

**MINUTES OF MEETING # 4-12  
ACTUARIAL STANDARDS OVERSIGHT COUNCIL  
MONTRÉAL, QUÉBEC**

**THURSDAY, DECEMBER 13, 2012**

**Present**

Bob Baldwin  
Michel Benoit  
Gilles Bernier  
Bob Christie  
Emilian Groch, *Chair*  
Norma Nielson  
Tricia O'Malley  
Peter Patterson

Bob Rutherford  
Jacques Valotaire, *Vice-chair*  
Jill Wagman  
Steven Wolff  
Dave Pelletier, *ex officio*  
Michel Simard, *ex officio*  
Shirley Ann Mahon, *CIA staff*

**Guests**

Conrad Ferguson, *partner, Morneau Shepell, for Item 6*  
Michel Sanschagrin, *observer and ASOC member as of January 2013*

Emilian Groch, 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. He offered congratulations on behalf of the ASOC to Tricia O'Malley, the recipient of a Queen Elizabeth II Diamond Jubilee medal, for her leadership in the establishment of high-quality national and international accounting standards and her contribution to the public trust in Canadian capital markets.

**Item 4-12.1                      Approval of the Agenda**

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

**Motion 4-12.1              That the agenda be approved, as presented.**

**Proposed by: Jacques Valotaire**

**Seconded: Gilles Bernier**

**Carried**

**Item 4-12.2                      Approval of the Minutes**

The minutes of the ASOC meeting held on September 13, 2012, previously approved by e-mail vote on October 31, 2012, were provided for information only.

**Item 4-12.3                      Report from the ASOC Nominating Committee Chair**

Jacques Valotaire, 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*

One last spot remained to be filled on the ASOC, and the NC recommended the appointment of Winston Maharaj, who had previously accepted the nomination. The following motion was presented.

**Motion 4-12.3.1 That the ASOC appoints Winston Maharaj to become a member of ASOC, effective January 1, 2013.**

**Proposed by: Emilian Groch**

**Seconded: Bob Rutherford**

**Carried**

As the terms of Emilian Groch and Jacques Valotaire, respectively Chair and Vice-chair of the ASOC, will end on December 31, 2012, M. Valotaire and Steven Wolff have agreed to be considered as Chair (two years) and Vice-chair (one year) respectively, effective January 1, 2013. The following motions were presented.

**Motion 4-12.3.2 That the ASOC appoints Jacques Valotaire as Chair of the ASOC, effective January 1, 2013, for a period of two years.**

**Proposed: Emilian Groch**

**Seconded: Bob Rutherford**

**Carried**

**Motion 4-12.3.3 That the ASOC appoints Steven Wolff as Vice-chair of the ASOC and Chair of the ASOC NC, effective January 1, 2013, for a period of one year.**

**Proposed: Emilian Groch**

**Seconded: Jacques Valotaire**

**Carried**

### *2. ASOC NC Membership*

As there will be two openings on the NC due to the terms of Emilian Groch and Bob Rutherford ending on December 31, 2012, the NC recommended the appointment of Bob Baldwin and Tricia O'Malley and the following motion was presented.

**Motion 4-12.3.4 That the ASOC appoints Bob Baldwin and Tricia O'Malley as members of the ASOC Nominating Committee, effective January 1, 2013.**

**Proposed: Norma Nielson**

**Seconded: Gilles Bernier**

**Carried**

### *3. ASB Membership*

Bruce Langstroth has replaced Phil Rivard as Chair of the Practice Council and joins the ASB as an ex officio member.

Membership of the ASB will fall from 11 to seven in July 2013 in the absence of any replacements or one-year extensions. The NC will bring the names of the recommended candidates to the meeting in March.

#### **Item 4-12.4 Report from the Actuarial Standards Board Chair**

Dave Pelletier, Chair of the Actuarial Standards Board (ASB), presented a report on the status of specific projects of the ASB. The report summarized the activities since the last ASOC meeting of September 2012.

There was discussion on the following items:

- Pension funding standards—what is the role of the ASOC with regard to solvency and going-concern funding issues, particularly relating to the extreme low-interest-rate environment? It was suggested to bring this to the joint ASB/ASOC session in March 2013 as a subject for discussion, potentially titled “The Role of the Standard-Setter versus the Role of the Regulator”. The Alberta government will be releasing a public paper in the spring of 2013, making this discussion very timely.
- Modelling—the Designated Group felt unable to comply with what commentators wanted. Therefore, Jim Christie will lead a review of the comments received and provide recommendations on next steps at the March ASB meeting.
- Insurance valuation standards.
- An ASB Code of Conduct will be finalized and submitted to the ASOC in March.

