

Minutes of Meeting #1-15
Actuarial Standards Oversight Council
Toronto, ON

Tuesday, April 14, 2015

Present: Bob Baldwin Peter Patterson
Bob Christie Michel Sanschagrin
Anne Kleffner Steven Wolff, Vice-chair
Winston Maharaj Jim Christie, ex officio
Norma Nielson Susan Philpott
Tricia O'Malley, Chair

Absent: Jill Wagman, Michel Benoit

Staff: Michel Simard, ex officio
Leona Campbell, CIA staff

Guest: Gordon Dunning, for item 12

Tricia O'Malley, Chair of the Actuarial Standards Oversight Council (ASOC), welcomed the ASOC members, verified that a quorum was present, and called the meeting to order at 9:00 a.m.

Item 1–15.1 Welcome and Introductions

Tricia welcomed Susan Philpott and Anne Kleffner to their first official meeting as members.

Item 1–15.2 Approval of the Agenda

Motion 1–15.2

That the agenda be approved, as presented.

Carried

Item 1–15.3 Approval of the Minutes

Motion 1–15.3

That the minutes of the ASOC meeting held on December 12, 2014 be approved, as presented.

Carried

Item 1–15.4 Report from the ASOC Nominating Committee Chair

Steven Wolff, Chair of the ASOC Nominating Committee (NC), reported on the meeting held immediately before the ASOC meeting to discuss ASOC, ASOC NC, and Actuarial Standards Board (ASB) membership.

1. ASOC Membership

Four members have their terms ending at the end of December 2015: Winston Maharaj, Michel Sanschagrín, Steven Wolff, and Bob Christie. Winston has agreed to have his term extended. The NC will be looking at potential new members to replace the other members.

Motion 1–15.4.1

That Winston Maharaj be appointed to the ASOC as member for an additional two-year term through December 31, 2017.

Carried

2. ASB Membership

Ty Faulds noted that the ASB will be looking for a P&C practitioner for the ASB to replace Jim Christie.

Motion 1–15.4.2

That Stephen Cheng be appointed as member of the Actuarial Standards Board, effective May 1, 2015 for a three-year term through June 30, 2018.

Carried

Motion 1–15.4.3

That Conrad Ferguson be appointed as a member for an additional one-year term, through June 30, 2016.

Carried

3. ASB Chair Update

Item 1–15.5 Report from the Actuarial Standards Board Chair

Jim Christie presented his report and noted the following additional comments.

The use of models is somewhat controversial. It is good practice to use models but the difficulty is to define what a model is. An educational note is being drafted by the Practice Council to help define models. It is expected to be ready in May so that it can be released concurrently with the Exposure Draft for the Use of Models in June. As it is part of the General Section of the Standards, all practice areas are being consulted in the process. The UK and U.S. have a standard on modelling. It is expected that many comments will be received once the exposure draft is released.

Commuted Value Mortality Tables are used in two areas: pensions and marriage breakdown. Concerns have been raised by members regarding the use of the same table for all areas. An Initial communication has been issued for both pension and marriage breakdown. The new table is more

sophisticated and is two dimensional instead of one. These will be effective in the fourth quarter of this year.

A review of Non-mortality Assumptions for Pension Commuted Values and Marriage Breakdown is currently in progress. The ASB is looking to get as much input as possible and presented a webcast on the subject for that purpose. They will be documenting the full process to be able to illustrate that the due process has been followed. The aggressive timetable may be challenged. It is expected that the Notice of Intent (NOI) will be approved on a conference call following the June ASB meeting so that comments are returned by September in order to have a discussion at the Pension Seminar.

The review of the general section is behind schedule. The NOI is expected to be reviewed by the ASB in June. There is not anything urgent expected from this review, just a general clean-up of the section.

Item 1–15.6 Review of Joint Meeting with the ASB

There wasn't much feedback with respect to the implementation of the International Standards as it appears that the ASB is doing what needs to be done. Jim commented that having the ASB hear directly from the ASOC about issues and concerns they have is beneficial. The discussion about priorities of the ASB is helpful to the ASOC. Better interaction and discussion may occur if the topics are not just the top priorities, as those are already fairly well established.

It was suggested that an annual update on international-level activities would be beneficial presented either by the ASB chair or by someone involved in one of the international committees, e.g., Dave Pelletier or Micheline Dionne.

The broader list of issues from the environmental scan should be brought to the ASOC for discussion to help prioritize the list and should be sent in advance to enable some time for review in order to facilitate a better discussion.

