The TASs in Practice

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State of play October 2010

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

Reserved Work

Within the scope of any specific TAS

Presented as complying with actuarial standards

Specific TASs specify the work to which they will apply and take effect from various dates in 2011

Insurance TAS due to be published November 2010
Feedback to date

It’s early days yet – little GI work affected apart from Lloyds SAOs
Most feedback from pensions practitioners:

- No major changes required
- Useful review of report standards
- Promoting review of spreadsheet standards
- Issues over terms: Actuarial work, Decisions, Materiality
- Challenges in exercising judgement
Impact of TAS R and TAS D

“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 reports focusing on the key words above, with fuller disclosure of relevant data issues.
Impact of TAS M

Documentation of assumption setting process

Revisiting well established models

Consistent standards of spreadsheet creation

Interaction with Solvency II

Key requirements:

Explain limitations and implications

Document assumptions and checks
Insurance TASs

Scope

- Reserving work
- Technical Provisions, Regulatory Capital, Tax, True & Fair, Embedded value
- Pricing frameworks
- M&A work

Main principles

- Well derived assumptions – discount rates, claim rates, running costs, co-dependencies
- Explain changes from similar exercises
- Explain prudence and impact of adverse scenarios
What is the BAS trying to achieve with its standards?

- **Raise the bar**
- **The work not the worker**
- **Focus on the users**
Feedback for the BAS

Obtaining feedback is a key part of our job:

How can we do this better?

One challenge for us is getting feedback from users

Comments with reasons are particularly welcome
Principles vs Rules

Judgement required
Part of the premium for actuarial input?
Use experience
What’s in or out of scope?

We don’t want to encourage contortionism

Some judgement will be needed
Impact assessments

Input wanted from users and practitioners

What has changed due to TASs?

Has this been good / bad / indifferent?

How can we collect this data?
Questions