

Board for Actuarial Standards

# TAS Overview

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Board for Actuarial Standards

26 May 2010



## Agenda

- BAS overview – Robert Inglis
  - About the BAS
  - Outcomes
  - Some important issues
- The TASs – John Instance
  - Generics: key points
  - Specifics: proposed scope

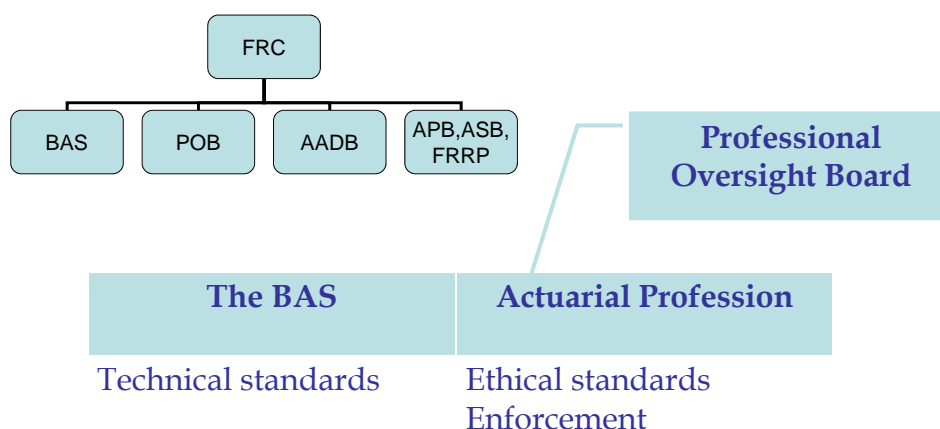


## BAS timeline

2005	March	Morris Review
2006	April	BAS established
	May	BAS adopts technical GNs
2008	July	Conceptual Framework Scope & Authority
2009	September	First Generic TAS (TAS R)
2010	April	Generic TASs completed
	Q3/4	First Specific TASs
2011	Q1	Initial set of TASs completed

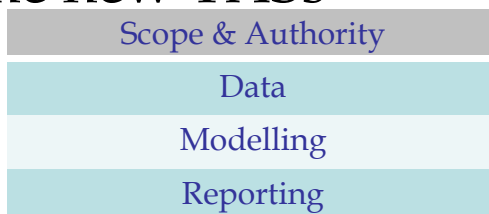


## Roles

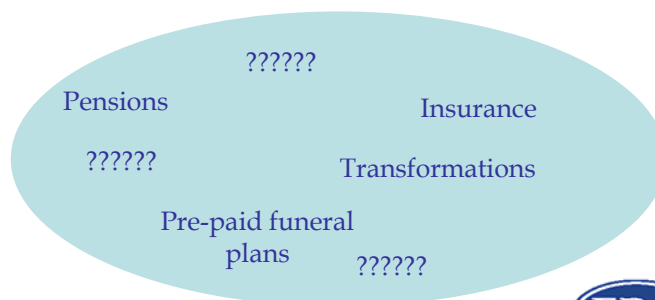


## The new TASs

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



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



## 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.”



## Outcomes

- Reliability objective achieved
  - Focus on user
  - Better communication of risk and uncertainty
  - Users understand implications of their decisions
- Work consistently above the bar
- More attention placed on emerging cash flows



## Key documents

- FRC website
    - Register for updates at [www.frc.org.uk/register.cfm](http://www.frc.org.uk/register.cfm)
  - Scope & Authority
  - TASs
  - Significant considerations
- also
- Consultation and feedback papers
  - BAS conceptual framework



## Some important issues

- The nature of TASs
- Materiality and proportionality
- Spirit of the TASs
- Reporting



## 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



## Materiality and proportionality

“To the extent that departures from a TAS do not have a Material effect on the results of the work in question, they need not be considered as departures and they need not be disclosed.”

Paragraph 23 of the Scope & Authority

“Nothing in this standard should be interpreted as requiring work to be performed that is not proportionate to the scope of the decision or assignment to which it relates...”

Part B of each TAS



## The spirit of the TASs

“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



## Reporting

Users should have the right information on which to base their decisions

Aggregate report	Must comply with standard Consists of one or more component reports Needn't be a single formal document
Component report	Contributes towards compliance

Don't have to use term "aggregate report"



## Generic TASs

Apply to work for 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



## TAS R: some key requirements

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



## TAS D: Some key requirements

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





## TAS M: Some key requirements

Design	Satisfactory representation of reality Do not overcomplicate
Checks	Construct set of checks
Limitations	Explain limitations and implications
Documentation	Document assumptions and checks



## Specific TASs

- Contents
  - Scope
  - General principles including some for setting and using assumptions
  - Area specific principles e.g. pension scheme funding, discretions in long term insurance
- Proposed commencement
  - Pensions and Insurance – 1 April 2011



## Insurance TAS: proposed scope

### Reserved Work

Work for accounts, embedded values, regulatory and tax returns

Opinions on underwriting and reinsurance for Solvency II

Pricing work

Financial projections used for business planning

Management information on business performance

Information for M&A, capital raising and transformations

Exercise of discretion

Reinsurance to close



## Pensions TAS: proposed scope

### Reserved Work

Trustees	Contribution requirements, funding updates for investment strategy
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Scheme changes
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Bulk transfers (both schemes)
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Wind-up work
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"Factor" related work
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Sponsors	Scheme Funding if agreement required
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Company accounts

DC projections



## Transformations TAS

- Part VII transfers, schemes of arrangement (independent expert), bulk transfers etc
- Emphasis on issues of fairness and protecting beneficiaries
- Exposure draft expected soon

