

Actuarial Standards Board Terms of Reference

Document 221004

1. Establishment of the Actuarial Standards Board (ASB)

1.1 The Bylaws of the Canadian Institute of Actuaries (CIA) state the following:

13.2.19 As of January 1, 2020, the Actuarial Standards Board, established by the Institute on July 1, 2006, shall be overseen by the Actuarial Profession Oversight Board. [Adopted Jan. 1/20]

13.2.20 The Actuarial Standards Board shall have such powers and duties not in conflict with these Bylaws, to direct and manage the actuarial standard-setting process of the Institute and to adopt Standards of Practice in all areas of actuarial practice, within its sole discretion and pursuant to such procedures, not in conflict with these Bylaws, as it deems appropriate. [Adopted Jan. 1/20]

1.2 The CIA supports the ASB in the performance of its activities. In doing so, the CIA respects the independence of the ASB, which is not subject to direction or influence by the CIA or other representatives of the actuarial profession.

2. Purpose

2.1 The purpose of the ASB is to serve the public interest by developing, establishing and maintaining high-quality standards of practice for actuarial reporting in Canada and to support informed decision-making by actuarial report users.

3. Scope

3.1 The ASB is responsible for the Canadian actuarial standard-setting process. The ASB collaborates with CIA councils and committees, as well as other external stakeholders, to monitor and discuss matters related to Canadian actuarial practice and to determine what needs to be mandatory, what is best practice and what is education guidance when developing and reviewing standards of practice.

3.2 The ASB also promotes and contributes to the development of international standards where relevant and applicable and includes developments in international standards in its considerations for the development of standards in Canada.

4. Authority and Responsibility

4.1 In accordance with the CIA Bylaws, the ASB has the following authority and responsibilities:

- (a) To ensure actuarial standards of practice
 - i. are kept current and respond in an appropriate manner to new developments in actuarial science and the regulatory environment;
 - ii. restrict actuarial practice to an appropriate range while not unduly limiting actuarial developments or use of professional judgment where needed; and
 - iii. are such that users of actuarial information can place a high degree of reliance on the work of the actuary that is relevant, transparent, complete, and comprehensible.
- (b) To ensure adequate standards apply to all areas of actuarial practice through
 - i. general standards of practice which allow for a considerable range of practice; and
 - ii. practice-specific standards where it is in the public interest to have a narrower range of practice in a specific area of actuarial practice.
- (c) To develop and maintain a policy on due process that describes the ASB criteria and process for the adoption of Canadian actuarial standards of practice. The policy will outline the roles and responsibilities of the ASB, as well as the groups that develop standards, and describe the process of consultation with members of the CIA and other interested parties. Such a process will be structured to allow sufficient discussion around new, or changes to, standards of practice from all interested parties and meet the rigour expected from a professional organization.
- (d) To formally adopt changes to existing standards or new standards and communicate these to members of the CIA, and any other interested party such as public regulatory and judicial bodies, governments, other professions, and other members of the public.
- (e) To ensure all relevant parties are aware of existing standards and proposed changes and have easy access to such information.
- (f) To appropriately balance the need for standards with the administrative burden and cost of compliance.
- (g) To demonstrate to the Actuarial Profession Oversight Board (APOB) that the ASB has fulfilled its mandate, as described in these terms of reference, effectively and efficiently.
- (h) In collaboration with the CIA Actuarial Guidance Council (AGC) with regard to the human resources required, to appoint or designate appropriately qualified designated groups, working groups or other groups, as it may deem necessary or

convenient, to assist in the development of standards of practice, or to perform other duties as the ASB may prescribe. All actions taken by such groups will be subject to review and approval by the ASB.

- (i) To remain current on all practice-related material developed through the CIA AGC.
- (j) To participate in meetings with regulatory authorities or other interested parties to discuss matters in relation to standards of practice including current or future implications for actuarial practice.
- (k) To advise APOB as to the human and financial resources needed to accomplish the ASB's activities.
- (l) To establish and maintain a current Statement of Operating Procedures which applies to all ASB procedures related to carrying out its responsibilities, which is not in conflict with these terms of reference or the CIA Bylaws. The ASB applies those operating procedures, except in unusual circumstances. In such circumstances the ASB will report the deviation to APOB and recommend appropriate action to resolve the matter on a go forward basis.
- (m) To create such committees of its members as it deems necessary in carrying out its responsibilities.

