

**MINUTES OF MEETING #1-14**  
**ACTUARIAL STANDARDS OVERSIGHT COUNCIL**  
**Toronto, ON**

**Wednesday, April 9, 2014**

**Present:** Bob Baldwin Peter Patterson  
Michel Benoit Michel Sanschagrin  
Bob Christie Jacques Valotaire, *Chair*  
Winston Maharaj Steven Wolff, *Vice-chair*  
Norma Nielson Jim Christie *ex officio*  
Tricia O'Malley

**Absent:** Jill Wagman

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

**Guest:** Ty Faulds, *guest speaker for Item 5*

Jacques Valotaire, 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 1-14.1 Approval of the Agenda**

**Motion 1-14.1**

**That the agenda be approved, as presented.**

<b>Proposed by:</b>	<b>Michel Sanschagrin</b>	
<b>Seconded by:</b>	<b>Bob Christie</b>	<b>Carried</b>

**Item 1-14.2 Approval of the Minutes**

**Motion 1-14.2**

**That the minutes of the ASOC meeting held on December 12, 2013 be approved, as presented.**

<b>Proposed by:</b>	<b>Winston Maharaj</b>	
<b>Seconded by:</b>	<b>Michel Sanschagrin</b>	<b>Carried</b>

**Item 1-14.3 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 ASB membership.

*1. ASOC Membership*

Peter Patterson, Michel Benoit and Tricia O'Malley, have accepted to extend their mandates for three years.

Jacques Valotaire and Norma Nielson will be retiring at end of 2014. Three names were presented for nomination.

**Motion 1-14.3.1**

**That Tricia O'Malley, Michel Benoit and Peter Patterson be appointed to the ASOC for an additional three years.**

<b>Proposed by:</b>	<b>Steven Wolff</b>	
<b>Seconded by:</b>	<b>Norma Nielson</b>	<b>Carried</b>

**Motion 1-14.3.2**

**That Phelim Boyle, Anne Kleffner and Susan Philpott be appointed to the ASOC for a two-year term, effective January 1, 2015.**

<b>Proposed by:</b>	<b>Steven Wolff</b>	
<b>Seconded by:</b>	<b>Norma Nielson</b>	<b>Carried</b>

*2. ASB Membership*

Jim Christie provided an update on ASB membership and succession planning.

It was proposed that Catherine Robertson be appointed to replace Michael Banks.

**Motion 1-14.3.1**

**That Catherine Robertson be appointed as a member of the ASB for a three-year term, effective July 1, 2014.**

<b>Proposed by:</b>	<b>Michel Sanschagrín</b>	
<b>Seconded by:</b>	<b>Winston Maharaj</b>	<b>Carried</b>

**Motion 1-14.3.2**

**That Ty Faulds be appointed as a member of the ASB for one additional year.**

<b>Proposed by:</b>	<b>Michel Sanschagrín</b>	
<b>Seconded by:</b>	<b>Winston Maharaj</b>	<b>Carried</b>

*3. ASB Chair advertising plan*

Leona Campbell will be starting the process to advertise in June *(e)Bulletin* for position of ASB Chair. The letter should come from ASOC not CIA.

**Item 1-14.4 Report from the Actuarial Standards Board Chair**

Jim Christie provided an update from the ASB. In addition to the written report, the following items were noted:

- The economic reinvestment assumptions final standard was discussed at the ASB meeting on April 8, 2014 and an email vote will be done in the next couple of weeks with an anticipated release date of document on May 15, 2014, with an effective date of October 15, 2014.

- IASB will release the final version of IFRS 4 in 2015 with an effective date in January 2018. New standards will need to be implemented by the CIA. In order to be proactive and to implement in a timely manner, the exposure draft of the international standards will likely be used to begin development of the revised Canadian standard of practice.
- A new designated group was formed to work on incorporating ISAP 2 Social Security into standards of practice.
- A designated group is looking at commuted value mortality tables to determine which table to use for promulgation. It will take longer as they expect to do a single blended table which will not differentiate between such distinctions as male/female or blue collar/white collar, as required by the regulators. The final promulgation is expected to be effective February 2015.
- A new designated group will look at non-mortality assumption following proper due process with actuarial evidence and pension groups being involved to minimize controversy.
- An initial report was received from the working group which recommended that a standard be created for actuaries who are asked to opine on expected investment returns of pension plans.
- Dr. Ishmael Sharara wrote a letter to ASOC stating that the commuted value standard rates being used were not appropriate and that public interest is not being served. ASB is currently looking at the issues and Jim responded to him accordingly that ASB is taking action.

#### **Item 1-14.5 Guest Speaker: Ty Faulds**

Jacques Valotaire introduced Ty Faulds. Ty provided an update on the work of the economic reinvestment assumptions designated group. He outlined the process that was followed by the DG and gave a broad overview of the issues.

#### **Item 1-14.6 Public Interest**

The working group was formed following the last meeting. There was significant discussion and documents reviewed. A report was drafted and circulated. Bob Baldwin provided his comments on the report which had not been included prior to the document being distributed.

The question was raised as whether the ASOC was supporting or overseeing the ASB. The ASOC terms of reference state the ASOC's mission is to serve the public interest by supporting the ASB in its mission, overseeing its work and providing input to its activities. Section 14 should be modified to reflect this.

It was suggested that strategic direction should be discussed jointly with ASB every couple of years. The next joint session should include an environmental scan.

Jim Christie suggested that he could be more descriptive of the due process followed for each project in his reports to ASOC. It may be worthwhile at the end of each project to document through a checklist, the record of procedure to ensure that ASB has followed due process. It would include reference to ASB minutes for when motions are approved. Every meeting should include a discussion of new projects as well as those deferred to ensure that choices are valid from the public interest perspective. A report should be included at the end of each project as well to ensure that due process is followed. ASOC minutes should document that the review has been done.

There are difficulties getting comments and input from stakeholders outside of the profession. The contacts at the CIA accredited universities could be included on the mailing list so that they receive communications.

#### **Item 1-14.7 Risk Identification and Assessment**

The Risk Committee is looking for input on the key risks of the council and its mitigating strategies. Some suggestions included:

- Potential difficulty in recruitment of a quality ASB Chair – ASB members, advertising, personal recruitment
  - New projects may not get started, ongoing projects may not be completed
  - Not an immediate risk but could be a problem over time
- Aging volunteer base – committees should always have some newer actuaries to start “grooming” them to play a significant role on the committees
- Recruitment of competent ASB members – list of potential members is constantly updated
- Ensuring that ASB has the necessary resources to be responsive to undertake urgent and/or large work projects for the benefit of public interest
- Reputational risk arising from existing standards that do not adequately protect the public – well documented process to review standards on a regular basis
- Not having proper representation on the ASOC which adequately represent the stakeholders affected

#### **Item 1-14.8 Feedback from Joint ASB/ASOC Session**

The presentation was well received. There was great participation from both ASOC and ASB.

#### **Item 1-14.9 2013 ASOC Action Chart**

The next self-assessment will be completed after the September meeting.

#### **Item 1-14.10 Review of Action Items**

All action items from the last meeting were completed.

#### **Item 1-14.11 2014 Meeting Dates**

The 2013–2014 schedule of the ASOC meetings are as follows:

- September 5, 2014 – Montreal
- December 2014 – Toronto TBD

Suggested topics and/or guest speakers for regular or public meeting:

- Climate change
- Report from DG on mortality table
- CPP/QPP – Louis Adam

#### **Item 1-14.15 In-Camera Session**

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

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