

# MEMORANDUM

**To:** All Fellows, Affiliates, Associates, and Correspondents of the Canadian Institute of Actuaries

**From:** Sharon Giffen, Chair  
Governance Committee

**Date:** September 30, 2016

**Subject:** **Member Consultation – Proposed Bylaw Amendments Related to Public Statements**

*Document 216098*

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## Introduction

The Governance Committee and the Board are seeking member input on proposed Bylaw amendments and a related Board policy on the development of CIA public statements (formerly referred to as public opinions or public positions), prior to their formal adoption.

This memo outlines the proposal and provides background information regarding the recommendations, along with the rationale and process followed in their development.

**The deadline for comment on the proposal is October 31, 2016.**

## Background

In 2004, the Board decided that the CIA should increase its emphasis on external communications, including more involvement in public policy issues where actuaries had something of value to contribute.

Several initiatives in this regard were undertaken by the Board over the years (more detail is provided in **Appendix 1 – Additional Background Detail**).

Section 19 of the Bylaws provides the framework within which the CIA currently develops its public positions.

Most recently, the Board revisited this strategic objective, recognizing member input (e.g., member survey in 2015, comments on the General List), both in favour of and against making public statements, and input from external stakeholders (e.g., an impression audit that was commissioned in 2015), which indicated an interest in hearing more on public policy matters from the actuarial profession.

The most recent initiative was conceived during a Board retreat in January 2016 at which the Blue Ribbon Task Force on Public Policy (BRTF) was created. Its members were specifically selected in order to achieve representation from multiple sides of the public statements issue.

The Board asked the BRTF to report back to it with recommendations regarding the following:

1. Managing the CIA's advocacy process;
2. Engaging the CIA membership in the process to develop public policy input;
3. Process for delivery of public policy input to governments;
4. Aligning research with the development of public policy input; and
5. Fitting single-topic task forces into the CIA structure.

Additionally, the BRTF was asked to consider amendments to CIA bylaws 19.01 and 19.02, as well as the current [Policy on the Approval of Public Positions](#), which would clarify and enable new approaches to public policy involvement.

The work of the BRTF culminated in a report to the Board in June 2016, which proposed amendments to bylaws 19.01 and 19.02 that would better support the Board's direction with regard to public policy, and allow for increased flexibility in developing public positions.

The core elements of a new Policy on the Approval of Public Statements were also developed by the BRTF to support the bylaw amendments.

The BRTF report was accepted by the Board, and the Governance Committee was subsequently tasked with implementing the recommendations of the BRTF and finalizing the necessary material for approval of the bylaw amendments and related policy.

## Recommendations

The proposed amendments to section 19 of the Bylaws are as follows:

### Section 19

#### Public ~~Statements~~ ~~Pronouncement of Opinion~~

- 19.01** The Institute may ~~issue a make~~ public statement where the subject has an actuarial aspect. An Institute public statement need not limit itself solely to statements of fact, but may also draw inferences from statements of fact, express opinions, and advocate, consistent with the Institute's mission, vision, and values, in order to provide the public with the benefit of the full range of the profession's capabilities. ~~pronouncements of opinion on matters within the competence of actuaries, provided that the subject or issue has an important actuarial element or component and that the public opinion which is expressed is primarily actuarial in its content.~~
- 19.02** (1) Such public ~~pronouncements~~ statements shall be made in such manner and upon such terms and conditions as the Board may determine from time to time.
- (2) In accordance with the terms and conditions established under bylaw 19.02 (1), and where the public statement is considered, by the Board or alternatively, by the President, in consultation with the Executive Director and the chair of the committee responsible for the development of public statements, to have a substantial element that goes beyond actuarial considerations, the process will include member input and Board ratification.

The related draft Board [Policy on the Approval of Public Statements](#) is also provided to members for information and comment.

## **Rationale**

It is generally felt that the current system of developing public positions in response to requests on particular topics or issues (referred to as level 1 public statements in the new Policy on the Approval of Public Statements, linked above), is working reasonably well.

However, the BRTF considered and recommended a new process that would include broader member input and Board involvement in the development of public positions where the issues have a substantial element that goes beyond actuarial considerations (referred to as level 2 public statements).

