Name of Organisation	AON
Question 1: What are your views on the proposal to incorporate relevant sections of the Framework for TASs document within TAS 100? Further, what are your views on incorporating relevant sections of the Glossary document within TASs?	**We support** the reduction of the number of documents to which actuaries must refer, so **we agree** with the proposal to move various items of text from the framework and glossary into TAS 100. Note that once the other TASs are amended in this way there will need to be a fresh consideration of all the terms used throughout the glossaries to prevent inconsistency (and this goes wider than the TASs - eg APS X1 also has a definition for "User" which we assume would need to change to "intended user").
Question 2: Does the draft FRC guidance provide clarity on the definition of technical actuarial work and geographic scope? If you don't think the guidance provides clarity, please explain why not and suggest how the position might be further clarified?	We assume this question and Q3 relates only to the guidance on technical actuarial work and geographic scope – we address comments on the proportionality guidance in Q6.) **We welcome** the fact that the guidance clarifies issues such as "responsibility" and "technical actuarial work" (although the latter is defined in TAS 100 itself so there is some repetition). However, the examples appear, in some places, to replicate the scenarios shown in the IFoA guidance on the application of TAS 100. We assume that the FRC is proposing that the IFoA removes its guidance. If so, **we do not agree** with this proposal. In our view, that guidance should remain the responsibility of the IFoA. In some areas the new guidance goes further than the IFoA's guidance, and some items of the IFoA guidance are omitted. In our view, the TAS limitation of geographic scope can be unhelpful, particularly for actuaries carrying out work for two different jurisdictions within the same firm. Members of the IFoA (to which TAS 100 applies) are subject to the Actuaries Code and relevant Actuarial Professional Standards, and in particular under APS X1 they should apply all relevant TASs. So intended users would generally expect UK actuaries to be operating in line with TAS 100 regardless of the geography that applies to the work they are carrying out. It might be more helpful to for TAS 100 to reflect this
Question 3: Does the draft guidance support you in complying with the TASs?	Subject to our comments above on Q2, **we agree**. The example scenarios (building on the IFoA material) are useful (but see our comment on responsibility for the IFoA guidance).
Question 4: Our proposal places all the application statements in a separate section within the TAS. An alternative approach would be to place application statements relating to each principle immediately	Wherever the application statements sit within TAS 100, we believe that by including them within the body of the TAS (and with the language as drafted), in practice, the TAS will become a rules-based standard. In our view, this is not desirable and not in the public interest (and we understand it is not FRC's aim to introduce a rules-based standard). However, if the application statements are to be retained, as each application statement is augmenting the respective principle, we would

after the relevant principle. Which do you prefer?	prefer that the application section follows each respective principle rather than be set out separately at the end. We note that the guidance on proportionality states that the Principles set out mandatory requirements, whereas the Application statements set out regulatory expectations, to which practitioners must have regard - with a requirement to justify any divergence. At present, the guidance does not include examples where the FRC would regard divergence as reasonable. Without a significant number of such examples, we think practitioners will have little choice but to regard the Application statements as mandatory in almost all circumstances. Proportionality is noted within this guidance as a consideration – but without any real indication as to how it is to be applied. It is barely mentioned when the application statements are considered within TAS 100 itself. In this regard (although see our answer to Q6) it would be helpful to expand the guidance around proportionality, and to be clear in the drafting and the wider guidance that applications demonstrate potential ways of complying but not the only way, and that based on judgement/proportionality other means of complying may be equally suitable. Such a softening in language would be helpful in how the new TAS is viewed by practitioners, particularly in the context of smaller clients/exercises (without it we think it inevitable that compliance with TAS 100 will become a tick box exercise, as it will be uneconomic for practitioners to do anything else).
Question 5: What are your views on the proposed change to the compliance requirement?	In our previous response we had strongly opposed the continued requirement for a compliance statement, arguing that it does not add to the quality of work, is rarely read by users and is directly at odds with the overall principles-based approach. FRC has instead proposed to go further and we question the need for this. We are particularly concerned about the new provisions to require evidence of compliance to be "available" in a form suitable for sharing with the user, and we strongly oppose this . In the vast majority of cases users will not seek such evidence (indeed few will even read the compliance statement) so requiring practitioners to ensure that the evidence is available in a format suitable for sharing with the user in all cases when it may never be requested would be disproportionate and would increase costs borne by users - it is not even clear to us what such evidence would be in some respects (eg what is done with data). Is it expected that each item of communication will be formally documented in this way? This will add a huge cost, for no benefit. It would involve a large change in processes and standards for many firms (and would not be welcomed by many clients) – the additional information is likely to detract from the main message of the advice. The FRC has promised guidance on this – but as noted elsewhere we would expect such guidance to be only explanatory and not impose any other obligations. If this requirement is to remain in TAS 100, there must be more information provided about how this information can be provided proportionately.

