

**MINUTES OF MEETING #2-14
ACTUARIAL STANDARDS OVERSIGHT COUNCIL
TORONTO, ON**

WEDNESDAY, SEPTEMBER 5, 2014

Present: Bob Baldwin Peter Patterson
Michel Benoit Michel Sanschagrín
Jill Wagman Jacques Valotaire, *Chair*
Winston Maharaj Steven Wolff, *Vice-chair*
Norma Nielson Jim Christie *ex officio*
Tricia O'Malley

Absent: Bob Christie

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

Guest: Jacques Lafrance, *guest speaker for Item 5*
Jana Steele, *guest speaker for Item 6*

Jacques Valotaire, 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 2-14.1 Approval of the Agenda

Motion 2-14.1

That the agenda be approved, as presented.

Proposed by:	Michel Sanschagrín	
Seconded by:	Norma Nielson	Carried

Item 2-14.2 Approval of the Minutes

The new members have been invited to attend the December meeting.

There was nothing further received from Dr. Shahara following the response sent to his letter.

Jacques Valotaire thanked Winston Maharaj for preparing the risk assessment document which has been sent to the Risk Committee for their review.

Motion 2-14.2

That the minutes of the ASOC meeting held on April 9, 2014 be approved, as presented.

Proposed by:	Peter Patterson	
Seconded by:	Steven Wolff	Carried

Item 2-14.3 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

Motion 2-14.3.1

That Tricia O'Malley be appointed to the ASOC as chair for a two year term, effective January 1, 2014 for a two year term.

Proposed by:	Jacques Valotaire	
Seconded by:	Winston Maharaj	Carried

Motion 2-14.3.2

That Bob Baldwin be appointed as a member of ASOC, for one additional year.

Proposed by:	Steven Wolff	
Seconded by:	Michel Benoit	Carried

Motion 2-14.3.3

That Michel Benoit be appointed to the ASOC NC, effective January 1, 2015.

Proposed by:	Steven Wolff	
Seconded by:	Bob Baldwin	Carried

2. ASB Membership

Jim Christie had provided an update of ASB membership to the NC.

Motion 2-14.3.4

That Conrad Ferguson be appointed as a member of the ASB, for one additional year.

Proposed by:	Michel Sanschagrín	
Seconded by:	Winston Maharaj	Carried

3. ASB Chair Update

The application process for ASB chair will continue until September 15, 2015. Ty Faulds is currently the only applicant for the position.

Item 2-14.4 Update from CIA

Michel Simard provided an update on the strategic plan which was approved at the June 2014 Board meeting. In addition to the document provided, it was noted that one of the key goals revolves around making the CIA the primary association of choice by all members as well as the 1200 Canadian actuaries that are not currently members of the CIA. The CIA will focus these efforts on new students.

The key Board activities include:

1. Adoption of a New Strategic Plan

The new University Accreditation Program (UAP) is beneficial to link CIA with students early on in their career.

2. Media Outreach and Social Media

Michel showed the ads that were published recently in various publications including the *Hill Times* (in order to get the attention of political persons), *Lawyers Weekly*, *Financial Post* digital campaign and *Les Affaires*. The benefits of the advertising campaign were discussed.

3. Bilateral Agreements on Eligibility and Education

The UK Mutual Recognition Agreement was updated and signed and the other two agreements with Ireland and Australia are being reviewed. An MOU on education was signed with the CAS.

4. Bylaw Changes

Bylaws were updated to allow Councils to be added, removed or modified. Following that, the International Relations Council was formed.

5. Research Projects

The research budget was increased to accommodate the high demand and requests for research funding.

6. Upcoming Challenges

- The future of defined benefit pension plans
- The costs of our aging population
- Professionalism issues
- Genetic testing and life insurance
- Climate change

7. 50th Anniversary

The 50th anniversary Annual Meeting and Gala Celebration will be held in Ottawa on June 17-18, 2015.

ASOC members have been added to the CIA announcement listservers in order to be kept informed of CIA business and updates.

Item 2-14.5 Guest speaker: Jana Steele

Jacques Valotaire introduced Jana Steele, partner, pension & benefits at Osler, Hoskin & Harcourt LLP. Jana presented on the topic *Pension Innovation – Target Benefit Plans*.

Item 2-14.6 Guest speaker: Jacques Lafrance

Jacques Valotaire introduced Jacques Lafrance, recently retired senior consultant at Towers Watson and former President of the CIA. Jacques presented on the topic *Target Benefit Plans in Quebec*.

