

MINUTES
CAS BOARD OF DIRECTORS MEETING
March 10-11, 2011
Santa Monica, CA

PRESENT

Directors: Eugene Connell, Jeanne Crowell, Richard Delaney, Wayne Fisher, Beth Fitzgerald, Richard Goldfarb, Stan Khury, Ronald Kozlowski, Andy Kudera, Morton Lane, Kathryn Morgan, Arlie Proctor, Kenneth Quintilian, Alice Underwood.

Board Chair: Roger Hayne
President: Ralph Blanchard
President Elect: Patricia Teufel

American Academy of Actuaries Liaison to the CAS Board: Tim Wisecarver
Canadian Institute of Actuaries Liaison to the CAS Board: Jim Christie

Vice Presidents: Nancy Braithwaite (Marketing and Communications), Kris DeFrain (International), Barry Franklin (ERM), Louise Francis (Research and Development), Leslie Marlo (Administration), David Menning (Admissions), Chet Szczepanski (VP-Professional Education).

CAS Executive Director: Cynthia Ziegler

Invited Guests: David Sandberg, President-Elect of the American Academy of Actuaries and Aaron Halpert, Chairperson of the Risk Management Committee.

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

Excused: Mavis Walters

Roger Hayne called the meeting to order at 8:00 a.m. PST on March 10, 2011. He began the meeting by referring to the Board meeting attendance policy, which was included in the agenda books.

I. CONSENT ITEMS

A motion to approve the following consent items was made:

- a. Minutes of November 9, 2010 Board Meeting
The minutes were approved as submitted.
- b. 2011 Audit Committee Staffing
The Board approved the staffing of the 2011 Audit Committee as proposed.
- c. Member Access to CAS Policy Manual
The Board approved posting the CAS Policy Manual in an area of the CAS Web Site accessible by all CAS members. The Policy Manual was previously accessible only by members of the Board.
- d. Waiver for CAS Online Course 1
The Board approved a waiver for CAS Online Course 1, Risk Management and Insurance Operations, for candidates who have the CPCU designation.

e. Increasing Voter Turnout

The Board approved the revised 2011 elections procedures as presented. The changes to the procedures call for candidates for office to provide more concise information about themselves and/or their candidacy, in addition to the four pages of detailed information currently provided. The changes are being implemented in an effort to increase voter participation in the elections.

The motion to approve the items listed above was carried unanimously, with 17 voting in favor.

II. CERA UPDATE AND NEXT STEPS

Barry Franklin provided an update on the status of the CAS application to the Global CERA Review Panel for CERA award signatory status. He began by outlining for the Board the options that CAS developed for existing members and candidates to earn the CERA credential, which include exams and/or a rigorous ERM Seminar. Barry reported that the Review Panel recently provided preliminary feedback regarding the CAS's application. The Panel provided positive comments regarding the proposed ERM Seminar, however, the Panel expressed concerns with the depth and breadth of the coverage of the ERM syllabus by other elements of the CAS application. The Review Panel requested that the CAS continue to dialogue with the Panel regarding the CAS's proposed CERA requirements.

The Board discussed how best to address the Review Panel's concerns and Ralph Blanchard explained that the CAS was making changes to its exams to increase the use of exam questions that test at higher levels of comprehension. The CAS had its exams reviewed by an examination consultant to assist in this process. It was noted that the movement to require that candidates demonstrate more capabilities at higher levels of comprehension was initiated in response to the November 2010 Board resolution regarding the general vision of the level of understanding required for membership in the CAS.

Members of the Board encouraged Barry to continue discussing the CAS's proposed CERA requirements with the Review Panel and to seek greater clarification on how the CAS's application should be revised to meet the Panel's requirements.

III. GLOBAL POSITIONING

Kris DeFrain provided background for the discussion of the CAS's global strategy, including the appropriate positioning of the CAS within the global actuarial community.

