



**The Actuarial Profession**

making financial sense of the future

## **Response to Exposure Draft Board for Actuarial Standards**

Funeral Plans TAS

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October 2010

## **About the Actuarial Profession**

The Institute and Faculty of Actuaries is the chartered professional body for actuaries in the United Kingdom. A rigorous examination system is supported by a programme of continuous professional development and a professional code of conduct supports high standards, reflecting the significant role of the Profession in society.

Actuaries' training is founded on mathematical and statistical techniques used in insurance, pension fund management and investment and then builds the management skills associated with the application of these techniques. The training includes the derivation and application of 'mortality tables' used to assess probabilities of death or survival. It also includes the financial mathematics of interest and risk associated with different investment vehicles – from simple deposits through to complex stock market derivatives.

Actuaries provide commercial, financial and prudential advice on the management of a business' assets and liabilities, especially where long term management and planning are critical to the success of any business venture. A majority of actuaries work for insurance companies or pension funds – either as their direct employees or in firms which undertake work on a consultancy basis – but they also advise individuals and offer comment on social and public interest issues. Members of the profession have a statutory role in the supervision of pension funds and life insurance companies as well as a statutory role to provide actuarial opinions for managing agents at Lloyd's.

15 October 2010

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Dear Louise

**Exposure Draft - Funeral Plans Technical Actuarial Standard**

Thank you for providing the Actuarial Profession with the opportunity to comment on this Exposure Draft. We have set out our observations on your proposals in this correspondence and we are happy for this to be placed in the public domain.

The general feeling amongst the life actuaries that have reviewed this exposure draft is that the proposals contained within it are sensible; however a couple of specific points have been raised and these are detailed in the appendix attached to this letter.

If you have any questions or would like to discuss any of these matters further, please contact me:

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Yours sincerely

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## **Appendix to Letter relating to Funeral Plans TAS**

The following points have been raised in relation to the Exposure Draft of the above TAS.

### **Section C – Scope**

There appears to be an overlap between C1.2 and C1.5; C1.2 brings the statutory valuation within the standard and C1.5 brings any exercise to determine assets and liabilities within scope. We believe that the statement in C1.5 makes C1.2 redundant.

### **Section D - General principles**

D3.1 refers to “two similar exercises”; this terminology has arisen in exposure drafts of other TASs and we have stated then that it is too vague a statement. It would be clearer to refer to “two consecutive valuations of the funeral plan trust.”

D4.11 refers to uncertainty in the value of the liabilities but the third bullet point in D4.12 includes as a risk “income and capital returns from the assets of the trusts being lower than expected.” It is our belief that D4.11 should refer to risks related to both assets and liabilities whilst D4.12 should be expanded to cover asset risk more fully.