

Board for Actuarial Standards

The Insurance TAS An Overview

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Financial Reporting Council
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Agenda

- Setting the scene
- The Insurance TAS
- Summary



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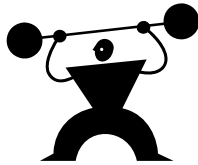
BAS's Objective

“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

Implications of the TASs for Insurance Actuaries

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Compliance, responsibility & team working



Who must comply?

- all members of the Actuarial Profession

Who is responsible for compliance?

- the person responsible for a report's contents
- may have no control over onward transmission

Ensure actuarial team knows

- their actuarial work responsibilities
- responsibilities for checking, documentation and reporting

Implications of the TASs for Insurance Actuaries

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Materiality & Proportionality

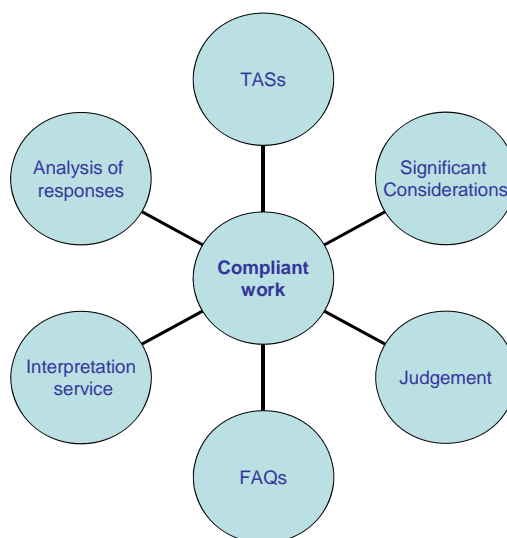
Materiality	Material information affects users' decisions
	Principles apply to material matters
	Immaterial departures from TASs are permitted
Proportionality	Work proportionate to scope of decision
	Reports reflect knowledge and expertise of users

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 - scope



Reserved work

Actuarial work in:

- External financial reporting
 - True and fair accounts
 - Embedded values
- Pricing frameworks
- Business reorganisations
 - Transformations
 - M&A, securitisations
- The exercise of discretion.

Insurance work – application of the TASs

Data should be fit for purpose

- 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
- Describe any material uncertainty
- Explain approach taken to that uncertainty in the results

Insurance work – application of TAS principles



Models should be fit for purpose

- Document justification
- Document checks
- Document data and assumptions.

Reporting principles

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



Insurance work – application of TAS principles

Reporting

- State and describe rationale for material assumptions
- Explain and describe rationale for measures and methods used
- Indicate relationship of non-neutral estimates to neutral estimates
- Indicate any material uncertainty
- State the material risks and approach taken to them
- Indicate future cash flows
- Repeated work
 - provide comparatives
 - indicate projected results



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Summary

- BAS's Objective
 - users, comprehensibility, uncertainty
 - focus on actuarial work, not actuaries
 - compliance, team working, materiality, proportionality
- The Insurance TAS
 - purpose, scope, application



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