

ACTUARIAL STANDARDS BOARD (ASB) MEETING N° 126
OCTOBER 25, 2022
VIDEOCONFERENCE
10:00 – 15:04

Present: Mel Bartlett
Thierry Chamberland
Simon Curtis
Pierre Dionne
Steve Easson
Edward Gibson, *Chair*
Azmina Jiwani
Jamie Jocsak
Marshall Posner
Lesley Thomson (*left at 11:50*)
Dean Newell, *ex officio*
Michel Simard, *ex officio (left at 11:50)*

Absent: Renée Couture, Yun (Bill) Xu

Staff: Lynn Blackburn for item 8; Josée Racette

Guests: Kelley McKeating for item 5a; Qi AN, Mario Robitaille for item 6b; Tim McGorman for item 6c; François Boulé for item 6d; all at the invitation of the Chair.

The Chair opened the meeting. He mentioned that the Actuarial Profession Oversight Board has approved the nomination of Gavin Benjamin as a member of the ASB, effective January 1, 2023. He will be invited to attend the November meeting as an observer.

126.1 Approval of Agenda

Motion: That the agenda be approved as presented.

Carried

126.2 Previous Minutes

The minutes from the September 6, 2022, meeting were reviewed.

An edit was noted.

Motion: That the minutes of ASB meeting N° 125 held on September 6, 2022, be approved as amended.

Carried

126.3 Email votes

There was no electronic vote since the last meeting.

126.4 Disbanding Designated and Working Groups

There is no designated or working group to disband.

126.5 Reports from Designated Groups

a) Quinquennial Review of Part 4000

Kelley McKeating joined the meeting for this item and provided an update as follows:

- Two sets of comments were received following the publication of the exposure draft (deadline for comments of September 30, 2022).

- The DG expects to present the final standards for approval at the November 2022 ASB meeting. The proposed effective date is January 1, 2023.

The DG is seeking advice from the ASB on whether an annuity factor should be considered a model. After some discussion, it was agreed that a formula is not a model.

The DG will be recommending that the educational note on the use of models be reviewed as some examples appear to be inconsistent with the standards.

The Chair thanked Kelley and her team for their work.

b) ISAP 6

Mario Robitaille joined the meeting for this item and provided an update as follows:

- The exposure draft was published at the end of June, with a deadline for comments of September 30, 2022.
- Very few comments were received.
- The final standards are expected to be presented to the ASB for approval at its November 2022 meeting.
- A podcast on the proposed Part 8000 was recorded with the help of the CIA Head Office. It should be available soon to CIA members.

It was noted that the International Actuarial Association has begun its quinquennial review of ISAP 6. Timing has not been confirmed but it is likely that the review will not lead to substantive changes.

The Chair thanked Mario and his team for their work.

c) Reliance on Third Party Data Providers

Tim McGorman joined the meeting for this item and provided an update as follows:

- Context for setting up the DG (retroactive modification of a CANSIM series)
- A few edits were provided to the proposed mandate. The DG will review and submit it for approval at the next ASB meeting.
- The review of standards has been completed. It seems that only Parts 3000 and 4000 (commuted values) will be affected.
- It was mentioned that the DG could extend the analysis to other CIA documents that rely on third party data providers for the pension accounting discount rate, and discount rate under IFRS 17. For these, the DG would report to the Actuarial Guidance Council.

The Chair thanked Tim and his team for their work.

d) Designated Group on the Quinquennial Review of Part 7000

François Boulé joined the meeting for this item and presented a draft notice of intent. He indicated that the DG had considered ISAP 2 and had not officially consulted the CPP reviewers. It was noted that one of them is a member of the DG.

The only potentially contentious issue relates to subsequent events (dual purpose reporting).

The tentative effective date of the standards would be September 30, 2023.

Some edits were suggested.

Motion: That the *Notice of Intent: Quinquennial Review of Part 7000 – Practice-Specific Standards for Social Security Programs* be approved as presented, for release and with a comment deadline of January 31, 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 Chair thanked the DG for its work.

e) Quinquennial Review of Part 3000

The members of the soon-to-be created Designated Group on Target Benefit Plans are being recruited. The designated group (DG) is expected to be set up at the November 2022 ASB meeting and its membership approved.

The need for a liaison from the Committee on Pension Plan Financial Reporting (PPFRC) and a non-pension actuary to be part of the DG was identified.

It was mentioned that there is an old educational note on multi-employer pension plans/target benefit plans that needs a refresh. This task will not be assigned to the DG, although there might be some overlap between the two groups.

f) Joint Policy Statement

An update was provided as follows:

- The final standards are almost ready.
- There is a last-minute change due to applicable reporting standards for auditors.
- Approval of the standards is expected in November.

g) Quinquennial Review of Part 6000

An update was provided as follows:

- The DG is meeting next week.
- The DG is working very meticulously.
- The exposure draft will be presented at a future ASB meeting.

h) IFRS 17 and Role of the Actuary in the IFRS 17 Context

The final standards have been published.

The two DGs are expected to be disbanded in early 2023.

126.6 Review of Action Items

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

Progress against our strategic plan: No update was presented. The item will likely be discussed at the next meeting.

Consistency of practice/discount rate: Simon Curtis has reviewed the material provided by the previous ASB Chair. He reported that it allows the reader to understand how discount rate is addressed in various practice areas and shows that it is less different than might appear on the surface.

