

Current issues at the BAS

Louise Pryor

Agenda

- TAS R has been issued
- TAS D and TAS M are expected before year end
- CP on insurance has been issued
 - Consultation closes on 20 November 2009

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The new TASs

Generic standards:
Cover all Reserved Work
and work covered by
Specific TASs

Scope & Authority

Data

Modelling

Reporting

Specific standards:
Targeted at specific
areas, scope will be
specified

?????? Insurance
Pensions Business Financial
????? rearrangements reporting
Pre-paid funeral
plans

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Current timetable

	Consultation Paper	Exposure Draft	TAS
1Q09		Reporting	
2Q09	Pensions	Data Modelling	
3Q09	Insurance		Reporting
4Q09	Bus. Rearrangements Accounting		Data Modelling
1Q10		Pensions, Insurance	
2Q10		Bus. Rearrangements Accounting	
3Q10			Pensions, Insurance
4Q10			Bus. Rearrangements Accounting

Pre-paid funeral plans TAS scheduled for early 2011

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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."

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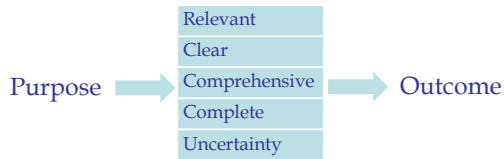
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TAS R: purpose



Users should understand implications of the contents of a report

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TAS R: how it works

Aggregate report (AR)	Must comply with standard Consists of one or more CRs – needn't be a single formal document
Component report (CR)	Contributes towards compliance
Proportionality	Balance benefits and costs

Effective for aggregate reports completed from
April 2010 onwards

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TAS R: relevance and comprehensibility

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

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TAS R: completeness

Uncertainty	Provide an indication
Risks	Nature/significance of risks
Cash flows	Provide an indication

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TAS D: purpose



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

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TAS D: Principles

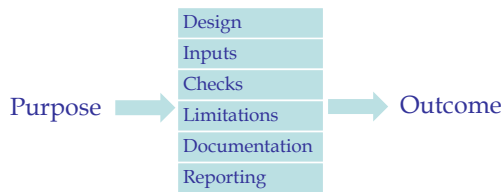
Data requirements	Assess for each exercise
Validation	Proper checks
Adjusting data	When data incomplete/ inaccurate adjust or supplement
Documentation	Document checks definitions, judgements

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TAS M: purpose



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

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TAS M: principles

Design	Model relevant phenomena Do not overcomplicate
Checks	Construct set of checks
Limitations	Explain limitations and implications
Documentation	Document assumptions, checks, judgements

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CP on insurance

- A single CP for both life and non-life
 - Should we have a single TAS?

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Insurance TAS: probably in scope

Insurance liabilities for reporting purposes

EVs for financial statements

Regulatory capital requirements

Exercise of discretion by insurers

Information (not decisions) for pricing and planning

ALM

Opining on underwriting and reinsurance

Reinsurance to close

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Insurance TAS: possibly in scope

Other capital work

M&A work

Performance related pay

Information for risk committees

Information for 1 party in transactions where independent expert involved

Other Reserved Work

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Insurance TAS: questions

Scope

What should be done about poor data?

What should be done about cycle effects?

Explicit allowance for extreme events

Explicit allowance for different tail co-dependencies

Quantification of margins for prudence

What have we left out?

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