The Insurance TAS
An Overview

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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

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
### Materiality & Proportionality

<table>
<thead>
<tr>
<th>Materiality</th>
<th>Material information affects users’ decisions</th>
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<tbody>
<tr>
<td></td>
<td>Principles apply to material matters</td>
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<td></td>
<td>Immaterial departures from TASs are permitted</td>
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<tr>
<td>Proportionality</td>
<td>Work proportionate to scope of decision</td>
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<tr>
<td></td>
<td>Reports reflect knowledge and expertise of users</td>
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</tbody>
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### Applying the TASs

![Diagram showing the relationships between Compliant work, Analysis of responses, Significant Considerations, Interpretation service, Judgement, and FAQs]
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Insurance TAS: its purpose

<table>
<thead>
<tr>
<th>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.</th>
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<tbody>
<tr>
<td>Actuarial information provided to policyholders is relevant, comprehensible and sufficient for its purpose.</td>
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<td>Calculations are carried out using measures, methods and assumptions which are fit for purpose and are performed correctly.</td>
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<td>The key issues that affect the variability or discounted value of projected cash flows are taken into account and given the appropriate weight.</td>
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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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