

MINUTES OF MEETING #3-22
Actuarial Profession Oversight Board
Video conference
October 21, 2022

Present: Michel Benoit, Chair Geoffrey Melbourne
Danielle Boulet Suzanne Michaud
John Carter Alain Paquet
Harold Geller Neil Parkinson
Fanny Guertin Marian Passmore
Anne Kleffner Dave Pelletier
Raymond Léger Michel Simard, ex officio

Absent: Ann Etter

Staff: Leona Campbell, Lynn Blackburn

Guests: Simon Curtis (for TP), Dave Dickson (for PCB), Edward Gibson (for ASB), Amy Pun (for PCMB)

Item 3-22.1 Welcome

Michel Benoit, Chair of the Actuarial Profession Oversight Board (APOB) welcomed new members Fanny Guertin and Geoffrey Melbourne and called the meeting to order.

Item 3-22.2 Approval of the agenda

Motion 3-22.2.1

That the agenda be approved, as presented.

Carried.

Item 3-22.3 Approval of the minutes

Motion 3-22.3.1

That the minutes of the APOB meeting held on May 6, 2022, be approved, as presented.

Carried.

Item 3-22.4 Report from the APOB Nominating Committee (NC) chair

John Carter presented the NC report including proposed nominations from the October 21, 2022, NC meeting. The matrices for all boards under APOB were updated.

1. APOB membership

Motion 3-22.4.1.1

That Charlene Butler be appointed to APOB, effective January 1, 2023.

Motion 3-22.4.1.2

That the terms for Suzanne Michaud and Anne Kleffner be extended to December 31, 2023, on APOB and the NC.

Motion 3-22.4.1.3

That the terms on APOB be extended for Harold Geller to April 30, 2026, Marian Passmore to December 31, 2025, and Neil Parkinson to December 31, 2025.

Motion 3-22.4.1.4

That Neil Parkinson be appointed as vice-chair of APOB and chair of the NC for a two-year term, effective January 1, 2023.

Motion 3-22.4.1.5

That Harold Geller be appointed to the APOB NC, effective January 1, 2023.

Motion 3-22.4.1.6

That John Carter be appointed as chair of APOB for a two-year term, effective January 1, 2023.

Carried.

Note: Michel Benoit leaves APOB with thanks, effective December 31, 2022.

2. Actuarial Standards Board (ASB)

Motion 3-22.4.2.1

That Gavin Benjamin be appointed to the ASB, effective January 1, 2023.

Carried.

Note: Lesley Thompson and Bill Xu leave the ASB with thanks, effective December 31, 2022.

3. Professional Conduct Board (PCB) membership and chair appointment

There are no appointments at this time.

4. Professionalism and Credential Monitoring Board (PCMB)

Motion 3-22.4.4.1

That John Dark be appointed as chair of the PCMB, effective January 1, 2023.

Carried.

Note: Amy Pun leaves the PCMB, with thanks, effective January 1, 2023.

5. Tribunal Panel (TP) membership

Motion 3-22.4.5.1

That Jacques Tremblay be appointed as chair of the TP, effective January 1, 2023.

Carried.

Note: Simon Curtis leaves the TP, with thanks, effective January 1, 2023.

Action item:

- **Leona will update the matrices with the new appointments.**

Item 3-22.5 Report from the PCMB

Amy Pun provided an update from the PCMB. Normal activities are ongoing for continuing professional development (CPD) and the audit. The recently updated Qualification Standard (QS) was provided along with the memo to members, which will be effective for the upcoming filing period. The QS went through the normal member consultation process. There may be some issues for committees with the new requirement for CPD compliance for its members, but the PCMB would have issues with granting an exemption for members volunteering on actuarial- or financial-related committees or boards based on the new QS. Michel B asked for clarity on the audit and appeal process.

Item 2-22.6 Report from the TP

Simon Curtis provided an update from the TP. One case was recently completed, and one is ongoing.

The process documents that govern the TP need to be reviewed to ensure consistency related to the changes to the Bylaws.

