, and
- (iii) complete property and casualty experience requirements to be specified by the Board.

The Board may include additional requirements in the Mutual Recognition Agreements.

Any applicant who meets the Mutual Recognition requirements so agreed, and any other requirements prescribed by the Board, and who is approved by a majority vote of the Board of Directors shall be enrolled as a Fellow.

**ARTICLE IV. - Officers****SECTION 1.—OFFICERS**

The President, President-Elect and the Vice Presidents, all of whom shall be Fellows, shall be Officers of the Society. The Chief Staff Executive is also an Officer. An Officer shall be designated by the Board as Secretary/Treasurer of the Society.

**SECTION 2.—ELECTION AND TERM OF OFFICE**

At the close of the annual meeting, the President-Elect shall assume the office of President for a term of one year. Annually, a new President-Elect shall be elected by the [Fellows Voting Members](#) in a secret ballot for a term of one year. Before the close of the annual meeting, the Board of Directors shall, by majority vote of the Directors present and voting, elect the Vice Presidents for a term of one year.

The term of all Officers shall begin at the close of the annual meeting in the calendar year of their election and continue until their successors take office.

**SECTION 3.—DUTIES**

The duties of the Officers shall be such as are customarily incident to their respective offices and such other duties as specified in the Bylaws.

**SECTION 4. REMOVAL FROM OFFICE**

The process for the removal from office of the President-Elect or President can be initiated by either a petition of 5% of the [Fellows Voting Members](#), a two-thirds majority vote of the Officers of the CAS (with the person proposed to be removed not voting), or a majority vote of the Board of Directors (with the person proposed to be removed not voting). Reasons for the removal include: violation of the code of conduct; abuse of power; behavior materially incompatible with the proper function and purpose of the office.

Procedures relating to the removal process shall be adopted by the Board. Once the removal process has been initiated, a hearing and vote of the Board will be held within 45 days. A vote to recommend removal requires a two-thirds majority of the Board members voting (with the person proposed to be removed not voting). A Board recommendation for removal shall be subject to approval by a vote of the [Fellows Voting Members](#), to be held within 45 days of the Board vote. A two-thirds majority of the [Fellows Voting Members](#) voting is required for removal.

Associate  
Voting  
Eligibility

**ARTICLE V. - Board of Directors**Associate  
Board  
Service  
Eligibility  
and  
Associate  
Voting  
Eligibility**SECTION 1.—COMPOSITION**

The Board of Directors shall consist of the President, the President-Elect, the immediate past President, 12 other elected [Fellows Voting Members](#) and up to three additional appointed members.

**SECTION 2.—ELECTION AND TERM OF OFFICE**

Annually, in a secret ballot of the [Fellows Voting Members](#), four [Fellows Voting Members](#) shall be elected to the Board of Directors for a term of three years. A retiring elected Director shall not be eligible for reelection for at least one year after the expiration of the term for which the Director was elected. Appointed Directors will be elected by the Board of Directors and will serve a term of one year, renewable for up to three years.

**SECTION 3.—DUTIES**

The duties of the Board of Directors shall be to pass upon candidates for membership, to supervise the publication of papers presented at meetings of the Society, to supervise the examination of candidates and prescribe fees for such examinations, to call meetings, to ratify such committee and other special appointments as may be made by the President, to authorize promulgation of statements of principles, and, in general, to manage the affairs of the Society, and, for the latter purpose, shall determine all questions arising with respect to the interpretation or administration of this Constitution and the Society's Bylaws not inconsistent therewith.

The Board of Directors may, at its discretion, delegate authority to fulfill specific duties to the Executive Council, subject to policies adopted by the Board of Directors and ongoing monitoring and oversight by the Board.

**SECTION 4. REMOVAL FROM OFFICE**

The process for the removal from the Board of the immediate past President or any elected Director can be initiated by either a petition of 5% of the [Fellows Voting Members](#), a two-thirds majority vote of the Officers of the CAS (with the person proposed to be removed not voting), or a majority vote of the Board of Directors (with the person proposed to be removed not voting). Reasons for the removal include: violation of the code of conduct; abuse of power; behavior materially incompatible with the proper function and purpose of the office.

Procedures relating to the removal process shall be adopted by the Board. Once the removal process has been initiated, a hearing and vote of the Board will be held within 45 days. A vote to recommend removal requires a two-thirds majority of the Board members voting (with the person proposed to be removed not voting). A Board recommendation for removal shall be subject to approval by a vote of the [Fellows Voting Members](#), to be held within 45 days of the Board vote. A two-thirds majority of the [Fellows Voting Members](#) voting is required for removal.

**ARTICLE VI. - Executive Council**Associate  
Voting  
Eligibility**SECTION 1.—COMPOSITION**

The Executive Council shall consist of the President, the President-Elect, the Vice Presidents and the Chief Staff Executive. The number and duties of Vice Presidents shall be determined by the Board of Directors.

**SECTION 2.—DUTIES**

The Executive Council shall act on matters specifically delegated to it by the Board of Directors. It shall act as the principal forum in which the operational activities of the Society are coordinated and monitored, subject to policies adopted by the Board of Directors and monitoring and oversight by the Board of Directors.

**ARTICLE VII.- Meetings**

There shall be an annual meeting of the Society on such date in the last quarter of each calendar year as may be fixed by the Board of Directors, but other Society meetings may be called by the Board from time to time and shall be called by the President at any time upon the written request of 5% of the [Fellows Voting Members](#). At least two weeks notice of all Society meetings shall be given to the members. At Society meetings, the presiding officer shall vote only in case of a tie.

**ARTICLE VIII. - Quorum**

A majority of the members of the Board of Directors shall constitute a quorum. Five percent of the [Fellows Voting Members](#) of the Society shall constitute a quorum at every meeting of the Society.

**ARTICLE IX. - Public Expression of Professional Opinion**

No opinion with respect to questions of public interest shall be publicly expressed by, or on behalf of, the Casualty Actuarial Society, the Board of Directors, or any committee except on matters within the special professional competence of actuaries and then only in accordance with authority given and procedures determined in each instance by the Board and in accordance with the following conditions:

- (i) An opinion of the Casualty Actuarial Society (CAS) shall require advance approval by an affirmative vote of at least ninety percent of the Fellows-Voting Members who vote in a mail ballot. However, the Board of Directors of the CAS may, by a two-thirds vote of all members of the Board, direct the CAS's delegate to the International Actuarial Association (IAA) to vote on behalf of the CAS on a proposed public expression of professional opinion to be issued by the IAA and allow the IAA to list the CAS as a supporting organization of that public expression of professional opinion when the vote is positive.
- (ii) An opinion of the Board of Directors or a committee authorized by the Board to express an opinion shall indicate that it does not purport to represent the views of the Casualty Actuarial Society, but only of the Board of Directors or the committee, as the case may be.

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**ARTICLE X. - Resignation and Discipline of Members**

Any member who is not in default in payment of dues, and against whom no complaints are pending, may resign at any time by filing a resignation request in writing with the Casualty Actuarial Society Office. Notwithstanding the foregoing, the Board of Directors may, in its discretion, approve the resignation of a member in default of payment of dues or against whom a complaint or charge is pending before the Actuarial Board for Counseling and Discipline, the Canadian Institute of Actuaries, or other appropriate investigatory body, or against whom a recommendation for public disciplinary action has been made to the Society by the Actuarial Board for Counseling and Discipline, the Canadian Institute of Actuaries, or other appropriate investigatory body. The Board, on written application of any member who has resigned, may reinstate such member subject to such conditions as it may prescribe.

No member of the Society shall be subject to public disciplinary action except upon action of the Discipline Committee or, in the case of an appeal, the Appeals Panel acting on behalf of the Board of Directors as provided for in appropriate disciplinary body in accordance with the Bylaws of the Society.

Changes to  
Discipline  
Process

**ARTICLE XI. - Use of Financial Resources: Dissolution**

The funds of the Casualty Actuarial Society shall be devoted exclusively to the purposes stated in Article II hereof. No part of the net earnings of the Society shall inure to the benefit of, or be distributable to, its members, Directors, Officers, or other private persons, except that the Society shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article II hereof. If the Casualty Actuarial Society is dissolved, all of its remaining assets shall be transferred to one or more organizations organized and operating exclusively for purposes similar to those of the Casualty Actuarial Society and which qualifies as an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future Internal Revenue Law).

