

Name of Organisation	First Actuarial LLP
<p><b>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?</b></p>	<p>We support the integration of the relevant sections of both the Framework and Glossary documents within TAS 100.</p>
<p><b>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?</b></p>	<p>The draft guidance does provide clarity on these two definitions beyond the definitions included in the glossary of TAS 100.</p> <p>Ultimately there will always need to be some practitioner judgement involved in deciding whether certain non-routine activity constitutes technical actuarial work. In our experience, it has often been pragmatic to treat such work as in scope and consider what proportionate compliance with TAS 100 would involve, particularly given other quality assurance processes already in place.</p>
<p><b>Question 3: Does the draft guidance support you in complying with the TASs?</b></p>	<p>Yes (see response to Q2)</p>
<p><b>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 after the relevant principle. Which do you prefer?</b></p>	<p>Separate section</p>
<p><b>Question 5: What are your views on the proposed change to the compliance requirement?</b></p>	<p>Whilst we have some concerns about the practicalities of providing comprehensive evidence of TAS compliance in a manner which is meaningful to non-experts, we note this is restricted to intended users. We further suspect that in practice, at least in the pensions field, requests for evidence of TAS compliance will be rare.</p> <p>Our concerns are that evidence of TAS compliance may not just be that documentation generated as part of the completion of the material technical actuarial work itself. Templated actuarial reporting documents will have their own centrally maintained TAS compliance documentation (eg records that confirm how standard wording addresses all the communication requirements of the TASs), as will many actuarial models (evidence of testing during development of models, for which uses a model is intended, instructions for those running models). It will not be of value to intended users for this comprehensive evidence to be collated specifically for each piece of actuarial work just in case the</p>

	<p>intended user did request it at some point in the future. Rather, it should be open to practitioners to assemble comprehensive evidence only on specific request for that level of detail.</p>
<p><b>Question 6: Does the proposed FRC guidance on how TAS 100 can be applied proportionately assist actuaries in their compliance with TAS 100?</b></p>	<p>Yes. It has already been helpful and perhaps even necessary in understanding the requirements of the exposure draft of TAS 100 v2.0, particularly the guidance on materiality contained within the proportionality guidance (2.7 to 2.12).</p> <p>By way of an example, considering Materiality is vital to the effective implementation of the “musts” and “shoulds” arising from the potentially complex and convoluted interaction of</p> <ul style="list-style-type: none"> <li>• Principle 2 (Judgment)</li> <li>• Application 2 (Judgement),</li> <li>• Principle 6.1a) (Documentation of judgements)</li> <li>• Principle 6.2 (Documentation of departures from regulatory expectations)</li> <li>• Principle 7.2 (Communication of sufficient information in Support of Judgement Principle 2)</li> <li>• Principle 7.3 (not obscuring material actuarial information in communications)</li> <li>• Application 7.3 (Communication of judgements)</li> </ul> <p>We suggest that the Proportionality guidance be retitled to highlight the commentary on materiality contained within it.</p>
<p><b>Question 7: What are your views on the revision in nomenclature of the ‘user’ to ‘intended user’?</b></p>	<p>This is a helpful change.</p>
<p><b>Question 8: Do you agree the new proposed Risk Identification Principle and associated Application statements?</b></p>	<p>We agree with the inclusion of the risk identification principle but have some concerns with wording of the Application statements as drafted.</p> <p>For example, by specifying all internal or external environmental factors as “material”, regardless of how limited their potential is to influence the actuarial information, A1.2 could be interpreted as requiring practitioners to justify, for every piece of work they do, why they have not allowed for a specific risk. Combine this with Application 2.1 (as the justification involves a judgement), and that justification must be documented so as to be available to intended users and other relevant parties.</p>
<p><b>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?</b></p>	<p>Whilst we acknowledge the comment in 4.16 of the consultation paper (that some users of actuarial information believe actuaries have not always communicated clearly how they form their judgment / alternatives considered), we do have concerns that this principle as currently drafted, together with the related documentation and communication principles (see our answer to Q6) are in combination disproportionately onerous.</p>

