

## Terms of Reference

### 1. The Mission

The mission of the Actuarial Standards Board (ASB) is to support informed economic decision-making by actuarial report users. The ASB serves the public interest by developing, establishing and maintaining high-quality standards of practice for actuarial reporting in Canada.

### 2. Responsibilities

The ASB has the following responsibilities:

- 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 which outlines the roles and responsibilities of the ASB, as well as the groups that develop standards, and describes the process of consultation with members of the Canadian Institute of Actuaries (CIA) and other interested parties.
- To formally adopt changes to existing standards or new standards and communicate these to members, Associates, and Affiliates of the CIA, and any other interested party such as public regulatory and judicial bodies, governments, other professions, and other members of the public.
- To determine what needs to be mandatory, what is best practice and what is education guidance when developing and reviewing standards of practice.
- 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.
- To remain current on all practice-related material developed through the CIA Standards and Guidance Council.
- 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.
- To advise the Actuarial Standards Oversight Council (ASOC) and the CIA as to the human and financial resources needed to accomplish its mission.

### **3. Objectives**

The ASB has the following ongoing objectives:

- To review, at a minimum every five years, or more frequently as required, its Policy on Due Process for the Adoption of Standards of Practice;
- To review, at a minimum every five years, or more frequently as required, its Terms of Reference and the Statement of Operating Procedures;
- 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;
- 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 needs by June 30 of each year; and
- To regularly monitor new standards and changes arising from experiences of other actuarial organizations, where relevant in Canada, and discuss these new developments by December 31 of each year, for inclusion in the next annual plan, as appropriate.

### **4. Strategic Goals**

The ASB has the following strategic goals:

#### **Comprehensiveness**

- To ensure actuarial standards of practice:
  - Are kept current and respond in an appropriate manner to new developments in actuarial science and the regulatory environment;
  - Restrict actuarial practice to an appropriate range while not unduly limiting actuarial developments or use of professional judgment where needed; and
  - Are such that users of actuarial information can place a high degree of reliance in the work of the actuary that is relevant, transparent, complete, and comprehensible.
- To ensure adequate standards apply to all areas of actuarial practice through:
  - General standards of practice which allow for a considerable range of practice; and
  - Practice-specific standards where it is in the public interest to have a narrower range of practice in a specific area of actuarial practice.

#### **Accountability**

- To be accountable to the ASOC to demonstrate that the ASB has fulfilled its mandate, as described in these terms of reference, effectively and efficiently;

- To ensure all relevant parties are aware of existing standards and proposed changes and have easy access to such information;
- To appropriately balance the need for standards with the administrative burden and cost of compliance; and
- To ensure due process for adoption of standards is structured to allow sufficient discussion around new, or changes to, standards of practice from all interested parties and meets the rigour expected from a professional organization.

#### **Support of International Best Practice**

- To promote and contribute to the development of international standards where relevant and applicable.
- To include developments in international standards in its considerations for the development of standards in Canada.

### **5. Membership**

- The ASB will consist of not fewer than eight or more than 12 members, including a chair and a vice-chair. The members of the ASB will be appointed by the ASOC.
- 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 meet its objectives.
- The Chair of the CIA Standards and Guidance Council, as well as the Executive Director of the CIA, will sit as ex officio members of the ASB and have a voice in discussions. Ex officio members 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.
- 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, ASOC may however extend the term of a member to up to five consecutive years.
- The Chair will preside over all meetings and will have a right to vote on the adoption of standards. He or she will be the primary liaison with the ASOC, the CIA and other organizations but may delegate attendance at meetings with outside parties as may be appropriate.
- The Vice-Chair will assume the responsibilities for the Chair in his or her absence and will provide other assistance to the Chair outside regular meetings as may be required from time to time.
- Members are expected to attend all meetings of the ASB. If any voting member of the ASB either fails to attend more than two (2) regularly scheduled meetings of the ASB in succession, or fails to attend, in any twelve-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, the ASOC 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 will be deemed to be absent from a meeting of the ASB unless he or she is in attendance for substantially all of it.

- It is expected that the ASB will always have a minimum of 8 members. However, if unlikely events lead to a reduction of the ASB membership below 8, the ASB will report the situation to ASOC 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 the ASOC.

## **6. Reporting**

- The ASB will submit an annual report to ASOC and to the CIA Board on its activities of the year, its objectives and an annual plan that specifies the ASB's strategic direction and priorities, including a reference to how projects were selected and priorities set.
- The ASB will report regularly to ASOC on the progress of the ASB and its designated groups, working groups and other groups in relation to its priorities.
- The ASB will submit such other reports as may be required by ASOC or by the CIA Board, from time to time.

## **7. Conflict of Interest**

- 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.
- Members are bound by the Rules of Professional Conduct of the CIA, among other considerations, and will vote on motions according to their own beliefs, experience and judgment based on the 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 associated.

## **8. Operations**

- The ASB develops and adopts a statement setting out the principal operating procedures it follows in fulfilling its responsibilities. The ASB applies those operating procedures, except in unusual circumstances. In such circumstances the ASB will report the deviation to the ASOC and recommend appropriate action to resolve the matter on a go forward basis.
- The ASB will create such committees of its members as it deems necessary in carrying out its responsibilities.

## **9. Relationships with the Canadian Institute of Actuaries**

- The results of the ASB's review of its Terms of Reference, as well as any recommendations for amendment, will be submitted to the ASOC. All such amendments to the Terms of Reference of the ASB will require the approval of the ASOC.
- The CIA supports the ASB in the performance of its activities. In doing so, the CIA respects the independence of ASB, which is not subject to direction or influence by the CIA or other representatives of the actuarial profession.
- The Executive Director of the Canadian Institute of Actuaries has liaison responsibilities to administer the relationship between the ASB and the CIA.

*Approved by the CIA Board, September 27, 2017, and ASOC, April 4, 2017.*