**ARTICLE XII. - Amendments**

This Constitution may be amended by an affirmative vote of 10% of the Fellows-Voting Members or two-thirds of the Fellows-Voting Members voting, whichever is greater. Notice of such proposed amendment shall be sent to each Fellows-Voting Member by the Casualty Actuarial Society Office at least one month before the vote is taken.

An amendment to the Constitution can be proposed by a two-thirds majority vote of the Board members voting. Alternatively, an amendment can be proposed by a petition of 5% of the Fellows-Voting Members, unless such petition is vetoed by a two-thirds majority vote of the Board members voting.

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**CAS BYLAWS**

**NOTE: Deletions are in strike-through; additions are underlined.**

**(As Amended August 30, 2010)**

**ARTICLE I. - Order of Business**

The Board of Directors shall authorize the procedure for determining the agenda and order of business at all meetings.

**ARTICLE II. - Meetings of the Board of Directors**

Meetings of the Board of Directors shall be chaired by the immediate past President and shall be called whenever the immediate past President or three members of the Board so request. Notice shall be sent to each member of the Board seven or more days before the time appointed. Such notice shall state the objects intended to be brought before the meeting, and, should any other matter be passed upon, any member of the Board shall have the right to reopen the question at the next meeting. At Board meetings, the presiding officer may vote in all cases.



A two-thirds vote of the Board members voting is required for approval or promulgation of statements of principles.

### ARTICLE III. - *Duties of Officers*

#### SECTION 1.—PRESIDENT

The President shall preside at meetings of the Society and at meetings of the Executive Council. The President shall appoint all committees and shall perform all duties customarily incident to the Office of President and such other duties as may be prescribed by the Board of Directors from time to time.

#### SECTION 2.—PRESIDENT-ELECT

The President Elect shall have such duties as may be assigned by the President or the Board of Directors. In the absence of the President, or in the event of the President's inability or refusal to act, the President-Elect shall perform the duties of the President.

#### SECTION 3.—VICE PRESIDENTS

Each of the Vice Presidents shall have such duties as may be assigned by the President or the Board of Directors. In the absence of both the President and President Elect, one of the Vice Presidents shall be designated by the Board of Directors to preside at meetings of the Society.

### ARTICLE IV. - *Chief Staff Executive*

The Chief Staff Executive shall be responsible for keeping a full and accurate record of the proceedings of meetings of the Society and of the Board of Directors and for sending notices of such meetings. Subject to the direction of the Board, the Chief Staff Executive shall have immediate charge of the archives of the Society, and shall have charge of the books, pamphlets, manuscripts, and other literary or scientific material collected by the Society.

The Chief Staff Executive shall also be responsible for collecting the annual dues of members, paying all bills for ordinary expenditures incurred by the Society and any other bills as authorized by the Board of Directors, keeping a detailed record of all receipts and expenditures, and presenting an accounting of same at the annual meetings. After the financial statements have been audited and reviewed by a committee appointed by the Board of Directors a financial report will be released reflecting the audited results.

The Chief Staff Executive shall have such other duties as may be assigned by the President or the Board of Directors.

### ARTICLE V. - *Elections and Filling of Vacancies*

Procedures for nominations and elections shall be established by a majority vote of the Directors present and voting at a meeting of the Board of Directors. These procedures shall be provided to the membership annually at the beginning of the election process. A majority of the votes cast by [Fellows-Voting Members](#) shall be necessary for the election of the President-Elect. For the election of Directors, the four candidates with the highest number of votes cast shall be elected, subject to a requirement that one-third of the valid ballots cast for Director shall be necessary for the election of a Director.

The Board of Directors may fill vacancies in the term of any Officer or member of the Board. Any Officer so appointed shall serve until the next annual meeting. Any member of the Board so appointed shall serve, subject to ratification by the [Fellows-Voting Members](#) at the next meeting of the Society, until the expiration of the term of office of the Board member being replaced.

### ARTICLE VI. - *Discipline of Members*

#### SECTION 1.—COMPLAINTS AND QUESTIONS

- a. Complaints concerning alleged violations of the Code of Professional Conduct, and all questions which may arise as to the conduct of a member of the Society, in the member's relationship to the Society or its members, or in the member's professional practice, or questions affecting the interests of the actuarial profession, constitute matters for serious consideration.
- b. Such complaints, questions, or requests for advice shall be referred to the national organizations responsible for profession-wide investigation, counseling and/or discipline, e.g., the Actuarial Board for Counseling and Discipline (ABCD) and the Canadian Institute of Actuaries (CIA).

#### SECTION 2.—REFERRAL AND CONSIDERATION OF PUBLIC DISCIPLINARY ACTION

Acting pursuant to Section 1, and if circumstances warrant, the appropriate investigatory body shall present a recommendation for disciplinary action to the Society. The member whose activities are the subject of the disciplinary recommendation is referred to here as the subject actuary.

Disciplinary action includes a public or private reprimand by, or suspension or expulsion from, the Society.

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If an appropriate investigatory body recommends disciplinary action to the Society, the matter shall be referred to the appropriate disciplinary body.

The CAS Discipline Committee shall be the appropriate disciplinary body for all CAS disciplinary actions unless the disciplinary action is recommended by an appropriate investigatory body and is covered by the terms of any joint agreement for discipline among various actuarial organizations including the CAS. In those cases the appropriate disciplinary body shall be the joint disciplinary panel or other body as provided in such an agreement. Such an agreement and any amendments to such agreement are only binding on the CAS if approved by a two-thirds majority vote of the CAS Board members voting, provided that:

- a) No CAS member will be disciplined unless a majority of the panel judging that CAS member is composed of CAS members and a majority of those CAS members concur with the discipline.
- b) The authority to impose penalties of expulsion or suspension for more than two years for any CAS member will remain with the CAS.

Appeals under such agreement will also be handled in accordance with the provisions of that agreement.

Should the recommended disciplinary action under such agreement require referral to the CAS for final disciplinary action, then the CAS Discipline Committee shall be the appropriate disciplinary body but only with regards to determining disciplinary action consistent with the terms of such agreement.

The remainder of this Article VI refers to matters for which the CAS Discipline Committee is the appropriate disciplinary body.

The CAS Discipline Committee, which shall consider the matter and may take such disciplinary action with respect to the CAS member (the subject actuary) as it deems appropriate in accordance with Rules of Procedure adopted from time to time by the Board of Directors.

The CAS Discipline Committee shall consist of ten Fellows. The Chairperson shall form a Discipline Committee Panel consisting of seven members of the Discipline Committee each time a recommendation for disciplinary action against a member is received from

- (a) an appropriate investigatory body and such recommendation is not covered by any joint agreement for discipline, or
- (b) an appropriate disciplinary body consistent with the terms of such an agreement.

The Discipline Committee Panel shall schedule a hearing at which the subject actuary shall have the right to appear personally and with counsel and/or other advisor (at the subject actuary's expense) to explain why the recommendation of the investigatory body should not be followed. A hearing of the Discipline Committee Panel shall require a quorum to be present, which shall be five members of the Panel.

The Discipline Committee Panel shall provide written notice of this hearing, including the time, date, and place where the Discipline Committee will consider the matter, to the subject actuary not less than 45 days in advance of the hearing date. The 45-day time limit may be waived by mutual written consent of the parties.

A Discipline Committee Panel decision to render an order to publicly reprimand, suspend or expel the subject actuary requires an affirmative vote of at least five members of the Discipline Committee Panel. The decision of the Discipline Committee Panel shall include a written report of its findings and the rationale for the conclusion. The decision of the Discipline Committee Panel action shall be provided to the subject actuary within 30 days after the decision is reached.

The decision of the Discipline Committee Panel shall be considered final and binding unless written notice of appeal is submitted by the subject actuary within 45 days of receipt of the decision of the Panel.

### SECTION 3.—APPEALS

The subject actuary shall be entitled to appeal the decision of the Discipline Committee Panel by submitting a written request for an appeal to the CAS President within 45 days from receipt of the Discipline Committee Panel decision.

