

Half-year reporting
on the TAS regime:
a BAS perspective

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Agenda

- Background to the regime
- Scope for half-year 2010 reporting

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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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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

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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

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TAS Commencement

The Generic TASs apply to aggregate reports completed on or after

TAS R 1 April 2010

TAS D 1 July 2010

TAS M 1 April 2011

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 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 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

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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What does "Reserved Work" cover

Work required by regulation or other legal obligation and to be done by a member of the UK Actuarial Profession,

For example

IPRU INS 9.3A requires a realistic half-yearly balance sheet and valuation report for realistic basis life insurers.

SUP 4 requires

Actuarial Function Holder	With-Profits Actuary
Advice on measures, methods and assumptions	Opinion on the consistency of assumptions used in the determination of the WPICC with PPFM
Calculation of results	
Valuation report	

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Half year

Actuarial input to

Regulatory return	Interim accounts
Mathematical Reserves	Technical provisions
WPICC	EV
Valuation report	Value of new business

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Application of TAS D

- Assess data requirements
 - 2009 year end measures, methods and assumptions
 - 2010 emerging experience
 - economic conditions at 30 June 2010
 - in force business
 - nature
 - quantum
- Data validation
- Documentation
 - internal, no formal reporting

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Application of TAS R

- Report on measures, methods and assumptions
 - describe data used
 - explain rationale for recommendations
 - indicate uncertainty
 - comparison with 2009 year end
 - clarity
 - compliance statement

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Application of TAS R

- Report on results
 - describe data used
 - state material assumption and describe rationale for assumptions, measures and methods
 - indicate nature and timing of cash flows
 - indicate uncertainty
 - comparison with year end 2009 including reconciliation
 - indicate year end 2010 values
 - compliance statement

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Future developments

TAS M	Suitability Documentation Limitations
Insurance TAS	Proposed scope is wide and includes <ul style="list-style-type: none">- interim accounts- embedded values
Transformations	

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