For level 2 public statements, the recommended process goes well beyond that followed for level 1 public statements. In order to ensure that there is broad understanding of the matter, the following steps have been proposed:

- a. The Board would normally approve the topic of a level 2 public statement, although in extraordinary circumstances the President may initiate the process.
- b. Appropriate research would be identified and referred to the Research Committee for completion as part of the development of the statement.
- c. Members would be engaged at two stages—one with a notice of intent near the beginning of the process and again, with a formal draft, once it is near completion. In the second instance, there would also be an open forum for members to provide specific comments.
- d. The Board would approve the final draft before publication.

The proposed approval process would ensure that broader member views would be obtained prior to releasing public statements on behalf of the Institute.

It should be noted that it would not be possible to issue such statements within a short timeframe under this enhanced consultation process, should an opportunity present itself to the Institute (e.g., a new issue arises on which we do not currently have a public position or statement).

Further details regarding the BRTF's findings and recommendations are provided in appendix 2.

## **Action for Members and Next Steps**

Members are asked to review and consider the proposal and to submit any comments to Lynn Blackburn, director, professional practice and volunteer services at [lynn.blackburn@cia-ica.ca](mailto:lynn.blackburn@cia-ica.ca) **no later than October 31, 2016.**

The Board encourages all members to take the necessary time during this consultation period to understand these important changes and to share their thoughts.

The Governance Committee intends to review member input in November and present the final proposed amendments to the Board for adoption at its December 8, 2016 meeting. If the Board adopts the proposed amendments, a General Meeting of members would then be convened likely in February, in order to obtain member confirmation.

SG

## Appendix 1 – Additional Background

This appendix documents the background and process used to develop the enclosed proposed amendments, which the Board has reviewed and for which it now requests member input.

At a special Board retreat in January 2016, the Board discussed the CIA's strategic objectives and direction. A key activity to fulfill the Board's strategy is to involve the CIA in the public discussion of matters where actuarial expertise could benefit the Canadian public.

This is not a new strategy for the CIA. In the late 1980s, the Institute included a mode of dealing with governments whereby options were developed, and pros and cons of these options were presented. Recommendations on the best options were not made.

Later, in 2004, the Board decided that it wanted increased emphasis on external communications, including more involvement in public policy issues where actuaries could provide significant value-added. It engaged a government relations firm and launched a series of initiatives, including the creation of public positions and more participation in government consultations. This effort was successful in increasing the CIA's involvement and visibility: in 2005–2006, the CIA wrote five submissions to governments and other organizations; in 2015–2016, it wrote more than 20 such submissions.

To understand how its stakeholders currently view the CIA, the Board commissioned an impression audit in 2015 from Greenberg Quinlan Rosner, a strategy and research firm. The firm conducted interviews with a variety of stakeholders on their views about risk, actuaries, and the CIA. The stakeholders included elected politicians, assistant deputy ministers, regulators, interest groups, academics, journalists, and business decision-makers. The firm presented the following key finding to the Board in January:

The country is facing complex and interrelated risks, which actuaries can help with. There is an appetite among stakeholders for actuaries to contribute more than options and pros and cons. More engagement in public policy will help reinforce the profession's commitment to the public interest.

To further understand membership views, members were also surveyed in the fall of 2015 and asked to rank potential strategic initiatives; influencing public policy was ranked among the top three. The expressed views of some members that the CIA should not publish public statements which are not solely fact would limit the CIA's effectiveness in this role. Additionally, members have indicated the desire to have a greater role in the development of public statements—to have member input before publication to external audiences.

With this input, the Board concluded that the CIA's efforts to increase actuaries' visibility are challenged due to changes to the following: governments; the issues facing politicians and government officials; what is expected from the actuarial profession; and actuaries' views about contributing to public debate. These challenges underscore that the issue of influencing public policy is a priority and that the CIA should address it expeditiously.

Immediately following the special Board retreat, the BRTF was created with the focus of establishing an appropriate framework for the profession to engage in the public policy space.