The CAS President shall designate five members of the Board of Directors as eligible to serve on an Appeals Panel, from which the subject actuary shall select three members to serve on the Appeals Panel. The Appeals Panel shall act on behalf of the CAS Board of Directors and in accordance with the Rules of Procedure.

The full written record, decision, findings and vote of the Discipline Committee Panel shall be made available to the Appeals Panel. The appeal shall be based entirely upon the written record and shall not include any appearance by the subject actuary but may include a written submission by the subject actuary, and any reply submission by the Chairperson of the Discipline Committee Panel.

Changes to  
Discipline  
Process

Changes to  
Discipline  
Process

The Appeals Panel shall conduct and complete the appeal within 90 days after receipt of the request for appeal. The Appeals Panel may affirm, modify or reverse the decision of the Discipline Committee Panel. A decision to do other than affirm shall require a determination by the Appeals Panel that: (1) the Discipline Committee Panel's factual determinations were clearly erroneous and, absent such errors, a different action is warranted; or (2) the Discipline Committee Panel failed to conform to the Rules of Procedure in a manner that was unduly prejudicial and which led to an unwarranted result; or (3) the disciplinary action imposed by the Discipline Committee Panel was clearly inconsistent with the magnitude of the Code of Professional Conduct violation or the harm that was done. The decision of the Appeals Panel shall require the vote of at least two members of the Appeals Panel.

The Appeals Panel decision shall include a written statement of the Panel's findings and conclusions and shall be provided to the subject actuary, the Chairperson of the Discipline Committee Panel, the Panel members, the CAS President and Chief Staff Executive, the CAS Board of Directors and the authorized representative of the relevant investigatory [or disciplinary](#) body. The Appeals Panel decision shall be final.

#### **SECTION 4.—REINSTATEMENT**

An individual who has been expelled may be reinstated only upon request to and approval of the Board of Directors.

#### **SECTION 5.—CONFIDENTIALITY AND NOTIFICATION**

All proceedings under this Article shall be confidential in accordance with the Rules of Procedure.

The Board of Directors shall notify the members in all instances in which the Discipline Committee Panel [or other appropriate disciplinary body](#) orders public disciplinary action. Notification shall not be given until the time to appeal has expired or, in the event of an appeal, until such appeal has been resolved. At the same time notification is given to the members, the Board of Directors shall also give notice of any public disciplinary action to the appropriate investigatory [or disciplinary](#) body, all other actuarial organizations of which the individual is a member, and to other persons and organizations, including government entities, which, in the opinion of the Board, should also receive notice of the action as being in the best interest of the public.

In the event of subsequent reinstatement of the member, the Board of Directors shall give notice of such action to all members and to entities previously advised by the Board of the public disciplinary action.

#### **SECTION 6.—CASE REVIEWS**

The Board of Directors retains the right to review a decision by a national organization responsible for profession-wide counseling and discipline which does not result in a recommendation for disciplinary action with respect to a CAS member.

### **ARTICLE VII. - *Indemnification of Officers, Members of the Board of Directors, Committee Members, Presidential Appointees and Employees***

Persons who at any time shall serve, or shall have served, as Officers, members of the Board of Directors, committee members, Presidential appointees, members of any disciplinary board of the Society, or who are employees, or who were employees of the Casualty Actuarial Society (and their heirs, executors, administrators, and personal representatives) shall be indemnified by the Society against all costs and expenses (including but not limited to legal fees, amounts of judgments paid, and amounts paid in settlements) reasonably incurred in connection with the defense of any claim, action, suit, or proceeding, whether civil, criminal, administrative, or other, in which they may be involved by virtue of such persons being or having been Officers, members of the Board of Directors, committee members, Presidential appointees, members of any disciplinary board of the Society, or who are employees, or who were employees of the Casualty Actuarial Society, or in connection with any appeal therein; provided, however, that in the event of a settlement the indemnification herein provided shall apply only when the Board of Directors approves such settlement; and provided further that such indemnity shall not be operative with respect to any matter as to which such person shall have been finally adjudged liable in such claim, action, suit, or proceeding on account of their own willful misconduct.

The rights accruing to any persons under this Article shall be without prejudice to any rights or benefits given by the Board of Directors inconsistent therewith in special cases and shall not exclude any other rights or benefits to which they may be lawfully entitled.



## ARTICLE VIII. - *Dues*

### SECTION 1.—AMOUNT

The Board of Directors shall fix the annual dues for Fellows, Associates and Affiliates.

### SECTION 2.—FAILURE TO PAY

The Casualty Actuarial Society shall be responsible for notifying by mail any Fellow, Associate or Affiliate whose dues may be six months in arrears, and to accompany such notice by a copy of this Article. If a Fellow, Associate or Affiliate shall fail to make payment within three months from the date such notice is mailed, the Fellow, Associate or Affiliate shall cease to be a member, except at the discretion of the Board of Directors this provision may be waived.

### SECTION 3.—EXEMPTION, DEFERRAL OR WAIVER

The Board of Directors may, at its discretion and in accordance with established policy, exempt, defer or waive, partially or fully, the dues of any member who submits a written request to the Board of Directors before dues have become six months in arrears, citing the reason for the request.

### SECTION 4.—REINSTATEMENT

A Fellow, Associate or Affiliate who has ceased to be a member because of failure to pay dues, or by voluntary resignation, may be reinstated by a majority vote of the Board of Directors upon payment of a reapplication fee, to be set by the Board of Directors, and such payment may be partially or fully waived by the Board at its discretion.

## ARTICLE IX. - *Amendments*

These Bylaws may be amended by an affirmative vote of 10% of the [Fellows Voting Members](#) or two-thirds of the [Fellows Voting Members](#) voting, whichever is greater. Notice of such proposed amendment shall be sent to each [Fellow Voting Member](#) by the Casualty Actuarial Society at least one month before the vote is taken.

An amendment to the Bylaws can be proposed by a two-thirds majority vote of the Board members voting. Alternatively, an amendment can be proposed by a petition of 5% of the [Fellows Voting Members](#), unless such petition is vetoed by a two-thirds majority vote of the Board members voting.

Associates  
Voting  
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Issue

# Voters Guide to ACAS Voting and Board Service Eligibility Issues

## Introduction

In response to member concerns expressed in the 2008 Quinquennial Membership Survey, the CAS Board of Directors asked the Executive Council to review the status of Associates. The Task Force on Associate Rights was formed in 2009 and charged with evaluating how best to ensure representation within the CAS of Associate members, including such issues as voting rights, leadership opportunities, and dues rates.

The Task Force produced a report in July 2010 and, as a result of its recommendations, members are being asked to consider Associate members' eligibility for voting and for serving in broader capacities than currently allowed. (For more detailed discussion of the issues, see the Report of the Task Force on Associate Rights at <http://www.casact.org/about/reports/associate-rights.pdf>.)

## Clarifying the Issues

Similar proposals revising the CAS Constitution and Bylaws were presented to the Fellows for approval in 2006 but failed to achieve the required majority. Many member comments at that time showed a lack of clarity on the issues. Those comments and ones from the 2008 Quinquennial Member Survey indicate that the voting eligibility issue was not clearly separated from the debate on retaining vs. eliminating the ACAS designation, thus making the vote "muddy."

Because the CAS is no longer proposing the elimination of the ACAS designation, the issue should now be much clearer.

## Structure of the Voters Guide

This Voters Guide on ACAS Voting and Serving Eligibility includes the following items:

- Highlights of the Vote
- Constitution and Bylaws Changes Sample Votes
- Pro and Con Analysis of the Proposed Revisions
- Supporting Data and Discussion

A marked-up version of the CAS Constitution and Bylaws showing all issues proposed is available beginning on page 16.

## Highlights of the Vote

This vote has two clearly distinct components concerning Associates: (1) voting eligibility and (2) Board service eligibility.

Several proposed revisions deal with Voting Eligibility. Two key points to understand are that:

- Extending voter eligibility to Associates will only occur after an individual has been a member five years as an Associate, at which time most Associates will have achieved Fellowship.
- Regardless of the outcome of the vote, eligibility to serve as vice presidents on the Executive Council will continue to be restricted to Fellows.

