

**Minutes of Meeting #1–17
Actuarial Standards Oversight Council
Toronto, ON**

April 4, 2017

Present: Bob Baldwin
Phelim Boyle
John Carter
Philip Howell
Anne Kleffner
Raymond Léger
Winston Maharaj
Tricia O’Malley, Chair
Suzanne Michaud
Wendy Mizuno
Peter Patterson
Susan Philpott, by cc

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

Guests: Ty Faulds (for ASB), by cc

Absent: Michel Benoit, Vice-chair

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 9:05 a.m.

Item 1–17.1 Welcome

Tricia O’Malley welcomed the new members of the ASOC (effective January 1, 2017), Philip Howell, Wendy Mizuno, Suzanne Michaud, and Raymond Léger.

Item 1–17.2 Approval of the Agenda

Motion 1–17.2.1

That the agenda be approved as presented.

Carried

Item 1–17.3 Approval of the Minutes

Motion 1–17.3.1

That the minutes of the ASOC meeting held on December 14, 2106 be approved as presented.

Carried

Item 1–17.4 Report from the ASOC Nominating Committee Chair

Winston Maharaj presented the report from the NC.

1. ASOC Membership

There will be two upcoming vacancies when Michel Benoit and Peter Patterson finish their terms and will need to be replaced. Members with life insurance experience and, potentially, an actuary would be preferred. Once the list of potential candidates is updated, the NC will review and bring recommendations to ASOC for approval.

2. ASB Membership

The ASB would like to extend the terms of Catherine Robertson and Tony Williams, and to appoint Rebecca Rycroft and Elizabeth Boulanger to the board.

Motion 1–17.4.1

That the term of Catherine Robertson be extended by six months to December 31, 2017.

Carried

Motion 1–17.4.2

That the term of Tony Williams be extended by one year to June 30, 2018.

Carried

Motion 1–17.4.3

That Rebecca Rycroft be appointed to the ASB for a three-year term, effective July 1, 2017.

Carried

Motion 1–17.4.4

That Elizabeth Boulanger be appointed to the ASB for a three-year term, effective July 1, 2017.

Carried

Item 1–17.5 Report from the ASB Chair

Ty Faulds provided an overview of the ASB report, with the following additional notes:

Use of Models: The standard has finally been published. This was a major initiative that was well-handled by Bob Howard. The IAA recently changed a number of definitions for governance of models. It was decided not to change our definitions at this time, but this will be given consideration when next reviewed.

Quinquennial Review of General Section:

A few comments have been received to date on the exposure draft, but the comment period is still open. A UK standard-setting body has put out a standard for review of actuarial work that addresses many of the concerns raised with the wording in the IAA model standard. Peer review recommendations were not implemented in this exposure draft, following concerns raised around appropriate due process. A separate notice of intent for peer review has been drafted, and will go to the membership once it has been translated.

Mortality Improvement Rates: There have been challenges in getting the necessary data. A CIA task force (not ASB) was formed to do a report across all the practice areas to consolidate recommendations. Given the delay in getting Statistics Canada data, the task force is using CPP and population data, which has been fairly consistent. Promulgation of Life Insurer Mortality Rates has been delayed to coincide with the TF report. The initial communication for promulgation is expected to be published imminently in order to be effective for year end. Promulgations get reviewed about every five years. There is discussion about aligning the dates for pension and life review, but there are some challenges in doing so.

Life Insurance: Economic Promulgations: The DG is having a significant challenge explaining the variance they are seeing in their proposal compared to the previous promulgations. May 15, 2017 is the date required for the initial communication in order to have the Standard effective by year end. The final communication may be different, based on the comments received and the process of determining how to align the numbers. The promulgations have already been delayed from last year, so ideally they will go out this year, despite the issues.

LICAT: This is a routine update to ensure consistency with OSFI changes.

Pension Disclosures: The discussion has been around providing more disclosure on sensitivities to assumptions on the pension stress testing.

ISAP 3: The ED was not ready in time for the April meeting, but should be brought to the June meeting for approval.

Social Security Programs: Final standards were approved.

Public Personal Injury Compensation Plans Section: The DG has been established and is working on the NOI. It is a routine review of the standard. The group will be working with the DG for IFRS 17 to ensure consistency. The two groups have been asked to bring a proposal to the ASB.

Tricia expressed concern about the number of communications and exposure drafts that are going out for comment at the same time, and whether it will be a challenge for members to corral adequate resources to respond. There is the potential to extend comment deadlines, if required. Calibration will likely not be completed on time.