There is a good complement of members on the panel currently. There will be an issue for the TP arising from the decision that all volunteers need to be CPD compliant. There are currently four members of the panel that are exempt due to retirement. Given the potential for more tribunals, even with a period of transition there may still be an issue. Lynn noted that the Head Office will be updating the volunteer management policy.

Item 3-22.7 Report from the task force (TF) to review the Bylaws

Phase one was approved earlier this year and phase two dealing with substantive changes is currently underway. A few changes were made from the exposure draft to improve the final version. The CIA Board approved the revised version recently and it will now go to the membership for ratification in November.

The Governance and Nominations Committee (GNC), however, did contact the APOB chair as requested by the CIA Board while voting to approve the bylaw amendments, asking APOB to assess whether an independent review of the discipline process would be advisable. The reason for this request was that a few CIA members were suggesting that the bylaws not be approved

and instead that an independent review of the discipline process be carried out, in particular because of a recent case (described in the following agenda item and discussed further there).

Item 3-22.8 Report from the PCB

Dave Dickson, chair of the PCB provided an update on PCB activities and led the discussion on the matter referred to in item 3-22.7.

A decision of the Disciplinary Tribunal was recently published for a case involving four actuaries. A view was offered that it was a procedural dismissal versus a substantive consideration of the issue. The registering of the plan is a legal task not actuarial (though it does have actuarial implications). Should the actuary be held accountable for raising an issue if they see one? The original complaint came from an actuary who took over the plan who thought the question should have been raised by the actuaries who worked on the plan previously.

Following the posting of the decision, several emails were received stating that the process is broken. Prior to this particular case, a few commenters had expressed a similar view during the bylaw consultation process. During the ensuing discussion, several points were made suggesting that such a review is not necessary at this time; in particular, that the PCB had reviewed its processes and the new bylaws reflected this improvement, that the CIA had benchmarked its process against others, that if anything, the fact that at times the respondents are exonerated shows the process works and that APOB already performs an independent oversight of the discipline process. A suggestion that APOB form a small working group to consider this matter further, given that this issue had come up very recently, was made, but given the reasons stated above, it was felt not necessary at this time. Michel B and John will be having a discussion with the GNC to report on APOB's discussion.

Motion 3-22.8

That no steps will be taken to initiate or recommend an independent review of the PCB process be taken at this time, subject to a review of the organizations benchmarked.

Carried.

Action item:

- Michel S will send a report of the benchmarking completed previously.

Item 3-22.9 Report from the TF to review the Rules

John, as a member of the TF representing APOB, provided an update on the work to date. They are still in the early stages but have drafted a preliminary revised version of the *Rules of Professional Conduct*. They have been reviewing the rules of other organizations in the US and UK for best practices. They are expanding the definition of professional services. The Rules have been discussed multiple times so the TF is closer to a final version, but there is still a fair amount of work to do on the guidance materials which are more extensive than the previous annotations it will replace. There was a suggestion that the guidance be considered a part of the Rules, but the view of the TF is that this would prevent the ability to be able make changes without member approval. The guidance is principle-based and is not meant to be exhaustive.

Comments should be provided in the next two weeks so that it can be reviewed by the TF at its next meeting in advance of approval at the December 9 Board meeting to approve and to be sent to the membership for consultation.

Item 2-22.10 Report from the ASB

Edward Gibson provided an overview of the report from the ASB with additional comments as follows:

Third party providers: There was an issue with getting volunteers for this group, but work is now expected to commence.

Insurance: There was an issue with the methodology now being quite different with how equity and real estate assets are treated in the valuation which can produce a very significant difference. It was brought to the attention of the ASB, but they have not been asked to respond to it. There is potentially a reputational risk for actuaries. There needs to be transparency in how the strategy is applied during the transition.

Pensions: There was some negative feedback from one of the regulators. There does not appear to be any issue with the commuted value standards for target benefit plans but there seem to be fairness and equity issues with defined benefit pensions that may need to be considered. There was a prep meeting with the Canadian Association of Pension Supervisory Authorities (CAPSA) where Michel B asked about the uniformity of practices across the pension legislators for the different provinces. The response was that there is no consistency, but CAPSA is working to reduce the differences.