There was a motion that the Board adopt the following guiding principles for the CAS's international efforts:

- **The CAS will utilize an international cooperation model to support the mission to advance the body of knowledge of actuarial science applied to property, casualty, and similar business and financial risks.**
- **In a measured way, the CAS will promote membership in the CAS internationally. In home locations of actuarial organizations providing casualty actuarial education (e.g. UK, Australia), mutual recognition and/or CAS Affiliate Membership will be promoted.**
- **For the ultimate benefit of CAS members, the CAS should promote casualty actuarial expertise worldwide.**
- **CAS members and students should receive a level of service commensurate with dues paid, irrespective of where they physically reside.**

A question was raised as to whether the proposed guiding principles were consistent with any existing CAS international vision, and it was explained that the CAS Centennial Goal, which envisions the CAS as being recognized globally as a leading resource in educating casualty actuaries and conducting research in casualty actuarial science, was the basis for the guiding principles.

Members of the Board expressed support for positioning the CAS as an active global citizen within the international actuarial community and it was mentioned that the proposed guiding principles did not represent any major shift in CAS strategy. It was pointed out that the feedback provided by the 2008 CAS Membership Survey expressed support for the CAS's international efforts.

There was a question as to the scope of current CAS international activities and the time spent by CAS leaders fulfilling the CAS role in the international space. Ralph Blanchard offered to conduct a session for the Board on international issues, as he had done while serving as VP-International, in order to help members of the Board without an international background better understand the importance of the CAS's international activities. The offer to provide this educational session was not acted upon.

The original motion was approved with 12 voting in favor, four opposed, and one abstention.

IV. AFFILIATE MEMBERSHIP AND WHAT IT MEANS

David Menning led the discussion on proposed changes to the CAS Affiliate Member Program and explained that the changes are intended to encourage increased Affiliate membership and enhance our international relationships.

There was a motion that the Board approve the following revisions to the CAS Affiliate Membership Program:

- **Change the requirement of attaining the highest actuarial designation of an organization that is a member of the International Actuarial Association (IAA) to attaining membership of an organization that is a member of the IAA.**
- **Reduce the Affiliate Member Program fee to 50% of the annual CAS membership dues.**

The motion was approved with 16 in favor and one abstention.

V. RISK MANAGEMENT COMMITTEE REPORT

Aaron Halpert, Chair of the CAS Risk Management Committee, presented the Committee's report on emerging strategic risk identification and assessment, and characterized the five identified risks as important but not urgent. The Committee is recommending that the Board consider the five risks and develop mitigation plans. The Board agreed to task the Executive Council with reviewing the report and providing a response to the identified risks. The Board will then have a follow-up discussion to discuss the urgency and priority of the risks.

VI. EXECUTIVE SESSION

The Board held an Executive Session. **A motion to ratify the motion passed in Executive Session was approved unanimously in open session, with 16 voting in favor.**

The Board approved the recommendation to extend the sunset date for the position of Vice President-ERM one year beyond the current expiration date of November 2011.

VII. ICA 2014 FIVE USO AGREEMENT

Cynthia Ziegler led the discussion on the ICA 2014 USO Agreement included in the agenda material. The agreement outlines the collaborative activities and finances that will be contributed by each of the five U.S.-based actuarial organizations (CAS, SOA, Academy, CCA, and ASPPA) in support of ICA 2014, the International Congress of Actuaries to be hosted by the U.S.-based organizations in Washington, D.C. in the CAS Centennial year.

Based on recommendations by the Executive Council, there was a motion that the Board approve:

- **the ICA 2014 Five US Organizations Agreement and authorize the President to sign the agreement on behalf of the CAS**
- **scheduling the March 2014 Board meeting on Friday, April 4 (p.m.) and Saturday, April 5 (all day) immediately following the ICA 2014 in Washington, D.C.**

The motion was approved unanimously, with 16 voting in favor.

VIII. CONSTITUTION AND BYLAWS REVISIONS – ASSOCIATES RIGHTS

Leslie Marlo presented the Action Paper on Constitution and Bylaws Revisions-Associates Rights.

