The Actuarial Profession making financial sense of the future

Current issues in actuarial standards

Louise Pryor Board for Actuarial Standards

What is the BAS?

- Responsible for setting technical actuarial standards
 - An operating body of the FRC
 - Created following Morris Review
 - Ethical standards remain with the Profession
 - Enforcement/monitoring remain with the Profession
- FRC Strategic Goal:

Introduction

 Users of actuarial information can place a high degree of reliance on the information's relevance, transparency, completeness and comprehensibility

2

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How the BAS operates

- Board has 14 members, including Chair and Director
 - Around half are actuaries
- Standards are developed through a process of informal and formal consultation
 - Informal: working groups, expert groups ...
 - Formal: consultation paper followed by exposure draft

3

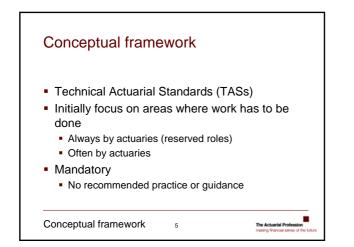
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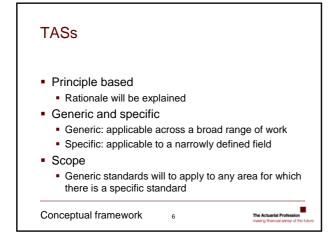
V	Vhat have we done recently?
	http://www.frc.org.uk/bas/publications/consultation.cfm
1	Conceptual framework for actuarial standards (including scope and authority)
	 Consultation Nov 07 – Jan 08, Exposure draft Mar 08 – May 08
. •	Actuarial mortality assumptions
	 Discussion March 08 – June 08
. •	Structure of new BAS standards
	 Consultation April 08 – July 08
. •	Generic reporting standard
	 Consultation Nov 07 – Jan 08, Exposure draft Apr 08 – July 08
. •	Promoting actuarial quality
	 Consultation May 08 – September 08
	http://www.frc.org.uk/publications/pubs.cfm

4

Introduction

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Initial conclusions Separate, explicit assumptions for current mortality and future changes Evidence based scheme specific assumptions

- possible and desirable for current mortality
- Evidence based scheme specific assumptions probably impossible for future changes
- Decisions have to be made, in spite of uncertainty
 - Importance of good information on which to base decisions

8

Mortality

Mortality

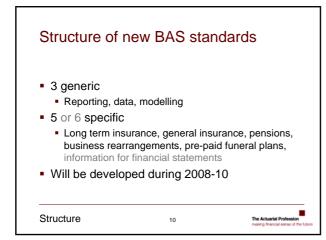
Principal questions 20 June Desmortality@frc.org.uk How significant are the various effects of overand underestimation of future mortality? Would (scenario based) benchmarks be helpful? What, if any, standards should the BAS set? Should the most recent published tables be used? Are there any arguments, with supporting evidence, that objective scheme specific

evidence, that objective scheme specific assumptions are possible for future changes?

9

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Timetable					
	Consultation Paper	Exposure Draft	TAS		
3Q08	Data		Reporting		
4Q08	Modelling				
1Q09		Data, modelling			
2Q09	Life, GI, pensions		Data		
3Q09			Modelling		
4Q09		Life, GI, pensions			
1Q10	Bus. rearr, accounting	Funeral plans	Life, pensions		
2Q10			GI		
3Q10		Bus. rearr, accounting	Funeral plans		
4Q10			Bus. rearr, accounting		
Structure		11	The Actuarial Profession making financial sense of the		