The Board asked the task force to consider the current situation and to report back to the Board with recommendations regarding the following:

1. Managing the CIA's advocacy process;
2. Engaging the CIA membership in the process to develop public policy input;
3. Process for delivery of public policy input to governments;
4. Aligning research with the development of public policy input; and
5. Fitting single-topic task forces into the CIA structure.

Additionally, the BRTF was asked to consider amendments to CIA bylaws 19.01 and 19.02, as well as the Policy on the Approval of Public Positions, which would clarify and enable new approaches to public policy involvement.

Jacques Tremblay chaired the BRTF and recruited 13 additional members, representing a cross section of practice areas, experience levels, and viewpoints. The group met twice in person and twice further by conference call. Subgroups were formed to assist with the majority of the drafting effort, which culminated in a report to the Board in June.

Upon receipt of the report, the Board considered the recommendations, including amendments to the Bylaws and the new draft policy. The task force report was accepted by the Board and the Governance Committee was asked to further refine and develop the recommendations for implementation. The Governance Committee developed the attached material and submitted it to the Board for approval for release to members for comment, with the intention of bringing a final proposal back to the Board at its December meeting for formal adoption.

## Appendix 2 – Findings and Recommendations of the Blue Ribbon Task Force on Public Policy (BRTF)

This appendix summarizes the deliberations of the BRTF, and is organized around the five elements of its mandate. The final step in the work of the task force was to recommend changes to the Policy on the Approval of Public Positions, which is the culmination of the task force’s recommendations.

### Terminology

Statements that will be published for external audiences will be referred to as “public statements”, replacing the former terminology “public opinions” and “public positions”. This will include renaming the current Committee on Public Positions to the Public Statements Committee (PSC).

### 1. Managing the CIA’s Advocacy Process

*Current state and issues identified:*

Currently, the Public Positions Committee releases public positions in accordance with the [Policy on the Approval of Public Positions](#). This policy is governed by bylaws 19.01 and 19.02.

In the past year, the CIA has heard input from membership on two fronts:

- Greater opportunities to provide input into the formulation of public statements are expected; and
- What is the limit on expressing opinions that is permitted by bylaws 19.01 and 19.02?

The Board agrees that greater member input on many topics is highly desirable, especially those that may be controversial.

*Key recommendations:*

A higher level of Board involvement is required for matters that extend beyond pure actuarial topics. Further, a task force is the best vehicle to provide a breadth of expertise and sufficient focus to ensure that clear progress is made. Coordination with the Research Committee will ensure that ultimate opinions are based on the best facts available. Specifically,

1. The majority of public statements are technical submissions that are purely actuarial in their content. For this type of public statement, no substantive change is recommended to the current process of creation and dissemination of the statement. Processes would be refined to align with the new structures.
2. The CIA should proactively identify public issues with an actuarial aspect, and selectively develop positions on such matters. A reasonable goal would be to develop one or two of these annually.
  - a. The Board would approve topics where the public statement goes beyond pure actuarial considerations. These would be selected from a list of recommended topics from the PSC at the September Board meeting each year, or otherwise, as the need arises. Progress reports on the development of the statements would be provided at Board meetings, and the final statement would be ratified by the Board before public release.

- b. Appropriate time and resources for research may be required. If so, this would be approved by the Board and managed by the Research Committee. (See section 4 below)
- c. A single-topic task force (STTF) would be established for each topic, to ensure that appropriate expertise and review is conducted. A champion should be named to provide a point of accountability for the project.

## **2. Engaging the CIA Membership in the Process to Develop Public Policy Input**

### *Current state and issues identified:*

The majority of public statements are prepared in response to a request from a stakeholder, who also sets the deadline for submissions. Member input is not sought due to time constraints. Once released, an array of internal communications is put in place, from announcements, articles/interviews in the *(e)Bulletin*, webcasts and discussion in the President's video updates. This process works acceptably for what we would now categorize as level 1 public statements.

However, the development of statements that the Board has selected for proactive development and have considerations beyond actuarial matters (categorized as level 2 public statements), must include meaningful opportunities for member input which the STTF would carefully consider. The processes followed in the development of standards of practice were considered as a model for member input.

