

# BAS update: What GI actuaries need to know now

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## Agenda

- Generic TASs in force now
- Insurance TAS on its way
- Transformations TAS being developed



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# Reliability Objective

“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.”



# Spirit

“TASs are intended to assist in the achievement of the Reliability Objective. In applying TASs, it is important to be guided by the spirit and reasoning behind them, as well as following any detailed rules.”

*Scope & Authority paragraph 20*

# TASs

- Address work that is done, rather than the people doing the work
- Expect those complying with them to exercise judgement
- Stand on their own, without relying on regulation
- Sometimes state the obvious

# TAS Commencement

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

TAS R	1 April 2010
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TAS D	1 July 2010
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TAS M	1 April 2011
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And to work that is

Reserved Work

Within the scope of any Specific TAS

Presented as complying with actuarial standards

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## TAS R: how it works

Users should have the right information on which to base their decisions

Aggregate report	Must comply with standard Consists of one or more CRs – needn't be a single formal document
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Component report	Contributes towards compliance
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## TAS R: some key points

Users' needs	Understandable to users
Descriptions	Include description of terms such as "best estimate"
Obscuring material information	Do not include immaterial information which reduces clarity
Uncertainty	Provide an indication
Risks	Nature/significance of risks
Cash flows	Provide an indication

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## TAS D: some key points

Users should understand how the data and its shortcomings affect the results

Data requirements	Assess for each exercise
Validation	Proper checks
Adjusting data	When data incomplete/inaccurate adjust or supplement
Documentation	Document checks definitions, judgements

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## TAS M: some key points

Users should understand how the models meet their needs and how the limitations affect the results

Design	Satisfactory representation of reality Do not overcomplicate
Checks	Construct set of checks
Limitations	Explain limitations and implications
Documentation	Document assumptions and checks

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# Insurance TAS: proposed scope

Reserved Work

Information for accounts and regulatory returns

Information for EVs

Opinions on underwriting and reinsurance for SII

Information for pricing and business planning

Information for M&A and transformations

Exercise of discretion

Reinsurance to close

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# Insurance TAS: structure

Scope

Principles for setting and using assumptions

Area specific  
principles

Exercise of discretion in long  
term insurance

Lloyd's SAOs

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## Insurance TAS: timetable

- ED consultation closes 16 July 2010
- Final TAS expected 4Q 2010
- Proposed commencement date 1 April 2011

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# Transformations TAS

- Part VII transfers, schemes of arrangement etc
- Emphasis on issues of fairness and protecting beneficiaries
- Either a separate TAS or included in Pensions and Insurance TASs