

Board for Actuarial Standards

Applying the Insurance TAS Early Reports

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State of play October 2011

All TASs are now in force

All work within the scope of the Insurance TAS
now has to comply with:

- The Insurance TAS
- All Generic TASs (Data, Modelling, Reporting)

Transformations TAS (and generic TASs) applies
to :

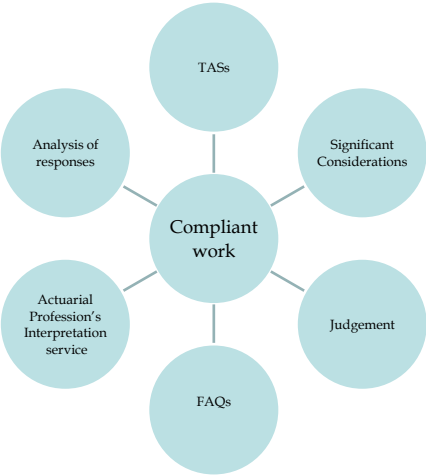
- Part VII transfers
- Schemes of arrangement

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Applying the TASs



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Key Feedback for the BAS

- Is the scope right?
- Where is there lack of clarity?
- Will additional work be transitional or long-term?
- Applying materiality and proportionality
- Compliance statements

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Initial impressions

A lot of the TASs are mainly about
evidencing existing good work

TAS M introduces
more rigour

Improved year end
conversation with
board

Greater flexibility
now that GN12 gone



Issues over terms:
Decisions
Materiality
Models

Compliance burden
for small pieces of
work

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Insurance TAS

Scope questions

- Boundaries between business information and formal reserving work not always clear
- Regulatory requirements from Lloyd's
- When is a pricing framework not a framework?
- Review work
- What models are in scope? (and what is a model?)

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What's in or out of scope?



We don't want to encourage contortionism

Some judgement will be needed

Judgements should be reasoned and justifiable

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Insurance TAS

Main principles - questions

- How much is sufficient information?
- Which assumptions are unrelated?
- How to reconcile "reasonably foreseeable events" with "low probability"

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Impact of Generic TASs

Reporting questions

Provide detail but don't obscure...

Do we really need to comment on cash flows?

Projecting future results – what does this mean for GI work?

Generally less concern about increase in workload than a year ago

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Impact of Generic TASs

Model questions

Stating the purpose of documentation

Use of boilerplate text

Fitness for purpose of pricing models – tests?

Producing models for others to use

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Compliance burden

If it helps users, it's effort well spent

Use pre-existing materials as component reports

Use in-house manuals, minutes of meetings, presentations etc.

Using checklists is OK

Compliance statements – what do they add?

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Materiality and Proportionality

How to exercise judgement?

Which one over-rides?

Can compliance statements be material?

Risk of non-compliance

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Impact assessments

Input wanted from practitioners and users

Comments with reasons please!

What has changed due to TASs?



Has this been good / bad / indifferent?

How can we collect this data?

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Responding to feedback

The BAS does not intend to revise structure
at this time

Clamour for review appears to have died
down

Many practitioners now say “don’t change”

Full consultation process will be needed

Unlikely to see any change before 2013

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Response mechanisms

Changes to standards / new standards

Answers to FAQs

Individual correspondence

Other suggestions?

Listening does not always mean acting

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Questions

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