

Minutes of Meeting #2–17
Actuarial Standards Oversight Council
Toronto, ON
August 22, 2017

Present: Michel Benoit, Vice-chair Tricia O’Malley, Chair
Phelim Boyle Suzanne Michaud
John Carter Wendy Mizuno
Philip Howell Peter Patterson
Raymond Léger Susan Philpott

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

Guests: Conrad Ferguson (for ASB), by cc

Absent: Anne Kleffner, Winston Maharaj

Item 2–17.1 Welcome

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 8:35 a.m.

Item 2–17.2 Approval of the Agenda

Motion 2–17.2.1

That the agenda be approved as presented.

Carried

Item 2–17.3 Approval of the Minutes

Motion 2–17.3.1

That the minutes of the ASOC meeting held on April 4, 2017 be approved as amended.

Carried

Item 2–17.4 Report from the ASOC Nominating Committee Chair

Michel Benoit presented the report from the NC.

1. ASOC Membership

The NC would like to recommend that Michel Benoit be appointed as Chair in January 2018, and Winston Maharaj be appointed as Vice-chair. Tricia O’Malley is willing to stay on as a member for one additional year. Peter Patterson will be completing his six-year term as a member of ASOC on December 31, 2017, and is not available for an extension. The NC determined that it would be best to leave his position vacant at this time, given that ASOC governance and which member skill sets will be required following the restructuring are under discussion and still to be finalized.

Upon completion of the restructuring project, Michel will likely be willing to extend his term as Chair for an additional year.

Motion 2–17.4.1.1

That Michel Benoit be appointed as Chair and Winston Maharaj be appointed as Vice-chair of the ASOC for one year beginning January 1, 2018.

Carried

Motion 2–17.4.1.2

That Tricia O'Malley be appointed as a member for one additional year, to December 31, 2018.

Carried

2. ASB Membership

The ASB would like to have a vice-chair for operational purposes, and has recommended that Josephine Marks be appointed to that position.

Motion 2–17.4.2

That Josephine Marks be appointed as Vice-chair of ASB, effective September 1, 2017 until December 31, 2018.

Carried

Item 2–17.5 Report from the ASB Chair

Conrad Ferguson provided an overview of the ASB report with the following additional notes:

Peer Review: The ASB delayed delivery of the NOI, as it wanted to recruit additional members to the DG for broader representation. The NOI was approved at ASB's meeting on August 21. An Exposure Draft should be published by Q4. It should not be controversial, but some pushback is expected from Actuarial Evidence. They may consider exemptions in areas of an adversarial nature.

General Section: There is some question as to whether to remove the provisions on Peer Review until it is finalized, but it is expected that the final standard will be published by Q4 as planned.

ISAP 4: IFRS 17 final just came out in May. The DG is made up of all affected practice areas. Exposure drafts are expected in 2018. There are over 20 educational notes that will require input.

ORSA/DCAT: A new DG on the integration of DCAT/ORSA was created to coordinate the work of the two areas. A pension actuary observer was appointed to the DG. There are two objectives in the mandate: to provide a more robust approach to satisfying the federal and provincial insurance acts' requirements to report on the expected future financial condition of an insurance entity, and to allow for a better alignment with ORSA regulatory requirements as they relate to work needed to report on the expected future financial condition of an insurance entity.

Commuted Values: The group is expecting a large number of comments, and there may be a possibility of having to re-expose, depending on what is required.

Calibration Criteria: The group is currently 'way behind schedule. The exposure draft will be delayed, but group members may start with an Educational Note instead of a Standard. It was suggested that, as much as possible, they should not start from scratch, but use existing data. This will be discussed

further once the DG determines the approach it will take. The opinion was expressed that a Standard would be preferable in order for change to occur, and ASB should encourage this route.

Section 3000: This has been intentionally delayed because of the other pension issues discussed earlier, as well as the changing regulators. The DG plans to align the review. It will be a major review, and will require broad representation on the DG from various practice areas.

Public Personal Injury Compensation Plans Section: Section 5000 may be removed; all relevant parties are aware, and have not raised any objection.

Section 6000: This review will be delayed so as to not overload the volunteers working on various DGs, as it is not critical at this time.

Strategic Plan: ASB would like to create a standard, structured, check-box memo to be included with ASB submissions (e.g. ED, NOI) to ensure consistency and ease of reading.

It was suggested that a round table of interested parties could be considered to allow more people who wouldn't necessarily have time to work on an official comment/document to discuss topics.

Action item:

- **Tricia will send Conrad the Accounting Oversight Council's (AcSoc) version of memo standard document.**

Item 2–17.6 ASB Self-Evaluation

The majority of questions received responses of *agree* and *strongly agree*. ASB is moving to have more conference calls instead of the regular face-to-face meetings.

There is some concern regarding the DG process, which will need to be reviewed to determine how it can be improved.

ASB members would like to have more interaction with ASOC, or feedback following the updates. It was suggested that the ASB vice-chair or other member also attend ASOC meetings, depending on who would be more knowledgeable on a topic to be discussed. ASB should include an agenda item at its meetings that follow the ASOC meetings.

Action item:

- **Tricia will redistribute documents from WG on public interest and will add discussion to November meeting agenda.**

Item 2–17.7 ASB/ASOC Terms of Reference (ToR) and Operating Procedures (OP)

A change was made to make mandatory reviews of these documents, to be done no less frequently than every five years, for consistency between ASB and ASOC.

