Applying the Insurance TAS  
Early Reports

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State of play October 2011

All TASs are now in force

All work within the scope of the Insurance TAS now has to comply with:
• The Insurance TAS  
• All Generic TASs (Data, Modelling, Reporting)

Transformations TAS (and generic TASs) applies to:
• Part VII transfers  
• Schemes of arrangement
Applying the TASs

Key Feedback for the BAS

Is the scope right?
Where is there lack of clarity?
Will additional work be transitional or long-term?
Applying materiality and proportionality
Compliance statements
Initial impressions

A lot of the TASs are mainly about evidencing existing good work

TAS M introduces more rigour
Improved year end conversation with board
Greater flexibility now that GN12 gone

Issues over terms:
- Decisions
- Materiality
- Models

Compliance burden for small pieces of work

Insurance TAS

Scope questions
- Boundaries between business information and formal reserving work not always clear
- Regulatory requirements from Lloyd’s
- When is a pricing framework not a framework?
- Review work
- What models are in scope? (and what is a model?)
What’s in or out of scope?

We don’t want to encourage contortionism

Some judgement will be needed

Judgements should be reasoned and justifiable

Insurance TAS

Main principles - questions
- How much is sufficient information?
- Which assumptions are unrelated?
- How to reconcile “reasonably foreseeable events” with “low probability”
Impact of Generic TASs

Reporting questions
  Provide detail but don’t obscure…
  Do we really need to comment on cash flows?
  Projecting future results – what does this mean for GI work?

Generally less concern about increase in workload than a year ago

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Impact of Generic TASs

Model questions
  Stating the purpose of documentation
  Use of boilerplate text
  Fitness for purpose of pricing models – tests?
  Producing models for others to use

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Compliance burden

If it helps users, it’s effort well spent
Use pre-existing materials as component reports
Use in-house manuals, minutes of meetings, presentations etc.
Using checklists is OK
Compliance statements – what do they add?

Materiality and Proportionality

How to exercise judgement?
Which one over-rides?
Can compliance statements be material?
Risk of non-compliance
Impact assessments

Input wanted from practitioners and users
Comments with reasons please!
What has changed due to TASs?
Has this been good / bad / indifferent?
How can we collect this data?

Responding to feedback

The BAS does not intend to revise structure at this time
Clamour for review appears to have died down
Many practitioners now say “don’t change”
Full consultation process will be needed
Unlikely to see any change before 2013
Response mechanisms

Changes to standards / new standards
Answers to FAQs
Individual correspondence
Other suggestions?

Listening does not always mean acting

Questions