Only one proposed revision deals with Board service eligibility (Constitution Article V, Sections 1 and 2). This proposal is dependent upon the passage of the Associate voting eligibility issue.

## Constitution and Bylaws Changes Sample Votes

Following are three examples of how one can vote on the issues affecting Associates.

<p>If you are <b><u>against both</u></b></p> <p>(1) Associates being eligible to vote <b>and</b></p> <p>(2) Associates being eligible for election to the Board, Then vote <b>NO</b> to all changes.</p>	<p>If you are <b><u>in favor of but not for</u></b></p> <p>(1) Associates being eligible to vote, <b>but not for</b></p> <p>(2) Associates being eligible for election to the Board, Then vote <b>YES</b> to all changes <b>except</b> the amendment phrase affecting Constitution Article V, Sections 1 and 2.</p>	<p>If you are <b><u>in favor of both</u></b></p> <p>(1) Associates being eligible to vote <b>and</b></p> <p>(2) Associates being eligible for election to the Board, Then vote <b>YES</b> to all changes.</p>
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## Pro and Con Analysis of the Proposed Revisions

Pros	Cons
<ul style="list-style-type: none"> <li>Given no dues differential, CAS Associates are getting less for their money.</li> <li>Associates are subject to same professional standards as Fellows.</li> <li>Many Associates provide high level of volunteer services to the CAS, yet the lack of a vote makes some feel disenfranchised. The CAS needs to recognize the valuable contribution these Associates provide.</li> <li>Many Associates today have similar work experience to Fellows of years past.</li> <li>Some other actuarial associations around the world have a dual class structure and, in some, Associates are eligible to vote. (See attached chart.)</li> <li>CAS Associates and Fellows often perform similar technical and managerial functions at their companies.</li> <li>This change applies only to those Associates who apparently have stopped taking exams. This recognizes the value to the CAS of these “career Associates.” Numerous examples of contributions of career Associates can be found.</li> <li>Associates are disenfranchised from governance processes that may have direct impacts on their abilities to practice.</li> </ul>	<ul style="list-style-type: none"> <li>There is not much difference in membership benefits, so Associates are getting the same value for their money.</li> <li>Education and practice differentials still exist.</li> <li>CAS Associates still have less experience than CAS Fellows, in most cases.</li> <li>The Associateship curriculum still does not encompass all of the knowledge of Fellowship curriculum.</li> <li>The ACAS designation no longer automatically meets U.S. Appointed Actuary practice requirements.</li> <li>Some other actuarial associations around the world have a dual class structure and, in some, Associates are not eligible to vote.</li> <li>Associates may not be qualified to perform certain technical and managerial functions at their companies.</li> <li>The ACAS designation is an interim status. Associates are expected to continue and become Fellows.</li> <li>Allowing Associates to vote may remove an incentive for them to obtain Fellowship.</li> <li>If Associates want to take part in governance, they can choose to complete the requirements for Fellowship.</li> <li>There is nothing currently preventing Associates from serving on and or chairing most committees.</li> <li>Members voted against this ACAS voting eligibility four years ago. Why are we asking again?</li> </ul>

## Supporting Data and Discussion of Associate Voting Impact

This Voters Guide provides voters with tables of data for them to consider when casting their votes. A discussion of the data follows Table 3.

*Table 1. Differences Between ACAS and FCAS Requirements Over Time*

	Requirements to Achieve				
	Associate				Fellow†
Year	# of Exams	Professionalism Course	Validation by Educational Experience (VEE)	Online Courses	# of Exams
1915	4				6
1934	4				8
1941	5				8
1948	4				8
1968	5				9
1976	6				10
1977	7				10
1991	7	Y			10
2000	7	Y			9
2005	7	Y	3		9
2011	6	Y	3	2	9

†Fellowship includes Associate non-exam requirements.

*Table 2. Voting and Serving Eligibility for Associates of Some Other Actuarial Associations*

Issue	CAS Casualty Actuarial Society	SOA Society of Actuaries	American Academy of Actuaries	UKAP The Actuarial Profession U.K.	IAAust Institute of Actuaries of Australia	CIA Canadian Institute of Actuaries*
<b>Voting Eligibility</b>	No	Yes	Yes**	Yes	No	Yes, after enrollment of 5 years
<b>Hold Elected Office</b>	No	No	Yes	No, but under consideration	No	No
<b>Committee Chair</b>	Most, but not all	Yes, except for Board Committees	Yes	Yes	Yes	Yes
<b>Committee Membership</b>	Yes	Yes, except for Board Committees	Yes	Yes	Yes	Yes
<b>Ratio of Associate Fees to Fellow Fees</b>	100%	55%	100%	66%	63%	30% initially, 85% after 5 years

\*Changes approved in June 2011 will be implemented in June 2012.

\*\*The Academy has only one class of membership.

Table 3. Current Relevant Membership Numbers

Membership Category	Number of Members
FCAS	3,711
ACAS (5 years or more)	1,046
“Voting Members”	4,757
ACAS (fewer than 5 Years)	690

### Discussion: How many five-year ACAS and FCAS “Voting Members” would need to vote affirmatively for an initiative to pass?

**Constitution and Bylaws changes** presently require an affirmative vote from 10% of “Voting Members,” or an affirmative vote from two-thirds of the eligible members voting. (Note: a significant percentage of the membership or the Board or both must already be in favor of a change for it to reach a point where it is proposed to the general membership.)

Currently, the 10% means that a minimum of 476 affirmative votes would be needed to ratify a change. Typically, 30% or more of those eligible to vote in the CAS do vote. That would typically be 1,427 voters. With a two-thirds majority requirement, 952 of those 30% would have to vote affirmatively to implement a change.

If the proposed change to voting eligibility passes, it will not be numerically impossible for future changes to pass if only eligible CAS Associates vote in favor. For this to happen, however, a majority of Fellows would have to abstain.

For this example, “Voting Members” means Fellows and five-year Associates.

**Election of the President-Elect** requires a majority of votes cast. Assuming Fellows and eligible Associates vote in similar proportions, a candidate favored only by Associates would be unlikely to carry the vote.

**Candidates for the Board of Directors** are presented as a slate and the four candidates with the most votes are elected, subject to a requirement that one-third of the valid ballots are cast for electing a Director, i.e., one-third of the members voting must vote for a Director. Currently, five-year Associates make up about 22% of the membership.

The **percentages of Associates matriculating to Fellowship** by class year have remained relatively constant at about 75% since 1970, as can be seen in the Task Force Report (<http://www.casact.org/about/reports/associate-rights.pdf>).



# Overview of Proposed Changes to Discipline Process

Over the past several years, the Council of U.S. Presidents (CUSP), which is comprised of the Presidents and Presidents-Elect of the U.S.-based actuarial organizations, has held ongoing discussions regarding the U.S. actuarial discipline process. As a result of the discussions, CUSP has developed a proposal that it believes will increase the efficiency of the discipline process and create greater consistency among discipline outcomes.

In early May 2011, the presidents of the participating actuarial organizations jointly introduced the proposal to the members of the American Academy of Actuaries, ASPPA College of Pension Actuaries, Casualty Actuarial Society, Conference of Consulting Actuaries, and Society of Actuaries.

Revisions to the CAS Constitution and Bylaws are required to implement the changes within the CAS. During the CAS Board of Directors meeting on May 15, 2011, the Board reviewed the specific changes to the wording of the CAS Constitution and Bylaws that would be needed to allow the CAS to participate in the joint disciplinary process. Following that review, the Board passed a motion to recommend that the Fellows vote to approve the amendments to the CAS Constitution and Bylaws.

The amendments would enable the CAS Board of Directors to enter into an agreement for joint discipline with other participating organizations, while retaining control of the discipline of CAS members. As reflected by the red-lined version of the proposed changes to the CAS Constitution and Bylaws beginning on page 16, the CAS Board, if approved by a two-thirds majority vote of the CAS Board members voting, would be granted the authority to enter into a joint disciplinary agreement, provided that:

a) No CAS member will be disciplined unless a majority of the panel judging that CAS member is composed of CAS members and a majority of those CAS members concur with the discipline.

b) The authority to impose penalties of expulsion or suspension for more than two years for any CAS member will remain with the CAS.