Question 6: Does the proposed FRC guidance on how TAS 100 can be applied proportionately assist actuaries in their compliance with TAS 100?	**We do not agree** with this. First, the word proportionality does not appear in the TAS 100 draft, and this is a critical omission that seems to prevent proportionality from being applied to the TAS 100 requirements (Principles or Applications), regardless of guidance. At the very least, a direction to the guidance in the TAS 100 document is necessary to connect the documents, and more helpful would be an explicit reference to proportionality in the TAS 100 document, together with a direction to the guidance. Given the critical nature of proportionality and materiality in how to apply TAS 100 we feel that this guidance does not work as a standalone document. If the Scope guidance and TAS 100 are read in isolation it is not immediately apparent that proportionality affects certain TAS 100 obligations as written in the standard itself (for example requirements for full documentation or communications). Given the importance of proportionality and materiality, we believe that the references to these should be restored to the beginning of TAS 100 itself. This would avoid the need for cross refence (which was stated as the benefit of including text within the glossary). Alternatively the proportionality and scope/technical actuarial work guidance should be placed into one document. We agree that the examples (again some of which are taken from the IFoA guidance) are useful. However what would be more helpful are examples of smaller jobs that we do in pensions, and some consideration about what is and isn't required for these (for example day to day funding updates, member queries, monthly factor updates, questions from trustees).
Question 7: What are your views on the revision in nomenclature of the 'user' to 'intended user'?	**We support** the plan to bring out the identity of the 'intended recipient' to contrast with others who might use the communications (and to ensure that practitioners take into account the needs of any of those who might use the material). This would also be consistent with ISAP1 but APS X1 would need to be made consistent as well.
Question 8: Do you agree the new proposed Risk Identification Principle and associated Application statements?	**We do not agree** with the proposed Risk Identification Principle as written. We understand the rationale for wishing to include the general Risk Identification Principle (principle 1) and related application statements, and we support the desire for regulatory guidance to reflect issues such as climate change. However the wording of this principle is far too widely drawn to be reasonable. Again we are particularly concerned at this new requirement within the context of what appears to be a rules based document. Consideration of these issues could greatly obscure the real message of any information. Climate change issues (or indeed other risks such as that posed by Covid) can be identified but cannot necessarily be quantified, and the dependency between the various factors may not be possible to consider. Similarly, it may not be possible to consider the timeframe over which such material factors and risks will emerge. Commentary on such risks and their possible impact could considerably

	add to the length of reports and might not bring any benefit to the users. There is also a risk that models are stretched beyond their reasonable application in an attempt to incorporate additional risks, such that either a model is less suitable for its original purpose (e.g. because it has needed to be simplified), or models simply increase in complexity beyond what is justified by either the reliability of the input data or output analysis (and excess complexity increases the risks of errors or misinterpretation). There is a risk that after the event actuaries could be challenged for not raising something that was only vaguely relevant at the time advice was given. Many actuarial models use historical data to inform statistical distributions and justify parameters. Requiring actuaries (P1.2) to consider the dependencies of all material risks (including climate change and geopolitical risk, for example) in the context of distributions based on historical data is a very difficult task. We would prefer the principle to require consideration of 'relevant risks'. We are similarly concerned at the application statements in relation to this, including the requirement to consider legal options (which may evolve over time) or actions which may or may not be taken by management in response to risks emerging. As an example our work on producing actuarial factors would already take account of various emerging risks but our (relatively focused) report would be made considerably longer by discussion of such wider risks - and this would detract from the message that we are trying to get across to our clients.
Question 9: What are your views on the clarification included in the proposed changes to TAS 100 in respect of the exercise of judgement? Further, do you feel that guidance will be helpful?	**We support** new Principle 2 but we are concerned about the disproportionate impact of requiring consideration of any alternative approaches, periodic review of any judgement and sensitivity of any conclusions to the judgement. Again using the example of work on actuarial factors our actuaries are already exercising their judgement in a reasoned manner and are reviewing the rationale for that judgement – but we would question the need for actuaries to commit to a regular review and this may not be practical for actuaries to do that for all their schemes. We particularly question the wording in P2.3 'while the practitioner remains responsible'.
Question 10: What are your views on the proposed changes to the Data Principle and associated Application statements?	**We agree** with the proposed changes but would question whether it is necessary for the text to go beyond the boxed statement. If the further statements are retained, we would prefer if the wording for P3.2 is changed to 'Practitioners must consider if there may be any present or potential future biases in the data.' In order to prevent unnecessary investigation in the context where none is warranted.
Question 11: Do you agree with the proposed clarifications	In relation to Principle 4 **we agree overall** with the proposed requirements around documenting (and communicating) and testing

