



Investment & Life Assurance Group
The Practitioner Voice

The Director
Board for Actuarial Standards
5th Floor, Aldwych House
71-91 Aldwych
London WC2B 4HN

16 July 2010

Dear Sir

Exposure Draft: Insurance

On behalf of ILAG, I have pleasure in forwarding the following comments on the above exposure draft.

ILAG is a trade body representing members from the Life Assurance and Wealth Management industries. ILAG members share and develop their practical experiences and expertise, applying this practitioner knowledge to the development of their businesses, both individually and collectively, for the benefit of members and their customers.

By way of initial comments, we think the proposed date of introduction is tight as the period between the publication of the final TAS and its implementation is likely to be less than six months. These months are the busiest months of the year for insurers, particularly given that the publication date will be in the middle of the QIS5 exercise for Solvency 2. In addition the smallest firms do not have a reporting deadline before the end of March and will therefore be the first to be caught by the new standard. We suggest that 1 July would be a more appropriate starting date.

Nor do we agree that the costs of implementation will be marginal. The cost is likely to be disproportionately high for small firms which use external actuaries as advisers. While it is likely that the work on statutory reporting will not require significant additional effort, the extension of the standard to all the work done in pricing, planning and performance monitoring is likely to add significantly to the costs of such work, not least because of the effect of applying all the generic standards to these tasks.

Furthermore, we believe that the application of the TAS to all “actuarial work supporting the production” of various items increases its scope substantially and

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means that it will apply to even the most mundane tasks performed by junior staff. This does not seem appropriate.

Subject to the comments above we think that generally the exposure draft is a reasonable means of implementation of the original proposals. However we are concerned about paragraph E3.4 as it seems to us that while it may be reasonable to expect the actuary to comment on proposals for policyholder communications it is not reasonable to expect the actuary to decide whether they meet the needs of policyholders. In particular the range of "financial capability" of policyholders, even of a small firm is so wide as to make the task in paragraph E3.5 impossible. This is the sort of requirement which would prove particularly expensive to firms which use external actuaries.

I hope that these few comments are useful to you.

Yours faithfully

Doug Thow
Technical Analyst