

ACTUARIAL STANDARDS BOARD (ASB) MEETING N° 131
JUNE 20, 2023
VIDEOCONFERENCE
10:00 – 15:25

Present: Mel Bartlett
Gavin Benjamin
Thierry Chamberland (*absent between 11:00 and 12:00*)
Renée Couture (*absent between 11:30 and 11:55*)
Simon Curtis
Pierre Dionne (*joined at 10:30*)
Steve Easson
Edward Gibson, *Chair*
Azmina Jiwani
Jamie Jocsak
Marshall Posner
Dean Newell, *ex officio*
Michel Simard, Executive Director (*left at 14:45*)

Staff: Lynn Blackburn for item 11; Josée Racette

Guests: François Boulé for item 6g; Glenn Smith for item 6h; all at the invitation of the Chair.

The Chair opened the meeting.

131.1 Approval of Agenda

A few items were added under Other Business, namely Recognition for IFRS 17 volunteers; Recruitment approach for the ASB; Update on the review of the ASB due process (to be added to future agendas as a standing item). It was also noted that the motion under item 6f will not be presented for approval at this meeting.

Motion: That the agenda be approved as amended.

Carried

131.2 Previous Minutes

The minutes from the May 4, 2023, meeting were reviewed. A few edits were suggested.

Motion: That the minutes of ASB meeting N° 130 held on May 4, 2023, be approved as amended.

Carried

131.3 Email votes

There was no electronic vote since the last meeting.

131.4 Disbanding Designated and Working Groups

There are no designated or working group to disband.

131.5 Review of Action Items

All action items were reviewed. The list will be updated.

Implementing coordination improvements between ASB and AGC: A brief overview of the seven concepts was provided. It was noted that the AGC is creating a legacy knowledge base.

Discussion on public interest took place under item 11. It was suggested that the ASB could provide a first draft of the answers before presenting them to the designated group (DG).

It was noted that the amendments to the Bylaws and the Rules of Professional Conduct will be presented to the members for ratification at the Annual General Meeting on June 27, 2023.

131.6 Reports from Designated Groups

a) Joint Policy Statement

The Basis for Conclusions will be made available to CIA members.

b) ISAP 6

The final standards have been published and will come into effect on June 30, 2023.

c) Quinquennial Review of Part 6000

Renée Couture reported that the exposure draft has been published; deadline for comments is September 12, 2023. No comments have been received yet.

The membership was specifically asked to comment on the extrapolation period (three years versus four).

d) Scope of application of SOP related to work outside Canada

There was no update available.

e) Use of models

The investigative group will be to look at the issue and make a recommendation to the ASB as to whether a DG should be formed.

f) Reliance on Third Party Data Providers

It was reported that the notice of intent is not ready to be presented to the ASB. It is expected to be presented at the next ASB meeting.

g) Quinquennial Review of Part 7000

François Boulé joined the meeting for this item. He presented an updated exposure draft to the ASB for approval, based on the comments received at the May 4, 2023, ASB meeting.

There was a discussion concerning cut-off dates (the fact that there could be more than one such date). A few minor edits to the exposure draft were suggested.

Some minor edits were also suggested to the memo to members.

Motion: That the *Exposure Draft to Revise the Practice-specific Standards of Practice for Social Security Programs (Part 7000)* be approved as amended, for release and with a comment deadline of September 30, 2023, and that the chairperson of the designated group, in consultation with the Head Office, be authorized to make any necessary editorial corrections (e.g., spelling, punctuation, format, grammar, cross-references) prior to its release.

Carried by at least 2/3 of members

The ASB Chair thanked François and his team for their work.

h) Target Pension Arrangements

Glenn Smith joined the meeting for this item.

He reported that the DG met in June. It is collecting information from Canadian regulators about their expectations concerning the wind-up of target pension arrangements (TPAs). So

far, information has been received from two jurisdictions. CAPSA will collect the responses and forward them to the DG.

Meetings have been scheduled this summer to start reviewing the information gathered.

The ASB Chair thanked Glenn and his team for their work.

i) Quinquennial review of Part 1000

The discussion started at the last ASB meeting. It was noted that a session was held at act23 to explore Part 1000 to deepen actuaries' understanding of how it may apply to various areas of practice.

Dean Newell reported on the recruitment effort to date. Several individuals have expressed their interest to serve on the DG. There was a discussion on ensuring proper representation of all practice areas. It was noted that there is still a need to recruit a P&C actuary and an actuarial evidence actuary.

A list of topics to be considered will be made available to the DG.

j) Gender Identity

Marshall Posner provided a brief overview of the issue and surmised that it may be time for the ASB to strike a DG to address the issues in the report issued by the CIA task force.