	It may therefore be that further guidance is needed before TAS 100 v2.0 is formally introduced.
<b>Question 10: What are your views on the proposed changes to the Data Principle and associated Application statements?</b>	We have some concern about the level of detail specified in the Application statement in relation to bias. A2.2 that requires unreliable data to be improved by being adjusted or supplemented seems adequate to also cover bias (perhaps amended in the same way that A3.5 was), with the content of A3.3 covered separately in guidance and A3.4 removed. As it stands, practitioners will need either document or justify departures from each of the steps in A3.3 in documentation and potentially communication. This is an example of what we might term a drift towards a rules-based standard.
<b>Question 11: Do you agree with the proposed clarifications and additions relating to documenting and testing material assumptions?</b>	<p>Yes, although we believe that the issue of bias is implicitly covered by the requirement that assumptions are appropriate and the need to consider whether assumptions are reasonable in aggregate.</p> <p>We note that this question refers to material assumptions, but that the word 'material' does not appear in the wording for either Principle 4 or Application 4 (whereas it does in Principles 1&amp;2, for example). This may lead to unnecessary investigations, justifications, documentation and communication in relation to assumptions that are not material to the actuarial information being provided to the intended user.</p>
<b>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?</b>	We agree the proposed principles and applications and that further guidance would be helpful.
<b>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?</b>	<p>We have concern about the reference to those "auditing" technical actuarial work in the main principle. If this refers only to internal audit within the practitioner's organisation by people with appropriate relevant knowledge, this is sensible.</p> <p>There is a common pensions-related scenario that should not be captured by this principle– where actuarial work produced for the trustees of a pension scheme is considered by the (FRS 102) auditors of the sponsoring employer's, specifically as part of checking the reliability of pension cost disclosures. Neither the sponsor nor their auditors are intended users of work performed for the trustees, and documentation of that work should not automatically be required to have the detail that non-actuarial / pensions experts need to understand the matters involved and assess the judgements made.</p>
<b>Question 14: Do you agree with the proposal to move all requirements relating to communication to the</b>	Not strictly an answer to this question, but we have one serious concern relating to the communications principle that relates to the definition in the glossary of 'communications'.

<p><b>Communications Principle and associated Application Statements, where applicable?</b></p>	<p>The term ‘component communication’ that appears in the previous separate TAS glossary has been removed. Without it, the revised definition of “communications” seems to require that any individual communication in relation to technical actuarial work, no matter how small in terms of one-off scope or the overall actuarial information being provided, must comply with the revised TAS 100 principles and require justifications for any departures from all the corresponding applications.</p> <p>We can’t imagine this was the intention, but don’t feel this can be left to practitioners to use proportionality or materiality arguments to address. If the FRC’s thinking is that this is not an issue, it would have been helpful to have this explained in the consultation paper.</p> <p>In relation to collating the communications requirements, whilst it these seem lengthy once presented together, there is relatively little new, or content that we think should be removed (eg to separate guidance), so we support them being moved as proposed.</p>
<p><b>Question 15: What are your views on the additional clarification provided in the Application Statements?</b></p>	<p>Please note our answers to Qs 4,6&amp;9 regarding the documentation / communication of judgements. Whilst individual sections of Principles and Application statements may seem reasonable in isolation, we do have some concerns about how principles and applications may combine to generate additional work that is not valued or of benefit to the majority of intended users.</p>
<p><b>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?</b></p>	<p>We note that this has been included as a regulatory expectation by its inclusion as A7.5c) (rather than as a requirement by inclusion as a principle). We support this approach, as it provides regulatory support for practitioners to challenge evidently inappropriate assumptions, whilst leaving room to depart from this expectation with justification. We note that actuaries will anyway need to consider their obligations under the Actuaries’ Code in these circumstances</p>
<p><b>Question 17: What are your views on these proposed amendments to clarify the existing requirements?</b></p>	<p>These amendments seem reasonable and in line with existing good practice.</p>
<p><b>Question 18: Do you agree with our impact assessment? Please give reasons for your response.</b></p>	<p>We disagree with your assessment in that, as TAS 100 v2.0 is currently drafted, we expect that there will be significant work involved in reviewing template reporting documents, standard models, and TAS compliance tools, checklists and procedures to support those doing non-standard technical actuarial work. Further, we will need to train all those involved on what appears to us to be significant extra requirements to document justification for divergence, and, where appropriate, communicate areas where judgement has been exercised, even where that judgement is that significant</p>

	number of the Application statements are not material to the technical actuarial work or would not be proportionate to carry out.
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