

**Minutes of Meeting #3–15
Actuarial Standards Oversight Council
Toronto, ON**

Thursday, December 10, 2015

Present: Bob Baldwin Tricia O’Malley, Chair
Michel Benoit Peter Patterson
Bob Christie Susan Philpott
Ty Faulds, ex officio Michel Sanschagrin (by cc)
Anne Kleffner Jill Wagman, Vice-chair
Winston Maharaj Steven Wolff

Staff: Leona Campbell, CIA staff

Guests: John Carter, John Ilkiw

Absent: Phelim Boyle

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 3–15.1 Welcome and Introductions

Tricia O’Malley welcomed John Carter and John Ilkiw as the new members of the Council starting in January, to the meeting.

Item 3–15.2 Approval of the Agenda

Motion 3-15.2

That the agenda be approved, as presented.

Carried

Item 3–15.3 Approval of the Minutes

Motion 3–15.3

That the minutes of the ASOC meeting held on August 27, 2015 be approved, as presented.

Carried

Item 3–15.4 Report from the ASOC Nominating Committee Chair

Jill Wagman, 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 is currently looking for a French candidate from the P&C area. Several names were provided to the NC and will be reviewed further for discussion at the April meeting. There are no current recommendations to the ASOC at this time.

This will be the last meeting for Bob Christie, Michel Sanschagrín, and Steven Wolff as they will be completing their terms effective December 31, 2015. A formal thank you will be done at the joint ASB/ASOC dinner in April.

The NC is always looking for candidates from all areas as terms are ending each year for various members. If anyone has any recommendations, they should submit them to Jill Wagman for consideration.

2. ASB Membership

Josephine Marks has agreed to join the ASB from the insurance practice area. Geoffrey Melbourne has also agreed to join the ASB to replace Laura Newman from the pension practice area. Tony Williams has rejoined the ASB following a three-month leave of absence.

Motion 3–15.4.1

That Josephine Marks and Geoffrey Melbourne be appointed as members of the Actuarial Standards Board, effective January 1, 2016, for three-year terms.

Carried

Motion 3–15.4.2

That Tony Williams have his term extended by three months to June 30, 2017.

Carried

3. ASOC NC Membership

As Steven Wolff will be completing his term on the NC, Winston Maharaj was recommended and has subsequently agreed to replace him.

Motion 3–15.4.3

That Winston Maharaj be appointed as a member of the ASOC Nominating Committee, effective January 1, 2016.

Carried

Item 3–15.5 Report from the Actuarial Standards Board (ASB) Chair

Ty Faulds included in his report the requested summary table of all ASB activities; the report was well-received. He also provided an update report of feedback from the recent CIA meetings with the various regulatory bodies. Further to his report, it was noted that Bill 57 has now been passed in November 2015. It is under review to determine if any changes are required to the Standards, but it doesn't appear that any are required. Ontario, New Brunswick, and Québec are not automatically adopting the new commuted table. In Québec, if it is not used, a

qualification statement is required. A risk analysis is implicit in the requirement. Québec will be strictly regulated without much leeway to the plan administrator. The Standards will be affected but what is in the regulations will determine what action is required by the ASB.

A designated group (DG) was recently formed for insurance-specific standards. A UK flu vaccine that didn't work may have been a factor which negatively impacted mortality improvement. It appears that the process to develop projection scales instigated by the UK Institute and Faculty of Actuaries is overly sensitive to current trends.

The Exposure Draft (ED) for Modelling Standards went out and the comment deadline has now passed. Several submissions were received which will take some time and effort to analyze. The International Actuarial Association (IAA) has also sent out an Exposure Draft for the Governance of Models with a comment deadline date of March 2016. The ASB will be reviewing and responding following its review of the comments received on the CIA ED. The timetable will be reviewed based on the developments on the IAA project.

Commuted Value DG – An online form was created which allowed members to send in their submissions. There has been significant response to date and there have also been several requests for a deadline extension which will be reviewed. Given the large number of responses expected and the potential extension, the timetable may need to be revised.