Those requirements are a key feature of the proposed Agreement on Joint Discipline. The April 7 working draft of the Agreement can be reviewed on page 35; however, work on the Agreement is ongoing, particularly with respect to Section 9, which deals with administrative and legal issues.

The April 7 draft was the most current version of the agreement at the time of this printing. An updated version may be available in the Meet the Issues section of the CAS Web Site.

The agreement includes a withdrawal and termination clause, whereby the CAS may withdraw from the agreement at any time upon 30 days written notice to the other parties. The CAS Board of Directors could approve withdrawal from the agreement by a simple majority vote of the CAS Board members voting.

The following items are provided to assist voting members with their understanding of the proposal:

- Letter from presidents of the U.S.-based actuarial organizations
- Set of questions and answers about the proposal
- Hypothetical case study that compares the current process to the proposed process
- Proposed Agreement on Joint Discipline

The proposed changes to the CAS Constitution and Bylaws recommended by the Board for approval on the 2011 elections ballot can be found beginning on page 16. The changes related specifically to the discipline process are indicated in the margins with the label “Changes to Discipline Process.”

# Letter from the Presidents of the U.S.-Based Actuarial Organizations

*To the members of the*

American Academy of Actuaries,  
ASPPA College of Pension Actuaries,  
Casualty Actuarial Society,  
Conference of Consulting Actuaries, and  
Society of Actuaries:

Our discipline process is an essential component of each of our organization's proactive approach to ensuring the quality of our professional services. As stewards of our trade, we all share the responsibility to ensure that the actuarial profession's integrity is maintained, and as such, it is our responsibility to ensure our discipline processes are functioning well.

After a review of the profession's current discipline procedures, the leaders of our five organizations concluded last year that our current structure is fundamentally sound. But after being in place for many years, several potential improvements have been identified. These changes aim to improve efficiency and provide greater consistency, and we believe that they will benefit the members of all our organizations.

The proposed enhancements build off of the central features of the current framework, but strive to streamline the discipline and appeals processes. In brief, for members of multiple organizations, the current process has an abundance of burdensome and costly hearings, which can lead to different outcomes. Under the proposal, future disciplinary recommendations will be submitted for determination to a single, representative joint disciplinary panel; all appeals will be considered by a joint appeal panel. This streamlining will reduce the number of hearings and help create greater consistency regarding outcomes.

The boards of directors of our organizations have agreed in principle to move forward to propose these improvements for member consideration. To implement these revisions, each organization will need to make changes to its bylaws and will submit the new discipline process to a vote of its members.

As the presidents of the participating actuarial organizations, we stand together in introducing these enhancements to you. We believe that it is important to our members for our organizations to work together to enhance our commitment to professionalism.

Linked below this letter are two additional resources to help you understand the proposal—a set of questions and answers and a side-by-side comparison of the current process versus the revised process for a sample case study. Additional information will be provided before any organization's members vote.

We realize that no one among us expects to be the subject of a disciplinary proceeding. However, we urge you to be informed voters. After all, each of us has the responsibility to protect our profession's reputation.

We welcome your questions regarding this proposal and have established a centralized mailbox to coordinate responses. Please send your questions to: [DisciplineProposal@actuary.org](mailto:DisciplineProposal@actuary.org).

*Sincerely,*

Mary Frances Miller, American Academy of Actuaries  
Annie Voldman, ASPPA College of Pension Actuaries  
Ralph Blanchard, Casualty Actuarial Society  
Adam Reese, Conference of Consulting Actuaries  
Donald J. Segal, Society of Actuaries

PS: In our effort to be as comprehensive in our reach as possible, we understand that many members will receive multiple copies of this e-mail. For this, we apologize.

*Additional Resources:*

Questions & Answers [see page 30.]

Side-by-Side Comparison of the Current Discipline Process and Proposed Process [see page 32.]

# Q&A – Joint Discipline Proposal

May 5, 2011

## Introduction

In 1992 five organizations, the American Academy of Actuaries, American Society of Pension Actuaries, Casualty Actuarial Society, Conference of Consulting Actuaries and Society of Actuaries, joined together to create a unified discipline process. A robust disciplinary process strengthens adherence to recognized standards of ethical and professional conduct among members of the actuarial profession. It does this by providing guidance to actuaries and considering complaints regarding possible violations of the Code of Professional Conduct. Over the past few years, the leaders of the five actuarial organizations mentioned above reviewed the existing discipline structure. While the current system is fundamentally sound, four issues were identified that, if addressed, could enhance the disciplinary process; a proposal was then developed to address these issues.

## Question 1: What issues with the current disciplinary system were identified?

- a. There can be too many hearings.** Under the current system, there are typically two, and potentially three, hearings if the actuary is a member of only one organization: a fact-finding hearing generally at the Actuarial Board for Counseling and Discipline (ABCD), a disciplinary panel hearing at the member's organization and an appeal before another panel at the member's organization should the actuary disagree with the outcome. For each additional participating organization in which the actuary holds membership, there are as many as two additional hearings. For actuaries who are members of three organizations, there could be as many as seven hearings.
- b. There can be inconsistent outcomes.** Due to multiple hearings by different discipline committees of different participating organizations, there have been situations where an individual who is a member of multiple organizations received different levels of discipline for the same offense. There also, currently, are no formal case histories developed that could guide consistent outcomes over time.
- c. There may be a need for more transparency.** Due to the current requirements for confidentiality, there can be an impression that the process is geared toward protecting actuaries rather than protecting the public. This balance between confidentiality and transparency is currently under consideration by a task force.
- d. Failure to address these issues could place the profession's independence in jeopardy.** Due to increased attention by the Federal government over financial services, and reflecting the history of increased regulation of auditors in the U.S. and actuaries in the U.K., the lack of consistent outcomes and lack of transparency makes the profession vulnerable to criticism from the public.

## Question 2: What is the basis of the proposed solution?

- A. The current system has worked well for many years, and the proposal retains many of its key features. The ultimate goals are to streamline the process, achieve more consistent outcomes, take the first steps to improve transparency and help reduce the risk to the profession's independence.

In the United States, the ABCD will still perform thorough investigations and make appropriate recommendations. The subject actuary will continue to be judged by a panel of his or her peers. Each organization will retain ultimate control over its membership.

## Question 3: How will disciplinary panels be selected and hearings operate?

- A. Under this proposal, disciplinary recommendations, in most cases made by the ABCD (see Question 8), will be submitted for determination to a single representative joint disciplinary panel that is appointed by the leaders of the organizations, rather than being considered separately by each member organization. The disciplinary panel will have majority members in each of the subject actuary's organizations.<sup>1</sup> The disciplinary panel may decide to accept, reduce, dismiss or increase the recommended penalty. Any decision by the panel to impose discipline would be by a supermajority of the disciplinary panel members (see Question 7).

## Question 4: How will the appeals process work?

- A. All appeals would be considered by a joint appeal panel – again, appointed by the leaders of the participating organizations – that

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<sup>1</sup> There may be rare instances where this is not possible (e.g., where the subject actuary is a member of four or more organizations).

has different members than the disciplinary panel. Grounds for an appeal would be limited to procedural errors or new evidence that was not reasonably available at the time of the disciplinary hearing. The appeal panel would either affirm the decision or remand the case to either a new or the same disciplinary panel. Decisions of the appeal panel are by a simple-majority vote.

**Question 5: Would all decisions coming out of the process be final?**

- A. If the decision is for no discipline (with or without counseling), a private or public reprimand or a suspension of up to two years, the decision will be final. Recommendations for expulsions and suspensions of more than two years will still be the ultimate decision of each organization; however, an organization cannot reduce the discipline in such cases to less than a two-year suspension. This process would generally reduce the number of formal hearings to two or three, regardless of how many member organizations are involved. It should also result in more consistent decisions over time.

**Question 6. Would the ABCD have any new responsibilities under the new process?**

- A. Under this proposal, the ABCD also would be charged with developing case summaries to aid future panels and help increase consistency. While identifying details would be removed to protect the subject actuary's confidentiality, these cases would help establish precedent and could be used to educate members.