Action item:

- **A list of acronyms is to be created to help new members.**

Item 1–17.6 ASB/ASOC Terms of Reference (ToR) and Operating Procedures (OP)

ASOC discussed suggested changes to its ToR and OP. The documents will also be amended accordingly to ensure consistency with ASB versions. Once the final documents are completed, they will be circulated for e-mail vote.

The ASB due process will be reviewed following the completion of the review of ToR and OP.

Motion 1-17.6.1

That ASOC approve the ASB Terms of Reference and Operating Procedure as amended during the ASB/ASOC joint meeting.

Carried

Motion 1-17.6.2

That ASOC approve the ASOC Terms of Reference and Operating Procedures as amended.

Carried

Action items:

- **ASOC will review the Policy on the Review of the Due Process followed in the Adoption of a Standard of Practice.**
- **ASOC will discuss at the August meeting whether to have a webcast to cover the report to the public and have the public meeting be an educational session.**
- **Tricia will finalize changes to the documents for approval by e-mail vote.**
- **Ty and Tricia will determine timing to review due process.**

Item 1–17.7 ASOC Risk Analysis

The question was asked as to whether the Risk Analysis should be reviewed and updated on a regular basis. Wendy, John, and Suzanne have agreed to review the previous version and recommend any changes.

Action item:

- **Wendy, John, and Suzanne will review the Risk Analysis to determine whether any changes are required, and will report back at the next meeting.**

Item 1–17.8 Report from CIA

Michel Simard reported on the activities of the Board, which include the items below.

- **Bylaw changes:** these will be brought to the membership in June for approval regarding public positions.
- **Review of CPD process:** the consultation process has been extended to 2018.
- **Education:** the CIA is currently undergoing an analysis of the UAP, and would like to switch from a course to a program certification.
- **Memorandum of Understanding (MOU):** this is currently going through a legal review and is expected to be approved imminently.
- **Marketing program:** the focus will be on emerging practices.
- **Annual Meeting:** this will be held in Québec City in June 2017.

Item 1–17.9 Governance Review

Sharon Giffen presented on potential restructuring changes to governance of the CIA.

Key volunteers were interviewed by an independent governance consultant. He presented a number of proposals, some of which are being considered now, while others may be considered for a second phase at a later date.

The current phase is to consult with CIA groups including ASOC, ASB, and key committees to decide whether the ideas are feasible or will require modification to make them work.

Goals include the following:

- Separation of all regulatory roles under public oversight;
- Ongoing refreshment of strategy; and
- Clarification of authority and organization.

A new Actuarial Profession Oversight Council (APOC) would replace ASOC, and would also have oversight of the professional qualification committee, professional conduct committee, tribunal panel, and ASB. The key role is protection of the public.

ASB would get input from advisory groups (i.e. industry, subject matter experts) and operational groups (execution by specialist teams—education, research, public affairs, standards, and guidance).

More task forces would be created to offer short-term volunteer opportunities instead of standing committees with long commitments.

Input would ideally be provided by end of May, as the governance committee would like to make a decision of feasibility late in June.

Concerns were raised about the Board appointing the APOC members, which takes away its impartiality and independence as an oversight council. Another concern is that this proposal is asking too much of one group—that it provide oversight for so many individual groups that do not have the same processes and goals.

Action item:

- **Tricia will formulate a response for ASOC to review by e-mail.**

Item 1–17.10 Review of Joint Meeting with the ASB

The joint meeting was effective for getting the ToR resolved in a timely manner, and should be considered for future reviews of similar documents.

Item 1–17.11 2017 ASOC Action Chart

The action chart was reviewed.

- The NC will bring nominations for new members to the August meeting in order to have nominees attend the public meeting.
- The public meeting agenda will be discussed in August, as will the potential for a separate webcast.
- Informal dinners will be arranged the night before the ASOC meetings for anyone interested.
- Review of the ASB chair should be moved to early in the year for discussion at the spring meeting.

Action item:

- **Leona will make the suggested changes to the ASOC action chart.**

Item 1–17.12 Review of Action Items

All action items were completed.

Item 1–17.13 2017 Meeting Dates

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

- August 22, 2017–Toronto
- November 22, 2017 (Public Meeting)–Montréal

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

- June 6, 2017–9:30 a.m.–4:30 p.m. (Toronto airport)

Action item:

- **Leona will poll for 2018 dates:**
 - **End of March/early April for joint meeting**
 - **Weeks of August 20 or 27**
 - **Weeks of November 19 or 26**

Item 1–17.14 In-Camera Session

The ASOC held its in-camera session.

There being no further business, the meeting was adjourned at 3:00 p.m.