Item 2-14.7 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:

Final version of Economic Reinvestment Assumptions for Life Insurance Standard went out in May, with an effective date of October 15, 2014. It was designed to bring closer together the Stochastic and Deterministic approaches. The designated group, subcommittees and regulators all worked diligently to get this produced within a very aggressive timeline.

Commutated Value Tables research paper: CIA released a Canadian Mortality table in March 2014. It has significant impact as a result of the improvement in mortality and with the use of Canadian data instead of US based data. The ability to promulgate has now been made available instead of having the tables hard coded in the standards. It is expected to have this in place by March 2015. There will be one gender neutral table.

Review of Non-Mortality Assumptions for Pension Commuted Values and Marriage Breakdown Capitalized Costs: a DG was appointed to focus first on pension then to be reconstituted for marriage breakdown. The ASB has received a lengthy timetable therefore the second group will start as soon as the first phase is complete in order to keep the process moving forward.

A working group has been established to review what additional disclosures are required and to who, in pension plan reporting. If it is determined that there is a significant number then a designated group will be formed.

Jacques Valotaire questioned whether anything has evolved from the shared risk plan discussions. The ASB does not want to create a standard just for New Brunswick. The calibration criteria for investment returns was motivated by the New Brunswick issues.

The calibration model should require more disclosure rules. There will not be a standalone modeling section of the standards. They will be built into the general standards. It was decided that ASB and CIA should meet with CAPSA to address the concerns of the ASOC. Currently there is virtually no guidance for pension actuaries in terms of how they should approach modelling and investment yields as there are no standards. There should be a skeletal legislative framework across all jurisdictions to ensure uniform practice across Canada. Jim Christie and Michel Simard will comment further on this subject at the next meeting. Jacques Valotaire and Jim Christie will discuss prior to Board meeting in order to align discussion.

Action item:

- ***Michel Simard will set up a meeting with CAPSA, CIA and ASB to address concerns expressed by ASOC.***

Item 2-14.8 Public Interest

Tricia O'Malley provided an updated report based on the discussion at the last meeting. The main recommendation is to draft a policy to document ASOC's mechanisms for achieving support and oversight including improvements to the documentation and the process followed, including due process. It was suggested that the ASB should review that due process has been followed before the final standards are approved.

Motion 1-14.3.2

That the report of the Working Group be approved.

Proposed by:	Michel Sanschagrín	
Seconded by:	Michel Benoit	Carried

Motion 1-14.3.2

That the Risk Assessment report be approved.

Proposed by:	Winston Maharaj	
Seconded by:	Jill Wagman	Carried

Action item:

- *Leona will send out final version of the risk assessment document.*

Item 2-14.9 Report to the Board

The presentation was modified to include mission statement and ASOC membership as many members of the Board are new. It was suggested that it should be clarified which items are 2014 specific, ongoing activities or routine annual reviews.

Action item:

- *The updated Report to the Board will be circulated to ASOC.*

Item 2-14.10 2014 Public Meeting

The meeting will take place in Toronto on December 12. It was decided to have the public meeting at 12:30 with a light lunch served at 11:45. The regular ASOC meeting will restart at 2pm. (8:30 am start)

Suggestions for speakers:

- Jeremy Rudin – new OSFI Superintendent;
- E&Y person on risk management (Steven Wolff);
- Jim Leech (former CEO of Ontario Teachers' Pension Plan (OTPP)).

Guest list should include Pension Magazine (Michel Simard), retired ASOC members, and Ontario Pension bar

Action items:

- *Leona to send list of public members invited in the past to ASOC for review.*
- *ASOC members are to send suggestions for guest list to Leona.*

Item 2-14.11 2014 ASOC Action Chart

We will not have a speaker at the December meeting given the public meeting.

Self-assessment is to be sent out.

Review alternate public meeting date should be moved to April.

ASOC members retiring at the end of 2014 will need to be thanked at December meeting.

Item 2-14.12 Review of Action Items

All action items from the last meeting were completed.

Item 2-14.13 2014 Meeting Dates

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

- December 12, 2014 – Toronto
- April 13-14, 2015 – Toronto.

Action Item:

- *Leona and Tricia will discuss potential dates to be sent through a doodle poll.*

Item 2-14.14 In-Camera Session

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

There being no further business, the meeting was adjourned at 3:30 p.m.