American Academy of Actuaries
January 4-5, 2011
Board of Directors
Meeting Summary

The American Academy of Actuaries Board of Directors met for two days in early January, devoting an entire day to an in-depth review of the report of the Governance Task Force (which was received by the Board at its Oct. 5, 2010, meeting) and a second day to a full agenda of the regular business that comes before the Academy Board.

January 4, 2011
Retreat to Consider the Report of the Governance Task Force

The Governance Task Force (GTF) was appointed in early 2010 by then-President Ken Hohman to address a variety of governance issues. The GTF mission read in part: "The GTF has been established to review, analyze and recommend improvements on the Academy's governance structure, to fulfill the Academy's mission and strategic plan.… The GTF will examine structure, function and process; assessing each as to their effectiveness and appropriateness in supporting the mission and goals of the Academy. The GTF will gather information, analyze it, and make specific recommendations to the Board of Directors."

Having received the report of the Governance Task Force (GTF) at its Oct. 5, 2010, meeting, the Board of Directors added an extra day to its January meeting to review the 19 recommendations contained in that report. You can read and download the report here.

The Board carefully considered all of the issues raised and recommendations made by the GTF. As result of that work, and to keep the process moving forward, three task forces were created.
- ➢ A task force to develop a proposal to facilitate member participation in the election of regular directors of the Board.
- ➢ A task force to evaluate the pros and cons of a smaller board structure versus the GTF recommendation for maintaining the current structure.
- ➢ A task force to explore creation of a formal leadership development program within the Academy.

The first two groups are expected to report to the full Board at a special conference call of the Board scheduled for mid-March. The leadership development group is expected to conduct research and formulate a proposal for the Board; this group's work may take several months to complete.

Changes under consideration by the board could go beyond the final recommendations contained in the GTF report.

January 5, 2011
Meeting of the Board of Directors

Academy 2011 Budget

Treasurer John Schubert gave a report on the Academy's 2011 budget (reviewed by the Executive Committee in December) being presented to the Board for its ratification, and, after discussion, the Board formally adopted it. The $10.8 million budget is 1.7 percent higher than the 2010 budget and based on dues revenues of $9.042 million.

New financial matters raised with the Board resulted in its approving up to a $50,000 loan, to be paid when and if needed, for operating capital of the ICA 2014 Organizing Committee. This committee is planning the International Actuarial Association's (IAA) next International Congress of Actuaries, which the U.S.-based actuarial organizations will host jointly in Washington, DC, in the spring of 2014. The commitment includes covering up to 20 percent of any loss, up to the $50,000 loan amount limit, that may result from the event.

The Board also approved a more comprehensive reimbursement policy to assist actuaries with expenses related to representing the Academy on IAA committees, which work is associated with the twice-yearly meetings of the IAA.

Academy Volunteer Conflict of Interest Policy

The board adopted proposed recommended changes from the Council on Professionalism to the Academy's Conflict of Interest Policy. Academy volunteers who do not annually acknowledge the Academy's Conflict of Interest policy will be dropped from their committees. The previous COI referenced Precept 7 of the Code of Professional Conduct and, based on confusion expressed by some volunteers as to the meaning of that reference, the Council drafted a paper, *Conflicts of Interest When Doing Volunteer Work*, to replace the reference to Precept 7.

Enterprise Risk Management Task Force

Board member Jeff Petertil is chairing the board's Enterprise Risk Management Task Force. The group is expected to report its preliminary findings to the Board in October.

Public Interest Committee

Public Interest Committee (PIC) Chairperson Tom Terry reported on the committee's ongoing work to draft a proposed advocacy statement on lifetime income. The PIC's work on the lifetime income issue builds upon the recent work of both the Life Practice Council and the Pension Practice Council. Board members commented on both the direction of the draft statement and many of the details therein, which Mr. Terry will share with his committee.

Strategic Planning

The Board adopted revisions to the Academy Vision and Mission statements, as developed and proposed by the Strategic Planning Committee (SPC). The final draft statements reflected input from Academy members, via the SPC website; the Academy Advisors panel, which completed a 26-question survey assessing individual components of the proposed revised Vision and Mission statements; and Academy practice councils, each of which had the opportunity to review and comment upon the proposed revisions. Practice councils will present their proposals to implement the mission and vision statements to the Executive Committee in April. To review the newly adopted Vision and Mission statements, click here.

International

The IAA continues to work actively on model international actuarial standards of practice (IASPs). Academy International Secretary Steve Lehmann described the IAA's establishment of a new committee structure to work on model IASPs. The U.S Actuarial Standards Board (ASB) has committed to support representatives of the U.S. profession who work on specific IAA standard drafting committees.

Academy Annual Meeting
The 2011 Academy Annual Meeting will be held in conjunction with the annual meeting of the Conference of Consulting Actuaries. The luncheon meeting will be held in Las Vegas on October 24.