**Question 7: What if a supermajority of the disciplinary panel cannot reach a decision on the penalty?**

- A. If at least two members of the disciplinary panel believe that the Code of Conduct has not been materially violated, no discipline would be imposed. Otherwise (i.e., all or all but one of the panelists believe that there was a material violation of the Code), the panel will deliberate until a consensus on the penalty is reached. This penalty would be the highest level upon which all or all but one can agree. The disciplinary panel can also, by simple majority vote, refer the matter to the ABCD or other appropriate investigatory body for counseling, whether or not discipline has been imposed, remembering that counseling is not considered discipline.

**Question 8: Does this proposal pertain to me if I work outside of the United States?**

- A. The jurisdiction extends to the actuarial practice of the five participating organizations' members in every country. However, under a cross-border agreement between the U.S. based organizations and the Canadian Institute of Actuaries (CIA), the CIA rather than the ABCD, conducts fact-finding hearings on issues related to the practice of an actuary who is a member of a U.S. based organization in Canada, but discipline is determined through the member organizations. Therefore, a member of the SOA, for instance, who is practicing in Canada would be subject to the proposed joint discipline process once a report is received by the leaders of the organizations from the CIA. Similarly, CIA members' actuarial practice in the United States would continue to be investigated by the ABCD and then forwarded on to the CIA. Other cross-border agreements may be negotiated in the future.

**Question 9: Are changes to the appropriate investigative bodies' processes also being planned?**

- A. These proposals would not change the manner in which the investigative bodies operate. They will continue to investigate cases and make disciplinary recommendations when appropriate.

**Question 10: Are other revisions to the disciplinary process being considered?**

- A. No other revisions are being considered as part of this proposal. As with any process or procedure, the actuarial disciplinary process is, and should be, evolutionary in nature. The changes being proposed arose because leaders of the organizations recognized that the current system needed improvement. The participating organizations will continue to regularly examine and recommend improvements to this process. In particular, transparency issues associated with the process are currently being considered by a task force.

**Question 11: What is the governing body of the joint discipline process?**

- A. The governing body is the Joint Discipline Council, which is comprised of the presidents and presidents-elect of the participating organizations. Work is ongoing on the formal structure.

**Question 12: What's the process to get this proposal considered and enacted?**

- A. The boards of the participating organizations have approved in principle to move forward to propose these improvements to the discipline process for member consideration and directed a joint implementation task force to finalize the details of the proposal. Any changes to the disciplinary system would require amendments to the various organizations' bylaws or constitutions, which require approval by the organizations' boards of directors and, ultimately, members. (The specific process for approval of bylaws or constitution amendments varies among the organizations.) Input from members is encouraged but keep in mind that the proposal must meet the needs of each of the five participating organizations.

# The Actuarial Discipline Process: Before and After

**A**fter a review of the actuarial profession's current discipline procedures, it was concluded that changes could improve the efficiency of the process and provide for greater consistency of discipline outcomes.

To illustrate how the proposed changes will streamline the process, the hypothetical example below follows a discipline case through the current process and the revised process.

For purposes of this example, the Subject Actuary is practicing in the United States and is a member of three actuarial organizations: Casualty Actuarial Society (CAS), American Academy of Actuaries (Academy), and the Conference of Consulting Actuaries (CCA).

## Before — The Current Process

### Complaints and Referrals

A complaint of a violation of the Code of Professional Conduct is referred to the Actuarial Board for Counseling and Discipline (ABCD).

### Review and Investigation Process

The ABCD reviews the complaint and decides that the complaint has merit. The ABCD engages an investigator to investigate the complaint and prepare a report on the findings.

After reviewing the investigator's report, the ABCD agrees the complaint should move forward and recommends a fact finding hearing with the investigator and Subject Actuary.

Following the fact finding hearing, the ABCD decides to recommend discipline. The ABCD prepares a report recommending discipline and sends the report and the transcript of the hearing to the three organizations of which the Subject Actuary is a member.

## After — The Revised Process

### Complaints and Referrals

A complaint of a violation of the Code of Professional Conduct is referred to the Actuarial Board for Counseling and Discipline (ABCD). [Same as current process.]

### Review and Investigation Process

The ABCD reviews the complaint and decides that the complaint has merit. The ABCD engages an investigator to investigate the complaint and prepare a report on the findings. [Same as current process.]

After reviewing the investigator's report, the ABCD agrees the complaint should move forward and recommends a fact finding hearing with the investigator and subject actuary. [Same as current process.]

Following the fact finding hearing, the ABCD decides to recommend discipline. The ABCD prepares a report recommending discipline and sends the report and the transcript of the hearing to the three organizations of which the Subject Actuary is a member. Each of the organizations then forwards the package to the Joint Discipline Council, which is comprised of the presidents and presidents-elect of the organizations.



**Before – The Current Process (continued)****Disciplinary Panels**

Upon receipt of a disciplinary recommendation, each of the three organizations of which the Subject Actuary is a member initiates its internal discipline procedures.

In the CAS, the matter is referred to its standing Discipline Committee, which schedules a hearing and appoints a discipline panel from among its members for this case.

In the Academy, the matter is referred to a Disciplinary Committee selected for this particular case by the Academy President, which schedules a hearing.

In the CCA, the matter is referred to a Disciplinary Committee selected for this particular case by the CCA President, which schedules a hearing.

**Disciplinary Hearings**

In the CAS, a disciplinary hearing is held under procedures established by the CAS. The Subject Actuary may appear at the hearing.

In the Academy, a disciplinary hearing is held under procedures established by the Academy. The Subject Actuary may appear at the hearing.

In the CCA, a disciplinary hearing is held under procedures established by the CCA. The Subject Actuary may appear at the hearing.

**Disciplinary Panel Decisions**

The CAS discipline panel decides that the Subject Actuary should be publicly reprimanded.

The Academy discipline committee decides that the Subject Actuary should be privately reprimanded.

The CCA discipline committee decides that the Subject Actuary should be suspended from the organization for one year.

**Appeal of Disciplinary Panel Decisions**

The Subject Actuary notifies the CAS that its decision will be appealed, initiating the CAS appeals process.

The Subject Actuary notifies the Academy that its decision will not be appealed.

The Subject Actuary notifies the CCA that its decision will be appealed, initiating the CCA appeals process.

**After – The Revised Process (continued)****Disciplinary Panel**

Upon receipt of a disciplinary recommendation, the Joint Discipline Council appoints a Disciplinary Panel. The Disciplinary Panel will have a majority of members in each of the participating organizations of which the Subject Actuary is a member.

This may be achieved by appointing one or more panelists who have membership in two or more of the member's participating organizations.

*Note: In the revised process, one representative Disciplinary Panel replaces the three separate panels that are currently required in this example.*

**Disciplinary Hearing**

The Disciplinary Panel holds a hearing to consider the matter under the joint discipline provisions. The Subject Actuary may appear at the hearing.

*Note: In the revised process, one disciplinary hearing replaces the three separate hearings that are currently required in this example.*

**Disciplinary Panel Decision**

The Disciplinary Panel decides that the Subject Actuary should be publicly reprimanded.

*Note: The revised process avoids the situation in which separate disciplinary panels decide on different levels of discipline for the same offense.*

**Appeal of Disciplinary Panel Decision**

The Subject Actuary notifies the Joint Discipline Council that the Disciplinary Panel decision will be appealed, initiating the appeals process.

The grounds for the appeal must be stated, which are limited to a purported procedural error or presentation of new evidence that was not reasonably available earlier in the case.

**Before – The Current Process (continued)**

**Appeal Hearing and Decisions**

In the CAS, an appeals panel meets to review the written record and the panel affirms the decision reached by the discipline panel. The appeals panel decision shall be final.

In the CCA, the appeal is to the CCA Board of Directors that reviews the written record and affirms the decision reached by the discipline committee. The Board decision shall be final.

**Penalty Implementation**

The CAS prepares a public statement of reprimand that is announced according to CAS procedures.

The Academy discipline committee drafts and sends to the Subject Actuary a private reprimand.

The CCA Board of Directors prepares a notice of suspension to the Subject Actuary. This notice is distributed as determined by CCA procedures.