At the end of his presentation, the ASB chair asked what the ASOC thought of the priorities of the designated groups in terms of public interest. Are the right things being done with the limited resources available? The resulting comments were generally in favour of the issues being addressed.

***Action items:***

***Consider a discussion on the role of the standard-setter versus the role of the regulator for the joint ASB/ASOC session in March 2013.***

***The ASB will submit an ASB Code of Conduct to the ASOC in March 2013.***

**Item 4-12.5 Report from the ASOC Chair**

Mr. Groch reported on his presentation to the CIA Board in September 2012. He had asked the Board for feedback on the ASOC’s role and activities.

He reported that Board members are pleased with the role of the ASOC and their recommendation was to continue with its proposed work plan.

**Item 4-12.6 Guest Speaker: Conrad Ferguson**

Conrad Ferguson of Morneau Shepell in Fredericton, NB, gave a presentation on the actuary’s role in workers’ compensation plans. It focused on:

- Workers’ compensation systems in Canada;
- Comparisons to other actuarial work;
- The role of the actuary;
- Public interest;
- Challenges; and
- Future issues.

**Recognition of ASOC member retirements**

Following the lunch break Mr. Groch recognized the contribution of Bob Rutherford and Gilles Bernier—two of the founding members of ASOC—and thanked them and presented each with a commemorative plaque. This was their last ASOC meeting.

Monsieur Valotaire in turn thanked Mr. Groch, another of the founding members whose term ended on December 31, for his contribution over the years, culminating in his role as Chair of the ASOC for the past two years. He presented him with a commemorative plaque and a gift on behalf of the ASOC.

#### **Item 4.12.7 ASOC Terms of Reference**

An assessment of the ASOC Terms of Reference and the need for a code of conduct was undertaken by Mr. Groch, M. Valotaire, Bob Baldwin, and Michel Benoit. Their recommendations were presented for discussion and the ASOC will conclude its review of the Terms of Reference at its meeting on March 28, 2013.

Section 5 of the ASOC Terms of Reference states that “the ASOC shall report publicly on the activities of the ASOC at least annually”. A discussion followed on what form public reporting may take. Alternative types of public reporting will be explored and a cost/benefit analysis of the options will be carried out by the CIA Head Office and provided to Jill Wagman and Bob Christie for them to assess.

A majority of ASOC members agreed that a code of conduct specific to the ASOC is not required.

#### ***Action items:***

***A red-lined version of the ASOC Terms of Reference with the suggested changes will be circulated to members for the ASOC meeting in March for further discussion and approval.***

***The CIA Head office will prepare a cost/benefit analysis of different forms of public reporting and provide this information to Jill Wagman and Bob Christie, who will bring this back to the ASOC for discussion and approval.***

#### **Item 4-12.8 2012 ASOC Public Meeting**

The ASOC members reviewed the details of the public meeting, including the agenda and the list of attendees.

#### **Item 4-12.9 ASOC Budget Proposal for 2012–2013**

Michel Simard presented the proposed operational budget for the coming year.

#### **Item 4-12.10 2013 ASOC Action Chart**

The draft 2013 ASOC Action Chart was reviewed by members and several suggestions were made for future educational/developmental sessions, such as:

- Role of standard-setter versus role of regulator (joint session with ASB—March 2013).
- Target benefit/shared risk benefit pension plans (Paul McCrossan was suggested as a presenter for March 2013).
- Public interest (Jean Mercier was suggested as presenter for September 2013). This presentation should be followed by a session to discuss the implications for the ASOC.
- Role of the actuary in property and casualty area (Jim Christie was suggested as the presenter on this item for December 2013).
- International standard-setting.
- Accounting for social policy obligations.

- Post-employment benefits.
- Social security (Jean-Claude Ménard was suggested as a presenter).

With the changes to the ASOC membership the website will need updating.

***Action items:***

***The CIA Head Office will update the ASOC Action Chart.***

***The CIA Head Office will update the website where needed to reflect the changes in the ASOC membership.***

***Gilles Bernier will contact Jean Mercier to ask him to speak on public interest at the September 2013 meeting.***

***Following the presentation on public interest at the September meeting, an agenda item will be scheduled to discuss any implications for the ASOC.***

***Jill Wagman will contact Paul McCrossan to speak on shared risk plans at the March 2013 meeting.***

**Item 4-12.11                      Review of Action Items**

All action items from the last meeting were completed.

**Item 4-12.12                      Other Business**

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

- March 28, 2013—Toronto, ON (March 27 afternoon, ASB–ASOC joint session and dinner);
- September 18, 2013—Montréal, QC;
- December 12, 2013—Toronto, ON;
- April 9, 2014—Location TBC (April 8 afternoon, ASB–ASOC joint session and dinner).

**Item 4-12.13                      In-Camera Session**

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

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