

**Board for Actuarial Standards**

# The Insurance TAS An Overview

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Financial Reporting Council  
20 April



## **Agenda**

- Setting the scene
- The Insurance TAS
- Other issues
- Conclusions
- Questions



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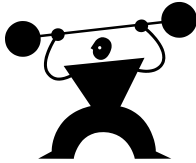
## BAS's Objective

“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.”

We expect to see clearer user focused reports, with fuller disclosure of risk and uncertainty, relevant data issues and modelling limitations.



## What is the BAS trying to achieve with its standards?



Define the bar



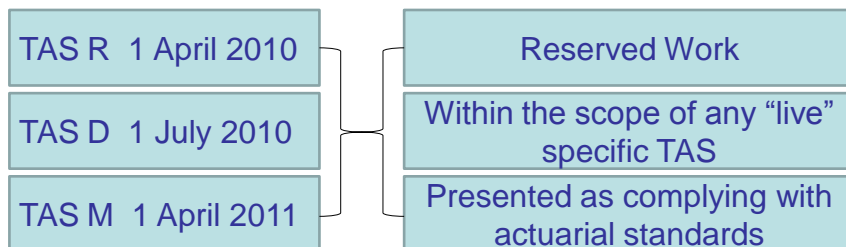
The work not  
the worker



Focus on  
the users

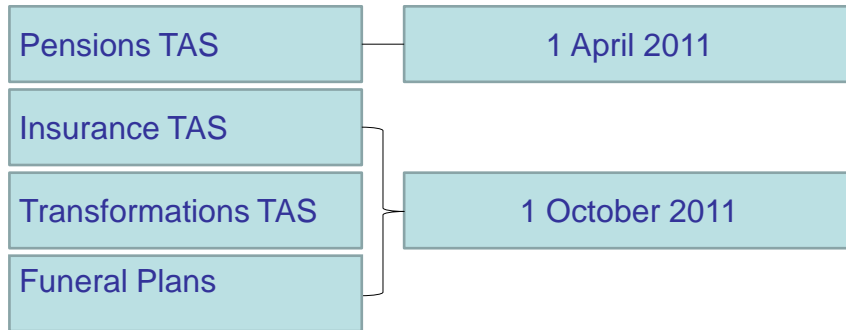
## State of play today

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



## State of play today

Specific TASs specify the work to which they apply  
Apply to work for aggregate reports completed on or after

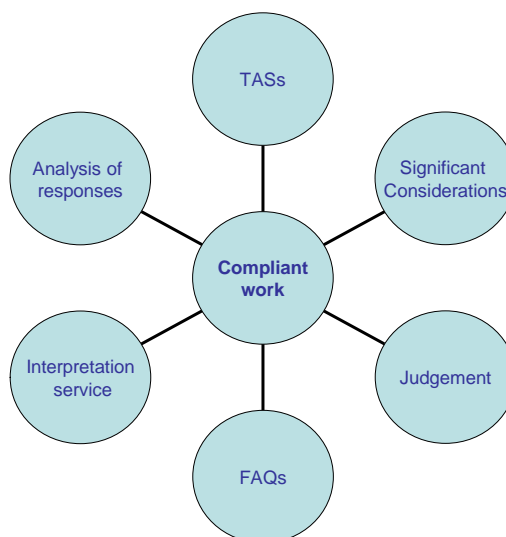


Implications of the TASs for Insurance Actuaries

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## Applying the TASs



Implications of the TASs for Insurance Actuaries

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## Insurance TAS: its purpose

Actuarial information provided to **managers and the governing body of an insurer** is relevant, **comprehensible** and sufficient to support decisions about the business and includes **information on risk and uncertainty** and, if those decisions affect policyholders' benefits, on the implications for policyholders.

Actuarial information provided to **policyholders** is relevant, **comprehensible** and sufficient for its purpose.

Calculations are carried out using measures, methods and assumptions which are **fit for purpose** and are performed correctly.

The key issues that affect the variability or discounted value of projected **cash flows** are taken into account and given the appropriate weight.



# Insurance TAS: what's in or out of scope?



We don't want to encourage contortionism  
Some judgement will be needed



## Work in scope

	Actuaries	Non-actuaries
Actuarial work	Compliance required by Actuarial Profession	Compliance may be required by users or other bodies
Non-actuarial work	Not in scope (but may be good practice?)	Not in scope



## Insurance TAS - scope

### Geographic Scope

UK regulated entities



### Work Scope

Reserved work

Actuarial work in:

- Financial reporting
- Pricing frameworks
- Business reorganisations
- The exercise of discretion.

Implications of the TASs for Insurance Actuaries

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## Insurance work – application of the TASs

### Data

- What data is needed?
- What if there is insufficient data?
- What if the data is unreliable?
- Documentation and validation.



### Reporting Principles

- Describe to users the data used
- Material uncertainty
- Impact on results

Implications of the TASs for Insurance Actuaries

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## Insurance work – application of TAS principles



### Modelling

- Ensure models are fit for purpose
- Documentation of checks
- Documentation of data and assumptions.

### Reporting principles

- Explain model limitations and their implications
- Explain changes and quantify their impact.



## Insurance work – application of TAS principles



### Reporting

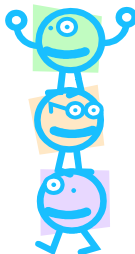
- Material assumptions, measures and methods
- Non-neutral estimates
- Uncertainty
- Material risks
- Future cash flows
- Comparatives
- Projections



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## Team working and responsibility



### Who must comply

- all members of the Actuarial Profession

### Who is responsible for compliance

- the person responsible for a report's contents

## Team working and responsibility

### Actuarial teams

- ensure team members know
  - their actuarial work responsibilities
  - responsibilities for checking, documentation and reporting



## Team working and responsibility

### Multi-disciplinary teams

- agree responsibility for actuarial work
- some inputs might be data
- ensure actuarial team knows
  - their actuarial work responsibilities
  - responsibilities for checking, documentation and reporting
- may have no control over onward transmission



## Some other issues

Report detail	Reflect knowledge and expertise of users
Materiality	Material information affects users' decisions
	Principles apply to material matters
	Immaterial departures from TASs are permitted
Proportionality	Work proportionate to scope of decision
Reporting	Component reports include in-house standards, meeting minutes



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## Conclusions

- BAS's Objective
  - users, comprehensibility, uncertainty
- The Insurance TAS
  - purpose, scope, application
- Other issues
  - team working, reporting, materiality, proportionality



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