It was noted that the AGC has started to recruit for a cross-disciplinary group to look at potential guidance. A number of people have expressed interest (final list of names is not yet available). The draft mandate will be developed.

It was noted that the two groups will need to liaise closely.

The ASB will need to review the standards to ensure the following:

- Use of inclusive language. It was noted that the CIA has developed a Style Guide that should be applied to the wording in the standards.
- How to handle issues such as experience studies, mortality assumption, commuted value assumption, etc.
- Consider whether a webcast should be organized to raise awareness of the issues.

131.7 Climate Change

Steve Easson provided an update on the three work streams as follows:

CIA

- **Monitoring:** it involves monitoring 1) what other actuarial associations are doing (including the International Affairs Council and the Climate Change and Sustainability Committee); 2) research (thru Research Council); and 3) government (thru the Public Affairs Council).
- **Awareness and education:** it involves organizing webcasts (aimed at continuing professional development (responsibility of the Education and Qualification Council and the Practice Development Council (PDC)). In addition, guidance might be required on topics such as disclosure, stress testing and investment strategies (Actuarial Guidance Council, PDC and perhaps the ASB).
- **Influencing public policy:** it was noted that a Climate Risk Forum has been organized by the Office of the Superintendent of Financial Institutions (OSFI).

It had been suggested that the CIA hire a contractor to work exclusively on climate. The CIA has decided that for now, the work will be done by volunteers.

A Board message is being developed; its content remains to be determined.

A Single Topic Task Force will be set up on nature-related risk.

The Climate Change and Sustainability Steering Committee will respond to an OSFI consultation.

Four webcasts on climate change will take place this year (with the first scheduled on June 22, 2023).

A shared drive has been set up to monitor the activities of the various entities.

OSFI

OSFI held a webcast where topics such as self-assessment, draft regulatory returns (consultation) and scenario analysis (consultation) were addressed.

International Actuarial Association (IAA)

ISAP 8: The IAA has set up a task force chaired by Simon Curtis to develop a model standard on disclosure related to climate change (focused on the disclosure requirements from ISSB S2). A statement of intent is expected to be presented to the Council in November 2022, followed by an exposure draft in 2024.

The IAA will also produce an international actuarial note on climate (probably focusing on disclosure).

At its next meeting, the ASB will consider setting up a DG to reflect climate change considerations and integrate ISAP 8 into Canadian standards. It will need to determine whether climate change should be integrated into the existing parts or if a new part is warranted.

131.8 Consistency of practice: discount rate

Simon Curtis reported on his review of Part 1000 related to discount rates. In his opinion, the wording is too broad. After some discussion, it was decided that the DG on the quinquennial review of Part 1000 will be asked to consider this issue when it conducts its review.

131.9 Paragraph 3260.20 (pension standards)

Thierry Chamberland provided background information on a correction needed to paragraph 3260.20 (unintentional increase of requirements for reporting).

It was decided to set up a small DG to deal with this issue (based on the Minor Amendments section of the ASB due process). The Chair of the DG on the Quinquennial Review of Part 3000 and the Chair of the Committee on Pension Plan Financial Reporting are both aware of the issue and agree that it must be corrected.

The DG will need to determine whether the change should be retroactive to December 1, 2022.

Motion: That the ASB set up a Designated Group to Correct an Error in paragraph 3260.20 and that Thierry Chamberland and Gavin Benjamin be appointed as members.

Carried

It was also noted that a change to Part 1000 (subsection 1310) should be made (translation of “appropriateness”). This issue will be referred to the DG on the Quinquennial Review of Part 1000.

131.10 Materiality (paragraph 4710.01, actuarial evidence)

Jamie Jocsak reported that following the discussion on materiality at the May meeting, he consulted with the Chair of the of the DG on the Quinquennial review of Part 4000 and the

Chair of the Actuarial Evidence Committee with a view to using the same wording (“relevant” rather than “material”) as was used in the exposure draft for Part 6000.

After a brief discussion, it was decided that this issue will be addressed by a DG tasked to “clean up” the standards.

131.11 Strategic Plan

Azmina Jiwani provided a brief overview of the work that had been done when the ASB last updated its strategic plan.

Some tweaks for general sections were identified. After some discussion and given the fact that the plan was drafted before the implementation of IFRS 17, it was felt that it would be a better use of resources to develop a three- or four-year operational plan.

131.12 Webcasts/Podcasts

A requirement that DGs consider organizing a webcast will be included in the ASB due process. In addition, once or twice a year, the ASB will arrange for an update on the webcasts planned by the CIA.

131.13 Updates from the PDC, the IAC, and the Research Council

PDC (Practice Development Council)

No update available.