Social security benefits: Social security experts on the committee drafted several changes to the standards based on their knowledge and experience, but it was decided to keep the notice of intent generic in nature and consider more specific changes during the exposure draft stage.

Promulgation: The ASB has recently decreased the number of promulgations, but a paper was drafted to outline situations where promulgations should be used. Strong guidance was published on how to set rates to narrow the range of practice. As a result, it was decided to not promulgate in the standards being approved. The Office of the Superintendent of Financial Institutions was accepting of this, but the Quebec Autorité des marchés financiers was not fully happy with this. It will need to be monitored post implementation to determine if more work is needed as a profession.

Actuarial Guidance Council (AGC) reporting: The chair of the AGC wrote a white paper outlining potential changes to the reporting structure for the AGC. There have been a couple of meetings to review, but there is not a consensus on whether there is an issue that needs to be fixed or what the possible resolution would be for it. It will be discussed at the December Board meeting.

An idea being considered is for an expanded due process on educational notes to potentially include a member consultation process.

Various CIA stakeholders were contacted by Jacque Friedland and Bernard Morency about what was being done about environmental and climate change issues. Michel B asked that the ASB

determine some specific ways to address these issues through the standards. The ASB has a liaison on the working group (WG) and will continue to research options, but no designated group has been formed yet. It is being looked at internationally and the CIA also formed a committee on climate change and sustainability and a Board steering committee.

Item 2-22.11 Report from the CIA

Michel Simard provided a written report of the activities of the CIA and the Head Office. He highlighted the following items:

New educational pathways: Content has been developed for the ACIA module and Capstone Exam. The WG is progressing with the identification of readings for the FCIA module and exam and are on target to meet the deadline to launch in 2024.

Strategic plan: Completed for 2023-2026. Areas of focus include: build the CIA brand, cultivate membership engagement, be a technology savvy organization, provide knowledge-based service and product (i.e., education pathways) and serve public interest.

Key activities supporting the focus areas include

- reviewing the Bylaws and *Rules of Professional Conduct*;
- updating of the CIA logo;
- publishing timely and noteworthy research to raise the profile of the Institute;
- reviewing research structure and policy;
- renewing data agreement for better data for timely experience studies;
- modernizing technology infrastructure for database and website;
- internally developing a strategic plan for diversity; and
- addressing issues and challenges highlighted from a recent survey of female actuaries.

Item 2-22.12 Self-assessment

The self-assessment was completed following the last meeting. Overall, it appears that APOB is performing well.

Suggestions for improvement:

- Have specific action plans for specific topics at each meeting.
- Reports from chairs should note specific areas that require focus.
- Have more outside speakers (i.e., climate change).

Action item:

- **Leona will review survey functionality to allow to resume survey and include name for tracking purposes.**

Item 2-22.13 APOB report to CIA Board and Annual General Meeting (AGM)

Michel B recently reported to the CIA Board and made a presentation at the AGM in June. He felt that there was not enough interaction with the Board about his report. He suggested that it would be ideal if the report from APOB be scheduled at an in-person meeting to ensure a better discussion for reciprocal oversight. He also suggested that more education is required for actuaries to understand the merits of APOB.

Item 2-22.14 Next meeting

The public meeting is taking place October 25. February 10 and October 27 are confirmed dates for 2023 and a poll will be done for the May joint in-person meeting.

Item 2-22.15 Other business

John and Michel S thanked Michel Benoit for his eleven years of exemplary leadership and contribution to Actuarial Standards Oversight Council/APOB. Michel B thanked the CIA staff for their professionalism and for working tirelessly on difficult situations.

John also thanked Amy and Simon as this would be their last APOB meeting before they complete their terms.

Action item:

- **Leona will poll for May meeting dates.**

APOB boards are to review their terms of reference related to CPD compliance requirements.

Item 2-22.16 In-camera meeting review

APOB held an in-camera session.

There being no further business, the meeting was adjourned.