

Board for Actuarial Standards

# The TASs in Practice

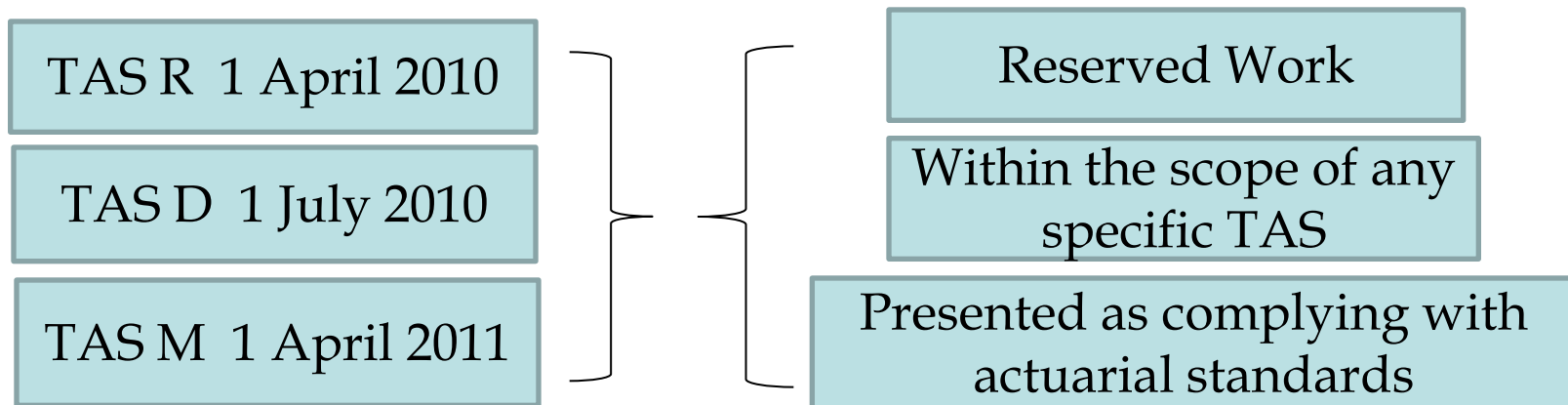
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Financial Reporting Council

13 October 2010



# State of play October 2010

Generic TASs apply to work for aggregate reports completed on or after



Specific TASs specify the work to which they will apply and take effect from various dates in 2011

Insurance TAS due to be published November 2010

# Feedback to date

It's early days yet – little GI work affected  
apart from Lloyds SAOs

Most feedback from pensions practitioners:

No major changes  
required

Useful review of  
report standards

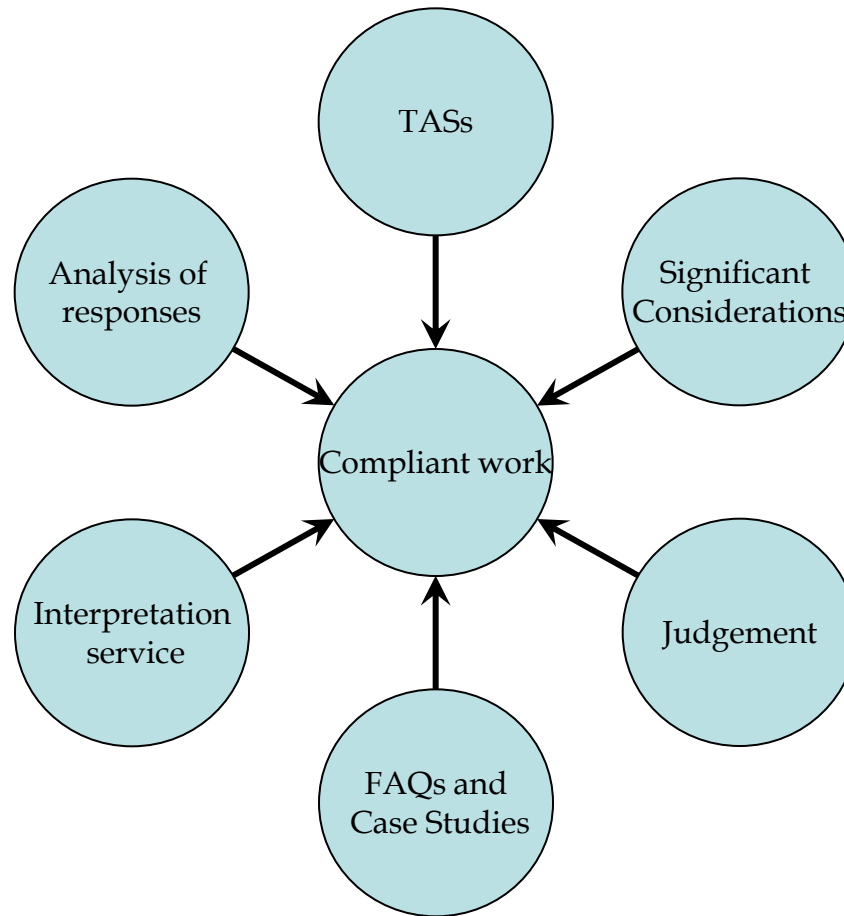
Promoting review of  
spreadsheet  
standards