Annually, there should be an agenda item for a conversation about ASOC's mission, roles, and responsibilities, as a refresher more than an official review. This would be helpful for new members, and could be done at the joint meeting.

A high-level summary of structure, including why and how ASOC was created, should be drafted, which can be added to the ASB and ASOC websites as a communication item.

The ToR and OP final documents will include the April meeting date as their date of approval. The documents will now be sent to the Board for its approval.

Action item:

- **Tricia will create an ASOC/ASB structure summary.**

Item 2–17.8 Governance Review

A significant amount of feedback was provided following the initial presentation of the new proposed CIA structure to key volunteer groups. A second level of consultation will be undertaken with all volunteers following the September Board meeting. ASOC should present its position on the changes to the Board during its update. Further feedback is welcomed, and should be sent to Michel Simard.

Item 2–17.9 Report from CIA

There is currently a review being undertaken of conflict of interest issues and objective professionalism. The Board had a special meeting in May to create a working group to address the real or apparent conflict of interest issues in the Standard-setting process that AMF felt were problematic. After a review with various CIA committees, it was determined that, generally, the CIA is in a good state. A document was created that addressed the challenges and presented some potential solutions. Even though only one organization felt that there was an issue, this is still an area of concern, and will be taken seriously.

The outreach series of meetings will continue this year.

Item 2–17.10 AMF Meeting

Michel Benoit provided an update from the CIA meeting in June with AMF, which also included OSFI and Assuris. Transparency is a key area of concern. AMF was not happy with the conclusion reached at the meeting, as the other organizations did not share AMF's concerns.

Item 2–17.11 ASOC Risk Analysis

Wendy, John, and Suzanne reviewed the risk analysis and presented their suggested revisions. They did not reevaluate the risks identified, but did review whether any new ones should be added. They felt that the risks should be grouped by types of impact. They also suggested that arrows should be added to the chart if a risk changed level.

Action items:

- **Wendy, John, and Suzanne will make their suggested changes to the document for the next meeting.**
- **Leona will follow up with Winston to find the original document Winston created.**

Item 2–17.12 Public Meeting

There is some debate as to whether the presentation should be a technical update or a general topic. The challenge is making the information accessible and easily understood by the public. If the updates could be done by webcast, then the public meeting could be a roundtable with stakeholders like AMF. Stakeholders need to have a better understanding of the role of ASOC and how we are serving the public interest. What is the objective of stakeholder engagement? The answer will aid in determining

how the meeting should be held. A survey could be held of all actuaries to determine areas they feel should be addressed by standards in order to take a proactive approach.

It was decided to conduct a webcast for updates of ASB/ASOC/International activities before the end of the year to satisfy the ToR. The ASOC presentation will be based on the update to the CIA Board. A short survey could be conducted at the end of the webcast about the standard-setting process and any potential deficiencies that should be addressed.

Action items:

- **Leona and Tricia will decide on a date for the webcast.**
- **Next agenda will include an item regarding stakeholder engagement.**

Item 2–17.13 CIA Board Meeting

The chair of ASOC presents to the CIA Board annually on the work of ASOC.

Tricia will be reporting on the ToR and will make a motion for its approval. Three points that will be highlighted include: the rewording of the ASB mission statement; that ASOC agreed with ASB on the necessity for flexibility on the terms of ASB members; and the separation of operating procedures from the ToR.

Mention of the AMF discussion should be included to show that it was considered.

It was suggested that an overview of the public meeting discussion be provided to the Board.

With respect to governance, it is important to emphasize that oversight needs to be independent of the CIA. Consolidation under one group when expertise/skillset required is very diverse creates too many challenges.

Action item:

- **Tricia will send out a draft of the presentation in advance of the meeting.**

Item 2–17.14 2017 ASOC Action Chart

The action chart was reviewed, and changes were suggested.

- Risk assessment review is to be added to the last meeting of the year.

Action items:

- **Leona will make the suggested changes to the ASOC action chart.**
- **Item for review of due process documents is to be added once Conrad finalizes timeline.**

Item 2–17.15 Review of Action Items

- **List of acronyms to be updated by Tricia and Leona.**

Action item:

- **Action item list to be recirculated at least 30 days before meeting.**

Item 2–17.16 2017-2018 Meeting Dates

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

- November 22, 2017 – Montréal
- March 28-29, 2018 – Toronto (joint meeting with ASB)
- August 23, 2018 – TBD
- November 20, 2018 – Toronto

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

- November 21, 2017 – 9:30 a.m.–4:30 p.m. (Montréal)
- February 20, 2018 – Teleconference
- March 28, 2018 – 9:30 a.m.–5:30 p.m. (Toronto) followed by ASB/ASOC dinner
- June 5, 2018 – 9:30 a.m.–4:30 p.m. (Toronto)
- August 21, 2018 – Teleconference
- October 9, 2018 – 9:30 a.m.–4:30 p.m. (Toronto)
- December 4, 2018 – 9:30 a.m.–4:30 p.m. (Toronto)

Item 2–17.17 Guest Speaker

Luc Girard, a partner at Mercer, presented on Changes to Ontario’s Defined Benefit Pension Plan Funding Regime.

Item 2–17.18 In-Camera Session

The ASOC held its in-camera session.

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