and additions relating to documenting and testing material assumptions?	material assumptions. For P4.1, we prefer the word 'assess' (as used in Application statements for 4) to the word 'investigate'.
Question 12: Do you agree with the proposed changes to the Modelling Principle and associated Application statements? Further, do you agree that guidance would be helpful?	**We agree** with the rationale of the proposed changes however it is critical that the requirements are applied proportionately. If not, then the requirements will have a non-trivial cost (particularly given the very wide definition of model in the TAS) and will constrain a great deal of the work that actuaries do. It is unclear what TAS 100 will require in this regard for small items of work. We feel here that the key in P5.2 (that models 'must'... 'have in place an appropriate level of model governance...') is the word appropriate - and this may allow actuaries to take a decision on what level of governance and validation etc is reasonable. Therefore, it would be helpful to have guidance on what 'appropriate' means in this context. In particular, the way P5.2 is drafted, it is presumed that an appropriate level of model governance must include a change control process which (according to the glossary): (i) must only allow authorised changes to models. This definition is too restrictive, especially given that 'model' is defined as 'a simplified representation of the world… implemented through a set of mathematical formulae and algorithms.' As noted above, this is a very wide definition. A model could be implemented, hypothetically, with paper, pen and a calculator, but this cannot have a change control process. More realistically, many models implemented in Excel cannot easily have a strict authorised change process. Whilst we do agree that having an authorised change process is ideal, and in many cases appropriate, it is not always necessary or appropriate and therefore it should be removed from the definition of change control process. Under P5.4, it is unclear if the practitioner must assess limitations upon every use of the model or if these limitations should be assessed at the point of model validation/change management. We suggest that P5.4 is amended to provide more flexibility in the time and manner of the assessment, as follows: 'Where material limitations exist in models or methodologies used, the implications of those material limitations must be assessed and documented.' P5.5 assumes that models can be re-run at minimal cost, or that checking outputs twice has minimal cost. However, there may be alternative ways to verify model reproducibility (e.g. for models with no random variables). Therefore, we suggest removing the phrase 'by re-running the model using the same inputs'. We are supportive of, and would hope to be able to comment on, proposed FRC guidance on modelling. To emphasise the themes above, it is important that any forthcoming modelling guidance (and this TAS framework) consider not only future needs of the profession (e.g. data science) and current regulatory needs of modelling (e.g. Solvency II) but also the broad variety of lower level modelling that is prevalent across