Issues over terms:  
Actuarial work  
Decisions  
Materiality

Challenges in  
exercising  
judgement

# Applying the TASs



# Impact of TAS R and TAS D

“The **users** for whom a piece of actuarial information was created should be able to place a high degree of reliance on the information’s relevance, transparency of assumptions, completeness and **comprehensibility**, including the communication of any **uncertainty** inherent in the information.”

We expect to see clearer reports focusing on the key words above, with fuller disclosure of relevant data issues.

# Impact of TAS M



Documentation of assumption setting process

Revisiting well established models

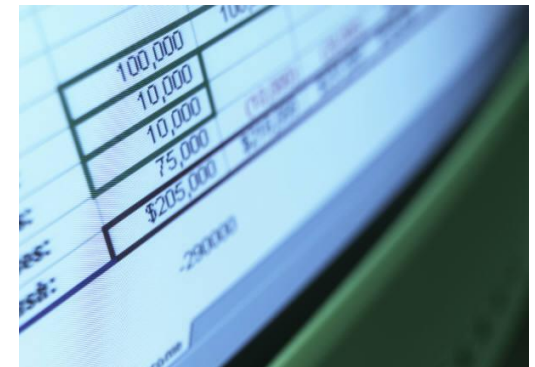
Consistent standards of spreadsheet creation

Interaction with Solvency II

Key requirements:

Explain limitations and implications

Document assumptions and checks



# Insurance TASs

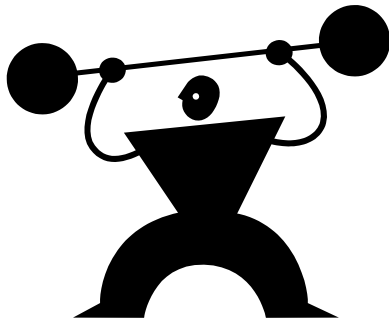
## Scope

- Reserving work
- Technical Provisions, Regulatory Capital, Tax, True & Fair, Embedded value
- Pricing frameworks
- M&A work

## Main principles

- Well derived assumptions – discount rates, claim rates, running costs, co-dependencies
- Explain changes from similar exercises
- Explain prudence and impact of adverse scenarios

# What is the BAS trying to achieve with its standards?



Raise the bar



The work not  
the worker



Focus on the  
users



# Feedback for the BAS



Obtaining feedback is a key part of our job:

How can we do this better?

One challenge for us is getting feedback from users

Comments with reasons are particularly welcome

# Principles vs Rules



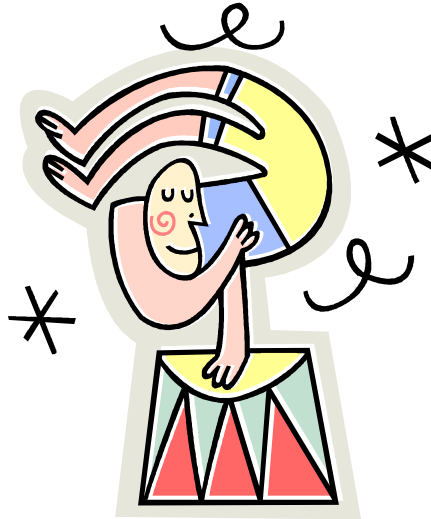
Judgement required

Part of the premium  
for actuarial input?

Use experience



# What's in or out of scope?



We don't want to encourage contortionism

Some judgement will be needed

# Impact assessments

Input wanted from users and practitioners

What has changed due to TASs?



Has this been good / bad / indifferent?

How can we collect this data?

# Questions