### *Key recommendations for level 2 public statements:*

1. Upon approval of a topic by the Board, the STTF should issue a notice of intent to the membership which would outline the topic(s) in some detail, along with an outline of the research, if any, that would be required to develop the statement(s).
2. A complete draft of the statement would be provided for member input, well before finalization. This would include an invitation for member input.
3. To facilitate member input, the CIA would sponsor a communications vehicle to provide context and background, and to elicit input on the topic. Such a vehicle may include any or all of the following: town hall meeting(s), webcast, session at CIA meeting(s) or others as appropriate.
4. Once finalized, the statement will be circulated to the membership for information, before it is released externally.
5. A report should be created and shared with the members, which would categorize all input received and identify how each item of input was handled.
6. PSC membership should be widened, covering various practice areas, employer types, and geographical locations.

## **3. Process for Delivery of Public Policy Input to Governments**

### *Current state and issues identified:*

The number of public statements generated by the CIA has been increasing, reflecting the increased demand from traditional stakeholders. The CIA subscribes to a news service that alerts the Head Office to news stories of potential interest to actuaries. The CIA does not, however, have a mechanism or accountability for expanding the scope of public statements, including taking a

proactive stance on new and emerging issues. It does not perform any outreach to proactively volunteer for consultation.

*Key recommendations:*

1. Members should be asked to contribute to the knowledge base of the CIA. When a member is aware of new government initiatives that are of interest to the profession, they should be asked to share this content with the Head Office and the PSC for consideration as a topic for development as a public statement.
2. For level 2 public statements, both Board oversight and member input would be required (as outlined in parts 1 & 2 above).
3. For each public statement, the CIA communications team at Head Office would provide expert advice and support to design internal (for the members) and external communications. This would include consideration of partnering with other relevant organizations to widen the reach of communications.

#### **4. Aligning Research with the Development of Public Policy Input**

*Current state and issues identified:*

There is no current direct link between the Research Committee (ResCo) and those accountable for the development of public statements. As a result, it is possible that relevant research would be overlooked in the development of a public statement. Further, there is likely to be significant opportunity to broaden the CIA's input into newer practice areas.

The Research Committee is organized completely independently. They categorize projects as either

- Maintenance projects – recurring projects (such as experience studies) that are performed on a preset schedule; or
- One-time projects – each being prioritized, approved and funded.

From each year's research budget, the maintenance projects are funded first, with any additional funds available for one-time projects. These are prioritized annually as part of the planning cycle.

*Key recommendations:*

1. Create a formal link in planning between the PSC and ResCo.
2. Create a third category of research projects for public statements research. Funding for this new category would be prioritized behind maintenance projects, but ahead of other one-time projects. These projects would be those that are required to support Board-approved STTF work.
3. Included in the September Board meeting approval of topics for public statement development would be the approval of funding for the necessary research. This could be an estimate to be refined later in the process. If no research is specifically identified, a nominal amount would be allocated to ensure availability, if needed.
4. Any public statements research that cannot be assigned to an appropriate existing subcommittee of ResCo will have a new ResCo subcommittee formed for this purpose. Membership of the subcommittee would include at least one member of the PSC to represent the STTF and one member of ResCo.

5. Public statements research would include consideration of using opinion research to support public statements. It would also include consideration of partnering with other relevant organizations to widen the scope of the research.

## **5. Fitting Single-Topic Task Forces (STTFs) into the CIA Structure**

### *Current state and issues identified:*

The PSC is currently responsible for scanning the environment for potential topics for development into public statements; however, there is no formal tracking or reporting of this activity to the Board.

### *Key recommendations:*

1. The PSC would bring two to five potential topics for Level 2 public statements to the Board meeting each June. In September, the Board would select one or two topics for full development, which would be assigned to an STTF.
2. That the STTF:
  - a. Be composed of some members who are knowledgeable on the topic to be developed, some who are independent of the topic, and supplemented to the extent possible by new volunteers who can help with review and drafting;
  - b. Provide geographic representation if the topic warrants it;
  - c. Represent a cross-section of experience levels (i.e., include a mix of newer and more experienced actuaries), as much as the subject matter of the topic permits; and
  - d. Be charged with ultimately authoring a draft public statement for the PSC.
3. Consideration should be made to having a standing pool of volunteers who can be recruited from time to time for well-defined assignments.