

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

**1. MUTUAL RECOGNITION AGREEMENTS**

The first two Mutual Recognition Agreements between the CAS and other actuarial organizations were approved by the CAS Board. These landmark agreements are with the Faculty and Institute of Actuaries (Scotland and England, respectively). The Institute and Faculty Councils are expected to approve the agreements at their meetings in December 2004. A signing ceremony will then be held in early 2005, possibly at Lloyd's.

**2. ACTUARIAL CREDIBILITY REPORT**

The Board considered the report of the Board Retreat Task Force on Actuarial Credibility. There was extensive discussion of the report, its findings and necessary follow-up activities.

It was agreed that this report is merely a first step in the process of enhancing actuarial credibility. The report presents a number of possible actions and it was agreed that a new Task Force should be established to consider the proposals. The Board agreed that the new Task Force should report back to the Board with its selected priorities, along with strategic suggestions and action plans for the high-priority items, by the May 2005 Board meeting. The Board thanked the Board Retreat Task Force for its hard work in the quick completion of the report on the September retreat.

**3. TASK FORCE ON FCAS EDUCATION**

Lee Van Slyke provided an update on the Task Force on FCAS Education, which he chairs. The task force is evaluating the syllabus learning objectives, with the goal of realigning and/or streamlining them to remove at least one exam from the basic education system (in anticipation of ceasing to confer the ACAS designation). The Task Force is aiming to present a report to the Board in September 2005. It was agreed that the new syllabus being contemplated could not go into effect any sooner than 2007.

**4. ANNUAL TRAVEL TIME UPDATE**

Tom Myers led the discussion on the annual travel time report. He reviewed the findings regarding the best measures to use in evaluating travel time, as found in the report. He commented on one of the report's conclusions that, in retrospect, partitioning of exams did not have a major effect on travel time. An initiative under active consideration is to begin to offer one exam – either Part 5 or Part 6 – twice per year, if enough volunteers can be found for the exam committee. It is widely thought that such an undertaking could have a significant effect on reducing travel time. It was agreed that the travel time report could be released to the public at this time.

**5. 2004 LONG RANGE PLANNING COMMITTEE REPORT**

Aaron Halpert joined the Board meeting to present the 2004 report of the LRPC. The focus of the LRPC's efforts this year has been on completing the environmental scans that it has undertaken to establish a baseline for evaluation of the progress toward the Centennial Goal. The LRPC has defined three necessary scans, all of which it has commenced to perform: inside the CAS; other actuarial/insurance organizations; and other professions/other organizations.

The internal CAS scan is finding that the majority of CAS members may not be focused on international issues because they perceive that these issues do not affect them as practitioners.

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

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

It is the sense of the LRPC and some of those interviewed through the scans that the current set of SAM goals may need to be revised. The CAS could accomplish all 10 SAM goals and not accomplish the Centennial Goal. As such, the SAM's are probably too focused and don't cover the whole scope of initiatives necessary to achieve the Centennial Goal. An example of a major area not mentioned in the SAM's is actuarial credibility – there was some concern that this issue may be so overwhelming that the Centennial Goal itself might need to be recast in its light.

## **6. ENTERPRISE RISK MANAGEMENT ACTUARIAL STRATEGIES**

Don Mango led the discussion on ERM and the actuarial profession. He reported on the coordinated efforts of the SOA and CAS to establish prominence for actuaries in this area. The proponents of ERM argue that it is actuarial work, but that actuaries are allowing other professions to take it away through slow response to its emergence as a discipline. For example, derivatives firms (and their CFA's and MBA's) are years ahead of actuaries on the issue, while the actuarial profession is just starting to take a serious look at it.

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

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

## **7. CANDIDATE PROFESSIONAL CONDUCT**

The Board approved the Executive Council's recommendation that candidates taking CAS-specific exams be required to adhere to the CAS Code of Professional Conduct, and that this agreement be documented by the candidate's signature on the exam application. It is expected that the requirement will be implemented with the 2006 examination sittings.

Approved December 14, 2004