There was a motion to submit amendments to the CAS Constitution and Bylaws for a vote of the Fellows in summer 2011. Those would make five-year Associates eligible to vote and to be elected to the Board. The questions will be separated into two votes (with the associated changes to the Constitution and Bylaws):

- **Should Associates be eligible to vote five years after they are recognized as Associates, if they have not yet attained Fellowship?**
- **If the proposal above is approved, should all voting members be eligible to be elected members of the Board of Directors?**

A member of the Board requested that the suggested wording to appear on the election ballot related to these issues be provided to the Board at the May Board meeting. The EC will develop the wording and provide it for Board review in May.

The motion was approved with 15 voting in favor and two opposed.

IX. IMPLEMENTATION OF JOINT DISCIPLINE WITHIN THE US

Roger Hayne described the work of the Joint Discipline Implementation Task Force, which was formed to coordinate the implementation of joint discipline among the US-based actuarial organizations. There was general agreement among the Board, as indicated by straw poll vote, to continue moving forward with implementing joint discipline. In addition, the Board agreed that the details of the joint discipline process should be included in a compact among the organizations as opposed to being detailed in the Constitution and Bylaws. Implementation of joint discipline will require some changes to the Constitution and Bylaws, and Fellows will be provided with the proposed compact among the organizations when asked to approve the changes.

X. AUDIT COMMITTEE REPORT

Ken Quintilian presented the 2011 Audit Committee Report and noted that the independent auditor's report is once again unqualified.

There was a motion to accept the FY 2010 Audit Committee Report including the recommendations contained therein.

The motion was approved with 16 voting in favor.

XI. FY 2012 SUBSTANTIVE BUDGET ITEMS

Leslie Marlo presented the list of new, substantive items expected to be included in the FY 2012 budget.

XII. AMERICAN ACADEMY OF ACTUARIES GOVERNANCE UPDATE

Dave Sandberg, President-Elect of the American Academy of Actuaries, provided the Board with an update on Academy governance initiatives.

XIII. PROCESS FOR REVIEW AND APPROVAL OF ADDITIONAL NATIONAL CE POLICIES

Pat Teufel led the discussion on the process for review and approval of additional national continuing education (CE) requirements within the CAS CE Policy. The CE Policy currently recognizes the CE requirements of four national actuarial organizations (U.S., Canada, U.K., and Australia). The CAS received a request from a member practicing in Singapore that the CE requirements of the Singapore Actuarial Society be recognized by the CAS CE policy. As the CAS may receive similar requests from time to time, the CAS needs to establish procedures and delegate responsibility for consideration of such requests.

The Board discussed the suggestion to delegate authority of additional national CE requirements to the EC. However, the sentiment of the Board was that the Board should retain the authority to approve any additional accepted national CE policies.

XIV. STRATEGIC PLANNING COMMITTEE REPORT

Arlie Proctor gave a brief update on the activities of the Strategic Planning Committee, and referred to the written update included in the agenda book.

XV. EXECUTIVE SESSION

The Board held a short Executive Session. **A motion to ratify the motion passed in Executive Session was approved unanimously in open session, with 15 voting in favor and two abstentions.**

The Board passed the following resolution: The CAS Board hereby expresses its support for the Academy's efforts to streamline the Academy's Board structure, and supports the Academy's efforts to increase its members' participation in Academy governance.

XVI. FOUNDATIONAL STATEMENTS

Louise Francis led the discussion on Foundational Statements and referred to the options for next steps outlined in the agenda material. She noted that the Task Force on Foundational Statements had reviewed the comments submitted in response to the Exposure Draft of the CAS Foundational Statements and recommended that the Board withdraw the Foundational Statements.

There was a motion that the Board discontinue development of the Foundational Statements and disband the Foundational Statements Task Force with thanks.

The motion was approved unanimously, with 17 voting in favor.

There was a motion to form a new Task Force to review the sections of the current Statements of Principles that need to be updated, and revise the Statements accordingly so they are no longer outdated or in conflict with existing Standards of Practice.