IAC (International Affairs Council)

No update available.

Research Council

As discussed at the last ASB meeting, the ASB and the Research Council (REC) agreed that a liaison to the REC is no longer required. Going forward, there will be an annual touch point between the two groups.

131.14 Updates from various practice committees

Committee on the Appointed/Valuation Actuary: No update available.

Committee on Life Insurance Financial Reporting:

Areas of interest are as follows:

- Review of a paper on gift annuities. It was noted that with the implementation of IFRS 17, there are some orphaned special valuations and nothing to anchor them (none of the existing practice-specific standards apply).
- Fall letter: the list of guidance includes 78 supporting documents.
- Ultimate risk-free rate: a document will be published later this year.

Committee on Property and Casualty Insurance Financial Reporting (PCFRC): No update available.

Committee on Property and Casualty Insurance Pricing: No update available.

Committee on Pension Plan Financial Reporting: The committee met on May 17, 2023.

- A new chair and a new vice-chair will take over as of July 1, 2023.
- The educational note on expenses was updated and is now published.
- All important existing notes have now been updated. PCFRC will now turn its attention to the less important educational notes.
- Working Group on variable payment life annuities: recruitment of members is underway.

Committee on Workers' Compensation: The committee recently held its semi-annual meeting. Topics discussed were as follows:

- implementation of IFRS 17, especially the transition to IFRS 17. To that end, an Australian actuary had been invited to address the group. It was a very useful exchange.
- review of existing guidance
- following closely the discussions by CLIFR and PCFRC on the audit of the Fiera reference curves.

131.15 Report on Recent/Upcoming Meetings

The ASB received a report on recent meetings involving the ASB and the following was noted:

AGC meeting on May 9, 2023 and June 12, 2023

- Summaries of the May and June AGC meetings were included in the meeting material.
- No documents were approved at the June meeting.
- Old annuity proxy notes were archived.
- Note on subsequent events was deferred so life content can be included. PCFRC feels no changes to the standards are needed regarding this topic.
- Progress is being made on the recruitment of members to the cross-disciplinary group on gender identity.
- The Committee on Property and Casualty Insurance Pricing will likely transition back to the PDC in the near future.

CIA/ASB/Assuris meeting on June 12, 2023

- The CIA and Assuris provided their overview of current activities.
- Assuris reported that it had increased its coverage for benefits (announcement made in late May).
- An ASB update was provided (quinquennial reviews of both Parts 6000 and 7000, updated Joint Policy Statement came into effect at the end of March 2023).
- Assuris will be focusing its efforts on stress testing, ORSA, and liquidity measurement (which is a feature in every failure).

131.16 Future Meetings

Meetings will be organized for early September, mid-October and late November-early December.

The Chair will reach out to the CIA Executive Director about the possibility of holding one of those meetings in person.

The Head Office will canvass ASB members for suitable meeting dates for the remainder of 2023.

Clarification was provided on the selection process to become chair of the ASB. The process involves submitting an application, followed by an interview and potentially selection for a two-year mandate. The person selected becomes vice-chair six months (January 1) before taking over as chair (July 1).

For members, the norm is a three-year mandate, which can occasionally be extended (a request for renewal must be submitted to APOB). It was pointed out that there is a learning curve for new members and that it helps if they can attend as observers for one or a few meetings.

It was noted that currently, ASB membership has a pretty good diversity related to area of practice, but other types of diversity are not so good (e.g., geographical, gender, age, nature of employment).

131.17 Other ASB Business

Departing members and recruitment

The Chair took the opportunity to thank three people who will complete their mandate prior to the next ASB meeting for their great contributions, namely: Azmina Jiwani, Jamie Jocsak and Mel Bartlett.

In an effort to help with recruitment of ASB members and also recruiting a new chair, a small Recruitment Committee will be formed. It will be tasked to help recruit individuals who will broaden diversity among ASB members (not solely area of practice).

Recognition for IFRS 17 volunteers

It was noted that although some key individuals were awarded the President's Award for their work in ensuring that CIA members were ready for the implementation of IFRS 17, it was suggested that thanks be formally extended to all the volunteers involved in this initiative, whether they served on CLIFR, PCFRC, CWC, DGs, AGC and ASB.

ASB due process

The group met once to discuss ways to modernize the ASB due process. Among the many items being considered, the group will add a requirement for DG chairs to consider organizing a webcast. It will also integrate the ASB Guidelines for re-exposure in the due process. The CIA Head Office is preparing a first draft to be reviewed by the group in July. It was also noted that the AGC is updating its own due process.

There being no further business, the meeting concluded at 15:25. The date of the next ASB meeting will be communicated as soon as it is available.