**After – The Revised Process (continued)**

**Appeal Hearing and Decision**

An Appeal Panel is formed by the Joint Discipline Council that meets the same selection criteria as set forth for Disciplinary Panels. The Appeal Panel holds a hearing and affirms the decision reached by the Disciplinary Panel. The Appeal Panel decision shall be final.

*Note: In the revised process, one appeal process replaces the two separate appeals that are currently required in this example.*

**Penalty Implementation**

The decision of the Appeal Panel to affirm the Disciplinary Panel decision of public reprimand is communicated to the Disciplinary Panel and the ABCD. The Disciplinary Panel prepares the appropriate reprimand in consultation with the ABCD. This is then sent to the CAS, Academy, and CCA and distributed according to each organization's procedures.

*Note: The revised process avoids the situation in which separate disciplinary penalties are implemented for the same offense.*

# Agreement on Joint Discipline

Draft, April 7, 2011

*[The April 7 draft was the most current version of the agreement at the time of this printing. An updated version may be available in the Meet the Issues section of the CAS Web Site.]*

This Agreement on Joint Discipline (“Agreement”), dated as of \_\_\_\_\_, is entered into by and among the undersigned organizations (individually a “Party” and collectively the “Parties”).

WHEREAS, the Parties are independent professional actuarial organizations, and wish to enhance the efficiency and consistency of disciplinary proceedings relating to their respective members; and

WHEREAS, the Parties agree that it is in the best interests of their members to establish a joint disciplinary process aimed at reducing the potential number of proceedings to which a member could be subject, and reducing inconsistency in disciplinary determinations among the respective organizations;

NOW THEREFORE, the Parties, in consideration of the promises and covenants contained herein, do hereby agree as follows:

1. **Joint Discipline Council.** The Presidents and Presidents-Elect of the Parties shall make up the Joint Discipline Council (“Council”), and shall have the rights and duties set forth in this Agreement. The Council shall elect a chairperson pursuant to procedures established by the Council. Unless otherwise provided herein, decisions of the Council require a majority vote, with at least one representative from each Party voting with the majority.
2. **Disciplinary and Appeal Panel Member Pool.** The Council shall establish and oversee a pool of potential Disciplinary and Appeal Panel members (“Pool”) from the Party organizations. Individuals shall be appointed to the Pool in accordance with procedures established by the Council, and the respective bylaws, rules and policies of the Parties.
3. **Consideration of Disciplinary Action.**
  - A. A disciplinary proceeding shall commence upon the issuance of a recommendation to discipline a member of one or more of the Party organizations (the “Subject Actuary”) from the Actuarial Board for Counseling and Discipline or other appropriate body with authority under a cross-border agreement to investigate and make findings with respect to the conduct of such member (“Referring Body”). Pursuant to this Agreement, such recommendations shall be referred by the relevant Party organizations to the Council. Upon receipt of such a disciplinary recommendation, the Council shall appoint a Disciplinary Panel, including a chairperson, to consider and act upon the recommendation. The Disciplinary Panel shall be selected from the Pool, pursuant to procedures established by the Council.
  - B. The composition of the Disciplinary Panel selected to consider and act upon a disciplinary recommendation shall meet the following requirements:
    1. At least one Disciplinary Panel member shall be appointed by the Council representatives for each of the Party organizations of which the Subject Actuary is a member.
    2. The Disciplinary Panel shall have majority members in each of the Party organizations of which the Subject Actuary is a member, unless the Council, in its sole discretion, determines that compliance with this requirement is not feasible.
    3. Each Disciplinary Panel member shall be a member of at least one of the Party organizations of which the Subject Actuary is a member.
  - C. The Disciplinary Panel shall hold a hearing to consider the matter unless both the Subject Actuary and the Disciplinary Panel agree that it need not be held. The Subject Actuary shall have the right to appear personally and with counsel (at the Subject Actuary’s expense) at such hearing to explain the member’s position concerning the recommendation of the Referring Body. The role of the Subject Actuary’s counsel shall be limited to advising the Subject Actuary and articulating appropriate legal objections; the role of the Disciplinary Panel’s counsel shall be similarly limited.
  - D. If an investigator was appointed by the Referring Body to assist in reviewing the matter at issue, such investigator may be requested by the Disciplinary Panel Chairperson to appear and present a report at the Disciplinary Panel hearing.
  - E. The Disciplinary Panel may dismiss the matter or take disciplinary action. Disciplinary action may include a private reprimand, public reprimand, suspension of membership, or expulsion. The Disciplinary Panel may also refer the matter to the Actuarial Board for Counseling and Discipline or other appropriate Referring Body to counsel the Subject Actuary, whether or not the Disciplinary Panel decides to impose discipline. Counseling shall not constitute discipline.

- F. Disciplinary action requires an affirmative vote of a supermajority of the entire membership of the Disciplinary Panel. For purposes of this Agreement, a “supermajority” shall be defined as all or all but one of the entire membership of the Disciplinary Panel. A decision to refer the Subject Actuary for counseling requires a simple majority vote of the entire membership of the Disciplinary Panel.
- G. A decision by the Disciplinary Panel to privately reprimand, publicly reprimand, or suspend a Subject Actuary for a period up to and including 2 years shall be effective 45 days after the date of the action, if the Subject Actuary does not appeal the decision. If the Subject Actuary appeals the decision, the action shall be effective as set forth in Section 4. A dismissal shall be effective when the decision is rendered.
- H. A decision by the Disciplinary Panel to suspend a Subject Actuary for more than two years or expel the Subject Actuary shall be referred to the Party organization(s) of which the Subject Actuary is a member for a final disciplinary decision, if the Subject Actuary does not appeal the Disciplinary Panel’s action. The Party organization(s) may affirm the decision of the Disciplinary Panel, or reduce the discipline to no less than a suspension of two years, with such action being effective on the date of the Party organization’s decision. If the Subject Actuary appeals the action of the Disciplinary Panel, the action shall be effective as set forth in Section 4.

**4. Appeals.** A Subject Actuary against whom a decision of private reprimand, public reprimand, suspension, or expulsion has been rendered shall be entitled to appeal such a decision on the grounds of a material procedural error by the Disciplinary Panel, or the existence of new evidence that was not reasonably available during the Disciplinary Panel proceedings. Appeals shall be subject to the following:

- A. The notice of appeal shall be in writing, and shall state the specific grounds for the appeal.
- B. The Council shall select an Appeal Panel from the Pool meeting the same selection criteria as those set forth in Section 3 for Disciplinary Panels. No member of a Disciplinary Panel may serve on the Appeal Panel considering the same matter.
- C. All rights and privileges of membership in the Subject Actuary’s Party organization(s) shall be retained during the pendency of the appeal.
- D. The Subject Actuary may appear personally and with counsel (at the Subject Actuary’s expense) before a hearing of the Appeal Panel to explain the Subject Actuary’s position concerning the Disciplinary Panel’s determination and the basis for appeal. The role of the Subject Actuary’s counsel shall be limited to advising the Subject Actuary and articulating appropriate legal objections; the role of the Appeal Panel’s counsel shall be similarly limited. A hearing need not be held if both the Subject Actuary and the Appeal Panel agree that it not be held.
- E. The scope of the Appeal Panel’s review shall be limited to determining whether there was a material procedural error in the Disciplinary Panel proceedings, or whether new evidence exists that was not reasonably available during the Disciplinary Panel proceedings. The decision of the Disciplinary Panel may be affirmed, or remanded to the Disciplinary Panel with instructions for further proceedings. In the case of a remand, the matter shall be remanded to the Disciplinary Panel that previously considered the matter, unless the matter is remanded due to a procedural defect in the composition of the original Disciplinary Panel, in which case the matter shall be remanded to a new Disciplinary Panel convened by the Council. An action of the Appeal Panel requires a simple majority vote of the entire membership of the Appeal Panel.
- F. The decision of the Appeal Panel to affirm a Disciplinary Panel decision shall be effective on the date the appeal is decided. However, in the event the Appeal Panel decision affirms a suspension of greater than two years or an expulsion, such decision shall be referred to the Party organization(s) of which the Subject Actuary is a member for a final disciplinary decision. The organization may affirm the decision, or reduce the discipline to no less than a suspension of two years. Such action shall be effective on the date of the organization’s decision.