Item 1–15.7 Update from CIA

The CIA is working to become the actuarial organization of choice for actuaries who have dual allegiance. A continuing professional development (CPD) needs analysis was performed which showed the need for more webcasts to be available. The CIA wants to emphasize to its members that it is important to attend CIA webcasts and meetings to interact with other Canadian actuaries.

Along with other international committees, the CIA is addressing issues related to the definition of professionalism, professional independence, and professional objectivity.

The CIA is attempting to close the gap in the professional conduct system as compared to other organizations. Three issues were identified where the CIA is lacking:

- Does not ask about criminal record from potential members;
- Does not currently have the power to force a medical exam if required; and
- Does not have a method for professional inspection/quality assurance.

The CIA is working to build the Canadian brand particularly among the student population. One way is the creation of the University Accreditation Program.

The CIA is promoting actuarial science as a career. The Back to School program was created to get actuaries to go to local high schools to present to math and science students about a future in an actuarial field. There is also a program where students in Québec spend a day with an actuary.

The CIA is working to create a stronger social media presence through Twitter, LinkedIn, and Facebook.

Ads were placed in *The Globe and Mail* and *La Presse* for the 50th Anniversary.

A new government relations manager was hired at the CIA.

The 50th anniversary celebration was launched with a live audio-video webcast which had over 1700 people in attendance. A gala evening will take place on June 17 prior to the Annual Meeting. The CIA is hosting a dinner at the International Actuarial Association (IAA) council in Vancouver later in the year as the last event of the 50th anniversary celebration.

The CIA has a sound financial position. There will be a 5 percent dues increase. Close to \$500,000 is being spent on research this year.

Item 1–15.8 Public Meeting Survey

Some of the observations that came out of the survey conducted following the December public meeting are as follows:

Downtown location and lunch time seem to be preferred but more time should be allocated for networking and question time. This could be arranged by having the ASOC meeting end later.

ASOC background overview should be minimized. It could be sent out by e-mail to registrants as pre-meeting reading material.

It was suggested to have a panel discussion and/or case study at each table for discussion during lunch and it could represent interests of various participants and perspectives. Case studies would need to be sent to online participants in advance.

Suggested topics:

- Standard setting;
- Commuted value pension vs. marriage breakdown issue;
- Comparative best practices and governance; and
- Discuss the point of view from various stakeholders.

It was suggested that an interactive question be included to generate better discussion and interaction.

Peter offered to be part of a working group to investigate options for subject matter.

Action item:

- Working group will determine format of meeting; and
- Research availability and costs for interactive capability.

Item 1–15.9 2015 ASOC Action Chart

Ty will follow up with the new Office of the Superintendent of Financial Institutions (OSFI) superintendent for the August meeting.

There will be only one speaker for the December meeting, which would be at the public meeting (not at the ASOC meeting).

Item 1–15.10 Review of Action Items

All items were completed.

Item 1–15.11 2015 Meeting Dates

The schedule for upcoming **ASOC** meetings was discussed. The spring joint meeting date needs to be finalized based on schedules.

The current confirmed dates are as follows:

- August 27, 2015 – Toronto; and
- December 10, 2015 – Toronto.

The schedule for upcoming **ASB** Meetings is as follows:

- June 9, 2015 – 9:30 a.m. –4:30 p.m. (Toronto airport);
- August 11, 2015 – 10:00 a.m. –1:00 p.m. (conference call);
- October 7, 2015 – 9:30 a.m. –4:30 p.m. (Toronto airport);
- December 2, 2015 – 9:30 a.m. –4:30 p.m. (Toronto airport); and
- February 16, 2016 – 9:30 a.m. –4:30 p.m. (Toronto airport).

It was suggested that the NC could meet by conference call a week prior to the meeting.

Action Items:

- **Tricia will follow up with Jill to determine Eckler annual meeting dates in order to set the April 2016 meeting.**
- **Leona will poll for 2016 dates in April, August, and December.**
- **Leona will look into the potential for an airport location for the August meeting.**

Item 1–15.13 In-Camera Session

The ASOC ended the meeting with an in-camera session.

Item 1–15.12 Guest Speaker – Gordon Dunning

Gordon Dunning from Assuris spoke about what Assuris does and why Assuris cares about the actuarial profession as well its views about the evolution of the profession and what it would like to see in the future.

He advocates for better disclosure, not more, with the public and regulators.

He commented on the lack of standardization on the liability side.

Jim asked Gordon to provide lists of issues that are seen by Assuris, but confidentiality is an issue for this.

There being no further business, the meeting was adjourned at 3:30 p.m.