The motion was approved with 16 voting in favor and one opposed.

There was general agreement among the Board that the new Task Force needs specific and clear direction from the Board. The Board formed a subgroup of Board members to develop a more detailed charge for the new Task Force, which will be reviewed and approved by the Board in May. Gene Connell, Beth Fitzgerald, Kathryn Morgan, and Alice Underwood volunteered to serve on the subgroup.

XVII. TASK FORCE ON BOARD OPERATIONS AND STRUCTURE FINAL REPORT

Alice Underwood presented the Task Force on Board Operations and Structure Final Report and highlighted the recommendations in the report.

There was a motion that the Board receive the Task Force report and dismiss the Task Force with thanks.

The motion was approved unanimously with 17 voting in favor.

The Board proceeded to provide comments and take action on the following conclusions and recommendations in the report:

- a. Improve Board awareness and understanding of what is going on outside the CAS.
The Board discussed ideas for addressing this recommendation and it was suggested that the Board should be polled on the issues that should be the focus of this effort. The Strategic Planning Committee was tasked with coordinating this effort and will report back to the Board in September.
- b. The Board should consider holding an annual retreat focused on strategy, possibly conducted with the assistance of an outside facilitator.
There was general support for this idea, and it was suggested that it be included in the budget.
- c. The Board Committee structure should be reviewed to ensure that it is appropriate to the needs of the Board.

There was a motion to form a Board Task Force to review the Board Committees and Task Forces, as described in the report. The motion was approved with 14 voting in favor, one opposed, and one abstention. Stan Khury, Ken Quintilian, and Dick Delaney volunteered to staff the Task Force. The Task Force will report back in May.

- d. The Board should conduct an annual self-evaluation of its effectiveness.

There was a motion that the Board should conduct an annual self-evaluation of its effectiveness, organized by the Executive Director. The motion was approved unanimously, with 16 voting in favor.

XVIII. NEW BUSINESS

There was a motion to create a Board Task Force to define and articulate the CAS international vision.

This motion was raised because during the discussion on global positioning it was not clear that the CAS had an international vision. There were concerns expressed that a Board Task Force on the topic would be duplicative. There were also concerns expressed that the Vice President-International was not present for the discussion and that there was not enough time on the agenda to fully discuss the idea. However, the idea could be revisited at a future meeting when time has been adequately allotted for a full discussion. *Subsequent to this discussion, an International Vision that was approved by the Board in 2002 was discovered.*

The motion was not approved, with four voting in favor, 10 opposed, and two abstentions.

XIX. INFORMATION ITEMS

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

- a. EC Cycle Reports/Progress on Goals
- b. EC Minutes
- c. Q1 FY 2011 Financial Statement
- d. 2011-12 Board Meeting Schedule
- e. Results of Fall 2010 Exam Sitting

- f. Board Topics/Master Calendar
- g. ICA 2014 Regulations
- h. ERM II 2010 Report
- i. Caribbean Actuarial Society Report
- j. Regional Affiliates Reports
- k. CE Policy FAQ Addendum
- l. ABCD Report
- m. Academy Board Meeting Notes
- n. CUSP Meeting Notes
- o. Multiple Education Programs Fill Needs In A Changing RM Industry
- p. ERM Stands Test of Time
- q. International Outreach Project
- r. Forbes Magazine Article
- s. Progress Report on 10-11 Staff Goals

There was a motion to adjourn the meeting. This motion was seconded and approved unanimously. Roger declared the meeting adjourned on March 11 at 11:00 a.m. PST.

Respectfully submitted,

Michael Boa
Director of Communications and Marketing

Approved: May 15, 2011

Subsequent to the meeting, the Board considered a motion to approve posting the March 2011 Board Meeting Executive Summary on the CAS Web Site, as amended. Two members of the Board formally abstained. Per e-mail voting procedures, since Directors formally abstained, “written consent” was not achieved, which is required for e-votes. Therefore the item will be considered for approval during the next in-person Board meeting.