There have been no initiatives discussed to date regarding climate change but will likely be on future plans for discussion. The ASOC may be interested in having someone come in to present on this topic so they are better informed.

Item 3–15.6 Report to the CIA Board

The final presentation was included in the package. The Board is currently having significant discussions about public interest issues and is interested in what ASOC has done on this topic. The Board is in agreement that ASOC is looking at the necessary issues.

The ASOC should suggest that the ASB review that there is consistency between practice areas or have an appropriate rationale for variances.

Item 3–15.10 2015 ASOC Action Chart

The ASOC and ASB Terms of Reference and operating due process procedures should be reviewed simultaneously.

ASB/ASOC joint meeting: should it be a discussion of short-term or long-term priorities, strategic or operational planning? Or should it be a discussion of emerging issues or the big picture looking at consistency between practice areas? The ASB is currently having discussions about potential future projects. Tricia O'Malley and Ty Faulds will discuss the topic/discussion to be held during the joint meeting.

The ASOC is interested in having someone speak about the paper on climate change. Karen Lockridge approached Tricia at the CIA Board meeting about potentially speaking on this topic. Tricia will contact her to see about availability. Tricia suggested that having the Auditing and Assurance Standards Oversight Council speak with ASOC at a future meeting could be beneficial.

Action items:

- **Tricia O'Malley and Ty Faulds will discuss topic for the joint meeting.**
- **Tricia O'Malley will contact Karen Lockridge about presenting at a future meeting.**

Item 3–15.8 Review of Action Items

All items were completed.

Item 3–15.9 2016 Meeting Dates

The schedule for upcoming ASOC meetings was discussed. August 24 and December 14 were confirmed for 2016. The new members are invited to a lunch prior to the April joint meeting.

For 2017, it was suggested that the public meeting should be held earlier before the hectic schedules of December. Given that the ASOC is meeting in August, the public meeting could be held in November and it was suggested that it be held in Montréal.

The **ASOC** current confirmed dates are as follows:

- April 12, 2016 – Toronto downtown (joint meeting and dinner with ASB);
- April 13, 2016 – Toronto downtown;
- August 24, 2016 – Toronto airport; and
- December 14, 2016 – Toronto downtown.

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

- February 16, 2016 – 9:30 a.m.–4:30 p.m. (Toronto airport); and
- April 12, 2016 – Toronto downtown (including joint meeting and dinner with ASOC).

Item 2–15.10 ASOC Self-Assessment

The ASOC discussed the results from the assessment and some of the following items were noted:

- Do not have an adequate knowledge of the P&C area.
- Agreement that it is a fairly well-functioning group and everyone feels accountable.
- Should the meeting go longer to allow more discussion time? If so, how should the additional time be made up?
- There is a gap in the knowledge of the strategy of the ASB. A better overall understanding of the overall strategy would be helpful. An orientation of new members could also be beneficial to get them up to speed.
- ASB underutilizes the ASOC.

Action item:

- **Leona Campbell/Ty Faulds will send out a note to the ASOC when the ASB reports are published.**

Item 3–15.11 2015 Public Meeting

The ASOC provided their review of the public meeting. The consensus was that the speakers provided thought-provoking ideas and the audience was very engaged. The format worked well

and there was a good balance between the insurance and pension point of view. It was noted that it is important to do an overall impact analysis on the effect of each project. The ASOC would like a transcript of the meeting to better review the concepts presented for future discussion. It needs to be clear that the ASOC mandate is to serve the public interest not to protect it.

Given the number of no-shows, it was suggested that Head Office should consider charging a nominal fee to cover some of the costs of the lunch. A reminder should be sent out to those planning to attend to confirm their attendance prior to numbers being sent to the hotel. The back tables should be kept reserved until the front tables are filled.

Item 3–15.12 In-Camera Session

The ASOC held its in-camera session.

There being no further business, the meeting was adjourned at 2:54 p.m.