It was noted that consistency between the various parts of the standards is addressed with each quinquennial review.

Work outside Canada: A 2005 educational note on this topic will be updated. The recruitment of members to do this work has begun. Communication with members took place via a webcast held in May 2022. Further communication will be considered once the educational note has been updated.

Ethical concerns: Documentation will be shared with ASB members.

IFoA Guidance on Data Science Ethics: This item was addressed at the last meeting. It was suggested that this item be included in the next quinquennial review of Part 2000.

Use of models: It was noted that a [document](#) was published by the CIA to benchmark the current utilization of predictive analytics, machine learning, and artificial intelligence (AI) in the Canadian P&C insurance industry, to examine potential areas for improvement and to accelerate the industry's use and development of advanced analytics.

This topic will be further discussed at the next meeting.

Climate change and sustainability: The CIA has set up a Climate Change and Sustainability Committee. The committee has met twice and is developing a "risk statement" expected to be released in mid-November.

For its part, the International Actuarial Association is looking to form a designated group as it seems clear that standards will be needed.

The International Sustainability Standards Board has issued two exposure drafts.

The ASB will likely set up a designated group at its next meeting.

126.7 Conflicts of Interests

Lynn Blackburn joined the meeting for this item.

Jamie Jocsak provided background information and indicated that it is now part of a larger initiative, namely the review of the CIA *Rules of Professional Conduct*. The group conducting the review is working on a tight timeline.

Annotations have been moved to a guidance document. There was some discussion as to whether a disclaimer should be added.

The revised rules and guidance document are expected to be released to the members soon for consultation.

The Chair thanked Jamie for the presentation.

126.8 White Paper Operational Plan

Steve Easson provided a brief overview of comments received since the last meeting. The main question to be answered: is the transfer worth it?

Comments/feedback from ASB members was sought on four main topics, namely:

- Form of the transfer
- Governance and technical oversight of guidance`
- Other comments
- Whether to proceed with the transfer

After some discussion, ASB members agreed to proceed with caution and the consensus was as follows: AGC reports to ASB as committee.

The proposal will be presented to the Governance and Nominations Committee in November and likely to the CIA Board in December.

Motion: The ASB recommends to approve a transition of the AGC from its current reporting relationship to the ASB.

Carried

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

PDC (Practice Development Council)

The PDC is reviewing its strategic priorities and surveyed all its committees to identify threats, opportunities, future development and the type of support that they need from the CIA.

All but two committees rated their area as stable in terms of future growth expected.

IAC (International Affairs Council)

The council met last week. Nothing significant to report.

Research Council

There is nothing to report.

126.10 Updates from various practice committees

Committee on the Appointed/Valuation Actuary: As previously noted, the committee is developing an educational note on the role of the AA under IFRS 17. It is expected to be released before the end of the year.

Committee on Life Insurance Financial Reporting:

The committee is meeting today. Areas of interest are as follows:

- Final educational note on coverage units (late interpretations from the IASB)
- Looking at the ultimate risk-free note (inflation)
- Review of existing guidance in light of the implementation of IFRS 17

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

Committee on Property and Casualty Insurance Financial Reporting (PCFRC):

No update available.

Committee on Risk Management and Capital Requirements (CRMCR): The committee is updating the educational note on financial condition testing (FCT) to reflect IFRS 17. It is adding a section on climate.

The committee's mandate has been revised to also include mortgage insurers.

It is not considering proposing changes to the standards.

Committee on Workers' Compensation: No update available.

Committee on Pension Plan Financial Reporting: The committee met last week.

It is reviewing its educational notes due to the recent changes to Part 3000 (planning stage).

They might have a draft of a few notes by the end of the year.

Steering Committee on Climate Change and Sustainability: See item 6.

Task Force on Gender Identity: No update. The group has not met since the last ASB meeting. It is working on a report. It is expected that its recommendations will impact the standards.

Task Force to Review the Rules of Professional Conduct: See item 7.

126.11 Webcasts

The APOB public meeting was being held today via webcast. The issue of fiduciary duty came up.

A podcast on Part 8000 ERM will be available soon.

126.12 Report on Recent/Upcoming Meetings

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

AGC meetings on September 12 and October 11, 2022

- Summaries were provided in the meeting material.
- PCFRC has discovered an error on the discounting note and they want to correct it (a few sentences and a formula). They will likely issue a revised version with a new cover memo.
- The AGC will discuss how to deal with such updates in the future (i.e., update the policy on due process).

APOB public meeting on October 25, 2022

- There were more than 75 attendees. The meeting went well.

CIA/ASB/OSFI meeting on November 15, 2022

- The meeting was deferred to December 15, 2022
- There are no burning issues to be discussed with OSFI.

CIA/ASB/CAPSA Actuarial Standards Committee meeting on November 22, 2022

- There are no burning issues to be discussed.

126.13 Future Meetings

The ASB confirmed its intended upcoming meeting schedule as follows:

November 23, 2022 – 10:00 a.m. - 4:00 p.m.

Next step:

Head Office will set up Doodle polls to schedule the meetings for the first half of 2023.

126.14 Other ASB Business

There being no further business, the meeting concluded at 15:04. The next regularly scheduled meeting of the ASB will take place on November 23, 2022, via videoconference.