5. **Reinstatement.** An individual who has been expelled or suspended from any of the Party organizations may be reinstated only through an action of the Board of Directors of such organization, or as otherwise provided by the bylaws or internal procedures of that organization.
6. **Confidentiality of Proceedings.** Except as otherwise provided herein, or by waiver of the Subject Actuary, all proceedings under this Agreement shall be confidential. Notwithstanding the foregoing, information concerning the facts and dispositions of decided cases (redacted to omit the identity of the Subject Actuary in cases in which private or no discipline was imposed) shall be available to Disciplinary Panels or Appeal Panels for the purpose of assisting in such Panels' consideration of other matters pending before them. Such redacted case information may also be made available to members of the Party organizations for educational purposes. If the Subject Actuary discloses any aspect of these confidential proceedings, the Parties may research the source and manner of the disclosure, and reserve the right to respond to such disclosure by providing factual information about the proceedings.
7. **Notifications.**
  - A. Final decisions of Disciplinary and Appeal Panels shall be transmitted to the organizations of which the Subject Actuary is a member, the Referring Body, the Subject Actuary and, in cases of public discipline, to other organizations, such as government entities or news organizations, designated by the Disciplinary Panel to receive such notice under procedures established by the Council. If the case arises from a written complaint and public discipline has been imposed, notice of the disposition shall also be furnished to the complainant. Disciplinary notices shall include a summary of the facts involved, the Code of Conduct precepts found to have been materially violated, and the discipline imposed.
  - B. The Parties shall notify their members of all instances in which public discipline, including a public reprimand, suspension or expulsion, has been imposed on one of their members. Such notification should occur within a reasonable period of time after the action has taken effect as described above.
  - C. In the event of subsequent reinstatement of an expelled or suspended member, the Parties shall give notice of such action to all their respective members and also to entities previously advised under this Agreement of the expulsion or suspension.
8. **Procedures.** The Council shall establish procedures not inconsistent with the provisions herein for implementation of this Agreement. Procedures, or amendments thereto, shall be effective upon approval of two-thirds of the members of the Council, including at least one member from each Party, following exposure to members of the Party organizations for comment for a period of not less than 30 days.
9. **Funding, Operational, Administrative and Other Matters.** The Parties shall agree on an appropriate allocation of funding, operational and administrative responsibilities related to this Agreement, as well as on other matters associated with its implementation.
10. **Effective Date.** This Agreement shall be effective for cases referred to the Council by a Referring Body on or after July 1, 2012.
11. **Amendments.** This agreement may be amended only with the written consent of all the Parties. Any Party may propose an amendment to this Agreement pursuant to procedures established by the Council.
12. **Withdrawal and Termination.** Any Party hereto may withdraw from this Agreement upon 30 days written notice to the other Parties. In the event that a Party submits such written notice, all cases relating to members of that Party for which there has been an initial selection of a Disciplinary Panel by the Council at the time of that notice shall conclude under the terms of this Agreement. In the event any Party withdraws from this Agreement, it shall remain valid as to the other Parties. This Agreement shall terminate upon the agreement of the then existing Parties thereto, or automatically upon the withdrawal of all of the Parties from the Agreement.

SIGNATURES OF THE PRESIDENTS OF THE SIGNING PARTIES APPROVING THIS AGREEMENT WILL BE INCLUDED HERE.



## President-Elect Nominee



### Gary R. Josephson

FCAS 1982

*Consulting Actuary, Milliman,  
Inc.*

I am honored to be a candidate for President-Elect. As our Centennial Year approaches, we are well positioned to continue our growth (in numbers, capabilities, and geography). In doing so, we need to continue to ensure that casualty actuaries are relevant, both in our current areas of expertise and in the expanding areas of risk management.

I am confident that we will do so. My role, as part of the CAS Executive Team, will be ensuring that the appropriate resources are used to respond to issues, set and act upon strategic initiatives, and advance the purposes of our Society.

## Board Director Nominees



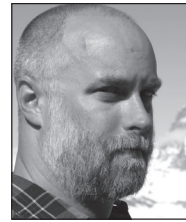
### Shawna Ackerman

FCAS 1996

*Chief Actuary, California  
Earthquake Authority*

I want to continue taking an active role in the ongoing promotion and improvement of our profession. The CAS has an important role to play in representing the interests of the actuarial community and promoting the relevance of the casualty actuary in the business, public, and regulatory environments. My diverse work experience gives me a broad perspective of where actuaries are valued and where there is room for improvement, both in expanding our areas of practice and promoting our profession nationally and internationally.

I am eager to apply my experience and leadership to the service of the CAS Board.



### Steven D. Armstrong

FCAS 1996

*Senior Actuary, Allstate  
Insurance Company*

I like Shakespeare. I like to quote Shakespeare. One quote that is particularly relevant is "Action is eloquence." I am action-oriented and know when to call a spade a spade. I embody this quote in everything I do and look forward to bringing this leadership style to the CAS Board of Directors.

Don't forget, "Brevity is the soul of wit."



### Kevin Burke

FCAS 2009

*Actuary, Alfa Mutual  
Insurance Company*

As an actuary at a regional insurer, I am confronted daily with a variety of projects and interact with insurance professionals in various departments. These experiences have taught me to look at the profession in a broad light. I hope to bring that perspective to the CAS Board. There are many challenges in our future. Among those challenges are how we educate ourselves and how we interact with our colleagues on national and international levels. I want to help find a way for the CAS to solidify its place as the preeminent actuarial organization devoted solely to property-casualty insurance.

# MEET THE CANDIDATES.....

## Board Director Nominees



### Richard Easton

FCAS 1982

*Assistant Vice President and Actuary, CNA Insurance Companies*

The CAS Board is trusted by the membership to represent its members' interests to other actuarial groups and to the business community in general. In issues such as continuing education and mutual recognition, the emphasis should be on ensuring that the CAS credential reflects expertise that is respected in the marketplace. Unnecessarily onerous continuing education requirements and unnecessarily lax mutual recognition rules both pose threats to this.



### Annette Goodreau

FCAS 1997

*President, Goodreau Doll LLC*

We need fresh perspectives in this rapidly evolving market for our services. I have extensive traditional experience but currently have been working outside the insurance industry. I want to help the CAS creatively bridge the gap between our traditional role and the actuary of the future. I want the Board to concentrate on big issues, like our international role and ERM. But we must also remain connected to our roots: let the world know we are better at ratemaking than statisticians! Above all, the Board represents the members. We must ask them, never tell them, what they need.



### Nasser Hadidi

FCAS 2001

*Professor, University of Wisconsin*

For me, it is all about giving back. I have benefitted enormously, primarily intellectually but also otherwise, from the FCAS designation. Many people had to work very hard to make that possible for me. I should do no less to help provide others with the same opportunity.

Thus I have served CAS in various volunteer positions since being admitted as a member. My interests have been primarily in admissions, notably syllabus and exam committees.

I have both an extensive academic as well as consulting background, and can therefore provide the Board with a unique perspective, which will surely be beneficial.



### James "Jim" R. Merz

FCAS 1999

*Chief Actuary, Hanover Insurance Group*

Jim has twenty years of experience in the insurance industry at insurance companies. His perspective is a balanced approach considering the valuable history of the CAS with the ever-changing global environment. Just like other FCAS, Jim values the credentials that he earned and believes that the high standards of the past are appropriate for the future. He believes that the CAS must change to continue as the preeminent casualty actuarial society of the world, but thinks that the membership should be consulted regarding changes before decisions are finalized. Finally, the Board position comes with a responsibility to the membership.



### Deborah M. Rosenberg

FCAS 1984

*Consulting Actuary, RSM McGladrey*

The function of the Board of Directors is to chart the future course of the CAS with a focus on its mission and vision statements. The process consists of an open discussion of all aspects of the issues under consideration. I bring to the table over 25 years of involvement in many areas of the CAS, including research, long-range planning, program planning, and governance. I have worked as a company actuary, a regulator, and currently as a consultant. These different perspectives will be a significant benefit in Board deliberations.