

Item 2-13.3 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. ASOC is invited to suggest new members, ideally candidates from Quebec and Western Canada. Peter Patterson, Michel Benoit and Tricia O'Malley, have accepted to extend their mandates.

2. ASB Membership

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

Motion 2-13.3 That Michael Banks be appointed as Vice-chair of the ASB, effective immediately with a term to end in June 2014.

Proposed: Bob Christie

Seconded: Winston Maharaj

Carried

Item 2-13.4 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.

- The Post-employment benefit plans review of part 6000 project has been finalized and the designated group disbanded.
- The biggest new challenge will be to write actuarial standards to comply with IFRS 4, phase 2. The exposure draft has been released. It is expected to become effective January 2018 and will require significant changes to our actuarial standards particularly on the Life Insurance side as the current approach referred to as CALM will not be permissible. As this will be a global accounting standard we are hoping to have a global actuarial standard. The biggest issues will be getting global consensus and bringing it to Canada without unduly constraining Canadian actuaries or Canadian insurance companies. Timing will be an issue as it takes several years to get a standard out. IFRS 4 should come out in 2018. Simon Curtis will lead a new designated group to put forward the ASB's comment on the notice of intent and the subsequent exposure draft as well as bringing forward a proposed standard for Canada. The DG has a full complement of volunteers representing all areas of the profession.
- The actuarial evidence standard has been published and has been well received by the AE community.
- The new hypothetical wind-up of pension plans standard has been approved. The ASB is waiting on the Educational Note to be approved and both documents should be published concurrently in the next few weeks.
- The modeling designated group was recently established and a notice of intent is expected at the next ASB meeting.
- ISAP 1 on general actuarial principles was approved by the IAA.

- Economic reinvestment assumptions will tighten up rules under CALM. It was started a year ago as it wasn't prudent to wait for IFRS 4. Ideally a revised standard would be out by December 2013 but to not be effective until December 2014 to make sure everyone concerned has the appropriate time to get things set up properly. The designated group had issued a Quantitative Impact Study (QIS) which found significant parameterization problems with the proposed exposure draft so a second QIS was done. The deadline was the 6th of September. The DG will review and have an exposure draft ready for approval at the October 8th ASB meeting. It would have a 60 day comment period. It is expected the final standard will be ready early in 2014.
- The ASB is almost through changing the pension standard to allow promulgation of mortality tables which are currently hard coded. They are proposing to promulgate the current hard coded table initially but will promulgate a new table early in the new year. Comments are due back by the end of September. Tables released indicate a significant improvement in mortality which increases the liabilities for pension plans based on the present tables.
- A comment was implemented in each of the practice specific standards to indicate that the general standards apply to practice specific standards. These linkages to general standards have been added to make it clear that the other standards also apply.

Item 2-13.5 ASB Code of Conduct

The issues identified at the March meeting have been addressed. The code of conduct should be extended to the designated groups. It should be expressed by the liaison to their DG that this is the expectation. Jim will ask members of the ASB to review the code of conduct to determine how it can be modified to include the members of the designated groups.

Motion 1-13.2.1 That the ASB Code of Conduct be approved, as presented.

Proposed by: Michel Sanschagrin

Seconded: Bob Christie

Carried

Item 2-13.6 ASB Strategic Plan

The strategic direction document has been updated. The order of the priorities on slide 4 was changed. On slide 13 the dates were modified so that one standard is to be reviewed each year instead of overloading any one year. Jill expressed concern that the review of the Pension standards is too far out. Bob Baldwin made the point that there should be a clear understanding of where we think Standards of Practice are necessary in connection with the areas with no practice specific standards. Jim Christie mentioned that there would be a large time commitment to create Standards for small practice areas though ERM may be considered as it is growing. The resources are limited to take on a task of this scope.

Motion 2-13.6 That the ASB Strategic Plan be approved, as presented.

Proposed by: Michel Benoit

Seconded: Bob Christie

Carried

Item 2-13.7 Guest Speaker: Jean Mercier

Jacques Valotaire introduced Jean Mercier, professor from Laval University. M. Mercier presented on the subject of the many challenges of dealing with public interest issues.

Some key considerations include:

- It is important both to be and to appear neutral.
- Public interest benchmarks are subjective as there are not any set.

Ideas that the ASOC should consider include:

- ASOC and ASB are not really independent from the CIA given that it funds it. Are there ways to make them more independent?
- Should ASOC find a different way to appoint its members instead of self-appointing them?
- Should younger members be included in its membership instead of only “seasoned” members?
- Isomorphism – look at similar organizations for how they deal with similar issues that are faced by the ASOC.

Item 2-13.8 ASB Self-Assessment

In every area the results were the same or improved from previous years. The biggest improvement seems to be regarding the credibility with outside stakeholders. There was a favourable response regarding the quality of the management of the designated groups. The ASOC commented that there is a better focus and definite improvements overall thanks to the work of the recent chairs. There should be a discussion regarding the relationship and role of the ASOC with respect to the ASB and how it protects the public interest.

Item 2-13.9 Shared Risk Pension Plans (SRPs)

A working group of all the pension practitioners of the ASB including Tony Williams will review the issues and prepare a report of recommendations for the December meeting of the ASB. It will then be decided whether a DG needs to be formed.

Jill Wagman distinguished between multi-employer plans and SRP.

Item 2-13.10 ASOC Terms of Reference

Minor changes were made as per comments from the last meeting.

Motion 2-13.6 That the ASOC Terms of Reference be approved, as presented and sent to the Board for approval.

Proposed by: Michel Benoit

Seconded: Winston Maharaj

Carried

Item 2-13.11 Annual Update to CIA Board

Jacques thanked everyone for their feedback. The document has been submitted to the Board.

Item 2-13.12 2013 Public Meeting

Suggested topics or speakers:

- Ethics, public interest and governance as related to the CIA structure – Tricia may have suggestion for speakers. This would qualify for professionalism CPD.
- Paul McCrossan – SRPs as related to traditional actuarial practice
- Canada Bond yield volatility

Item 2-13.13 2013 ASOC Action Chart

- *Michel Benoit will look for an Investment Specialist to speak at the December meeting.*
- *Leona will work with Steven to ensure that the self-assessment survey is sent out ASAP.*

Item 2-13.14 Review of Action Items

All action items from the last meeting were completed.

Item 2-13.15 2013 Meeting Dates

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

- December 12, 2013 – Toronto, ON (followed by public meeting and reception)
- April 8, 2014 – Toronto, ON (afternoon followed by ASB/ASOC joint session and dinner)
- April 9, 2014 – Toronto
- September 18, 2014 – Montréal

Item 2-13.16 In-Camera Session

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

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