5. Membership

- 5.1 The ASB will consist of not fewer than eight and not more than 15 members, including a chair and a vice-chair. The members of the ASB will be appointed by APOB.
- 5.2 Members of the ASB will be selected to ensure that it has an appropriate balance of competencies and experiences in various areas of practice in order to appropriately execute its responsibilities.
- 5.3 The selection of members for the ASB puts emphasis on the ability of the selected member to be objective and to be able to act independently of other considerations.
- 5.4 The ASB must consist of at least a two-thirds majority of voting members of the CIA.
- 5.5 In general, the expected term of service as a member of the ASB will be three consecutive years, except when moving into the role of chair or vice-chair. In order to maintain an orderly transition of members, APOB may extend the term of a member to up to five consecutive years.
- 5.6 The chair will preside over all ASB meetings and will have a right to vote on the adoption of standards. The chair shall serve as an *ex officio* participant on APOB, and will be the primary liaison with the CIA and other organizations, but may delegate attendance at meetings with outside parties as appropriate.
- 5.7 The vice-chair will assume the responsibilities of the chair when absent and will provide other assistance to the chair outside regular meetings as required from time to time.

5.8 Members are expected to attend all meetings of the ASB. If any voting member of the ASB either fails to attend more than two regularly scheduled meetings of the ASB in succession, or fails to attend, in any 12-month period, at least two-thirds of all regularly scheduled meetings of the ASB, the chair will initiate a conversation with the member as to the reasons for the absences and determine whether the member can reasonably be expected to adequately participate on the ASB on a go forward basis. The chair will report to, and make a recommendation to, APOB concerning the member's ongoing mandate or the need for a replacement, as applicable, including the date at which a replacement would be needed. A member is deemed to be absent from a meeting of the ASB unless the member is in attendance for substantially all of it.

5.9 It is expected that the ASB will always have a minimum of eight members. However, if unlikely events lead to a reduction of the ASB membership below eight, the ASB will report the situation to APOB immediately and request that it be allowed to operate with a membership below the minimum until such time as a new appointment (or appointments) is made by APOB, to a maximum of six months.

5.10 The chair of the CIA AGC, as well as the Executive Director of the CIA, will sit as *ex officio* participants of the ASB and have a voice in discussions. *Ex officio* participants will not be entitled to vote and will not count towards the required minimum of eight members or towards the quorum for a vote on a particular item of business.

6. Meetings

6.1 Meetings of the ASB will normally be held not fewer than six times per year, in person, by conference call, or by such methods of communication as the ASB may select from time to time by resolution. The ASB's Statement of Operating Procedures sets out the detailed procedures and responsibilities related to conducting the business of the ASB.

7. Reporting

7.1 The ASB will submit an annual report to APOB on its activities of the year and an annual plan that specifies the ASB's direction and priorities, including a reference to how projects were selected and how priorities were set.

7.2 The ASB will report regularly to APOB, as determined by APOB and the chair of the ASB, on the progress of the ASB and its designated groups, working groups and other groups in relation to its priorities.

7.3 The ASB will submit other reports as required by APOB from time to time.

8. Resources and budget

8.1 The ASB will prepare an annual budget of all anticipated expenses related to its proposed activities, which will be reviewed by the CIA Human Resources, Finance Audit and Risk Committee, and approved by the *CIA Board*.

9. Deliverables

- 9.1 To review, at a minimum every five years, its Policy on Due Process for the Adoption of Standards of Practice;
- 9.2 To develop a master plan to review existing standards in an orderly and timely manner and to review the plan by June 30 of each year;
- 9.3 On or about October 31 of each year, in collaboration with the *CIA Board*, councils and committees, to develop an annual plan to address the regular reviews and updates required, as well as priority items arising from changing practices, developments in actuarial science, and changing or emerging public interest; and
- 9.4 To regularly monitor new standards and changes arising from experiences of other actuarial organizations, where relevant in Canada, and discuss these new developments by September 30 of each year, for inclusion in the next annual plan, as appropriate.

10. Code of Conduct

- 10.1 All members of the ASB are bound by the *CIA Volunteer Code of Conduct* and the *CIA Conflict of Interest Guidelines for CIA Volunteer Groups*. Members of the ASB who are members of the CIA are also bound by the *CIA Rules of Professional Conduct*. All members of the ASB are appointed based on their ability to be objective and to be able to act independently of other considerations. Notwithstanding any inconsistencies between this section and the terms of said Code, Rules and Guidelines, the terms of this section shall prevail.
- 10.2 All members of the ASB are required to vote on motions with a view to protect and promote the public interest according to their beliefs, experience and judgment based on information they have and the discussions they have taken part in, and not according to the views of any firm, organization or constituency with which they are or have been associated.

11. Review of Terms of Reference

- 11.1 The ASB will review, at a minimum every five years, its terms of reference. The results of the ASB's review of its terms of reference, as well as any recommendations for amendment, will be submitted to APOB. All such amendments to the terms of reference of the ASB will require the approval of APOB and shall not be in conflict with the CIA Bylaws.

Approved by APOB on November 4, 2020