

MINUTES OF MEETING # 4-13
ACTUARIAL STANDARDS OVERSIGHT COUNCIL
Toronto, ON

Thursday, December 12, 2013

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

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

Guest: Barbara Zvan, *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 9:30 a.m.

Item 4-13.1 Approval of the Agenda

The agenda was approved, as presented and the following motion was presented.

Motion 4-13.1 That the agenda be approved, as presented.

Proposed by: Michel Sanschagrin

Seconded: Peter Patterson

Carried

Item 4-13.2 Approval of the Minutes

Motion 4-13.2 That the minutes of the ASOC meeting held on September 18, 2013 be approved, as presented.

Proposed by: Norma Nielson

Seconded: Jill Wagman

Carried

Item 4-13.3 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

The NC discussed succession planning for five members whose terms are ending December 2014. Jacques Valotaire and Norma Neilson will be retiring at that time. Peter Patterson, Michel Benoit and Tricia O'Malley, have accepted to extend their mandates.

It was cautioned that the number of actuaries on the ASOC should be limited and that the areas of experience on the council should be expanded. It was concluded potential candidates from the labour, investment, financial risk management areas should be sought. There is an unwritten rule about having no more than three actuaries on the ASOC but that it should always have some actuaries and that the chair should not be an actuary. These rules should be considered when next reviewing terms of reference as to whether they should be formalized.

2. ASB Membership

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

Motion 4-13.3.1 **That David Oakden be appointed as a member of the ASB, effective immediately with a term to end in December 2016.**

Proposed: Steven Wolff

Seconded: Michel Sanschagrin

Carried

Motion 4-13.3.2 **That Luc Farmer and Jay Jeffery have their terms extended one year as members of the ASB.**

Proposed: Steven Wolff

Seconded: Michel Sanschagrin

Carried

Item 4-13.4 **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:

- Dividend recommendations were never previously part of the consolidated standards. It is now included with an educational note that is to be approved by PC today.
- The economic reinvestment assumptions exposure draft has been approved and will be out shortly with a comment deadline of February but no surprises are expected. They are not likely to allow early adoption. The biggest concern is that it all occurs on one day so that there are not two separate sets of rules.
- A new NOI for modelling is expected in January and it will be embedded in the general part of the standards to define all models. There is a struggle to define what a model is. It will likely be effective in 2015.
- Questions have been raised as to whether mortality tables should be updated more frequently given the improved mortality? The challenge is getting individual companies to participate to provide their data.
- ASB is reluctant to write a standard on its own for Shared Risk Plans (SRPs). The question still remains as to how to better communicate to the public. It needs to be clearer to the members of a plan that there is uncertainty. Concise wording and terminology is required to ensure clarity and consistency. The discussion will be continued at the joint meeting of ASB and ASOC in April.

Item 4-13.5 Guest Speaker: Barbara Zvan

Jacques Valotaire introduced Barbara Zvan, senior vice-president from the Ontario Teachers' Pension Plan. Barbara presented on the impact of long term interest rates on the Ontario Teachers' Pension Plan by outlining the trends based on investments, assets and liabilities to date.

Models have worked well to date but there is a need to determine the next steps.

A number of factors have increased longevity and length of retirement life.

The standards must be changed throughout the industry.

Item 4-13.6 ASB Code of Conduct

The ASB decided that they did not believe that the designated groups should be constrained to the same code of conduct as the ASB as it might be detrimental to getting people to participate in a DG. It was suggested that they have a modified version of the code of conduct.

Item 4-13.7 ASOC Self-Assessment

Overall, the response was favourable to the work of the ASOC. There still seems to be some concern as to the areas of public interest and strategic direction. More focus is required for risk management. Public interest needs to be defined within context of terms of reference and what can be done by the ASOC. It was questioned whether the terms of reference should be modified to broaden the scope.

Item 4-13.8 Public Interest

The ASOC is now in a better position to try to define public interest and determine how to best serve it.

Item 4-13.9 Proposed Canadian Mortality Tables

A designated group is currently working on a table to promulgate and will address if the existing dimensions of the current table be expanded beyond pensions. The table should be finalized in February. Fall of 2014 is expected to be the timing for promulgation.

Item 4-13.10 Annual Update to CIA Board

There were no comments so has been approved as presented.

Item 4-13.11 2013 Public Meeting

There will be a presentation by Sally Gunz. The meeting will be video webcast for the first time. There are expected to be 40 people in attendance in person and 65 on the webcast.

Item 4-13.12 2013 ASOC Action Chart

It needs to be decided as to when to do the next self-assessment.

Item 4-13.13 Review of Action Items

All action items from the last meeting were completed.

Item 4-13.14 2014 Meeting Dates

The 2014 schedule of the ASOC meetings are as follows:

- April 8, 2014 – Toronto, ON (afternoon followed by ASB/ASOC joint session and dinner)
Potential topic: role of actuary/disclosure, Jim to determine if any other topics are of higher importance
- April 9, 2014 – Toronto
- September 18, 2014 – Montreal

Item 4-13.15 In-Camera Session

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

It was suggested that more time should be given to the ASB update at future meetings, to allow for more discussion.

ASOC asked Jim Christie to provide a list of standards and their status.

There being no further business, the meeting was adjourned at 2:30 p.m.