	the actuarial profession, that does not rely on bespoke software but rather on actuarial principles and a spreadsheet or two. To date, actuarial modelling has benefited from the principles-based and proportionate approach of TAS 100. We would not want an initiative, that is intended to improve best practice for the most complex models, to stifle the full range of valuable modelling that is carried out for more intended users than simply insurance regulators and academics. One approach would be to set out a sliding scale of model governance requirements, recognising that what is best practice may be different depending on model purpose, scope, intended user and materiality. The consultation document (4.24.v) states that the draft aims to address interactive models, but we cannot see any consideration of this, apart from including such models in the definition of 'actuarial information'. As an aside we note that paragraph 4.20 in the consultation document sets some context for the changes. There is a presumption being made about the relevance of modern data science to actuarial work, and also about actuaries working in multi-disciplinary teams to develop models. The scope of TAS 100 is to set standards for actuarial work, not to cover work carried out by actuaries in adjacent fields that is not actuarial (e.g. in multi-disciplinary teams). We would caution against trying to broaden the scope of what TAS 100 is trying to achieve to cross over into areas such as software development, or academic research, to take two examples. TAS 100 should cover actuarial work, and if that work is carried out in the context of another framework, it is outside of the scope of TAS to also assess best practice of work in that different framework. E.g. an actuary may carry out software development to develop an actuarial model, in which case TAS 100 covers the requirements for developing an actuarial model but not also best practice in software development. Multi-disciplinary teams will be less inclined to welcome actuarial participation if the consequence is they acquire a regulatory burden that they would not otherwise bear.
Question 13: Do you agree with the proposed clarification of the Documentation Principle? Further, do you agree with the proposal to move all requirements relating to documentation to the Documentation Principle and associated Application Statements, where applicable?	**We agree** that the boxed (un-numbered) paragraph is arguably an improvement compared to the present TAS 100 as it is more practical. However the subsequent text is too prescriptive and detailed for a principles-based document. It feels as if the proposed P6.1 should be an application statement rather than a principle. **We support** the TAS discussing all the documentation aspects in one place.
Question 14: Do you agree with the proposal to move all requirements relating	**We support** the TAS discussing all the communication aspects in one place. However, whilst we are happy with the principle overall, again it must be applied proportionately. For example in the context of situations where data is deficient, a particular example is work on GMP

to communication to the Communications Principle and associated Application Statements, where applicable?	equalisation/conversion. There would frequently be scenarios where data is deficient, and many modifications will need to be made to address this. The wording of the exposure draft implies that communications would need to describe any such modifications to the data in full, which in practice would result in disproportionate costs being incurred by our clients.
Question 15: What are your views on the additional clarification provided in the Application Statements?	It is not clear whether this question is relating to all the application statements or just those relating to communications. The requirement of application statement A7.1a) (that communications should indicate whether the practitioner is acting to comply with statutory or regulatory obligations etc) looks odd and seems unnecessary.
Question 16: What are your views on the proposed changes to the requirements relating to assumptions set by the intended user or a third party?	(This relates to P4.2 and 4.4 together with A7.5 c) and d).) While on the face of it the difference in text between present 3.5 and new P4.4 appears small there is now a requirement to quantify the impact on the actuarial assessment if the practitioner disagrees with the assumptions set by a third party and we would question whether this is necessary or, at times, even appropriate (for example in funding valuations of pension schemes where the trustees set the assumptions taking account of covenant – an area on which actuaries have no special expertise). It may also present difficulties if the intended user will not meet the cost of the intended assessment of the impact of the practitioner's difference of opinion. This requirement (P4.4) may be better placed as a 'should' and moved to the Applications section (and there is overlap under A7.5 d). In any case, P4.4 should also consider materiality somewhere, as some unreasonable assumptions may have no material impact on outputs.
Question 17: What are your views on these proposed amendments to clarify the existing requirements?	The amendments noted in the consultation document are: ▪ clarification that: documentation and communications on the data principle should include information on data proxies and grouping; ▪ the practitioner should consider whether assumptions are reasonable in aggregate and consider any adjustments made to the data underlying the assumptions; ▪ a requirement to be able to reproduce a model output using the same inputs, or explain any differences, and to be clear on any allowances made for actions or responses by management and their impact on the actuarial information; and ▪ a requirement for practitioners to clarify whether they are complying with statutory or regulatory obligations and the capacity in which they are acting, plus a requirement to define certain terms and be clear on the level of prudence. **We support** these changes but they all need to be seen proportionately.
Question 18: Do you agree with our impact	**We do not agree** with the impact assessment.

assessment? Please give reasons for your response.	As noted earlier there will be significant costs involved (both one-off and ongoing) in setting up and maintaining policies for compliance with the new requirements. We do not think that these costs are justified by any benefit to our users of actuarial work. Some smaller clients, who will not see any value in this, will be tempted to shop around to find the actuarial firms with the lightest, and therefore cheapest, approach to TAS compliance – which is definitely not likely to be in their interests longer term and shouldn't be a by-product of this TAS.