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The Director
Board of Actuarial Standards
5th Floor, Aldwych House
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Date 16th July 2010

Dear Sir/Madam

Insurance: Exposure Draft

The Phoenix group of companies (Phoenix) welcomes the opportunity to respond to your invitation to comment on the BAS Insurance: Exposure Draft (TAS I).

The Phoenix group of companies are supportive of many of the requirements of TAS I and it appears to us that the overall content of the standard will go a considerable way in attempting to achieve its aims of placing a high degree of reliance on actuarial information's relevance, transparency of assumptions, completeness and comprehensibility.

We also welcome the improved wording of the document overall and the inclusion of examples to aid understanding.

As usual however our response will tend to focus on the areas where we still advocate change.

We would like to draw your attention to the following key issues:

Purpose

Phoenix agree with the majority of the purpose suggested for TAS I but do have a reservation about the final point. We believe that the requirement that calculations "are performed without mistakes" is an impossible bar. It would welcome the replacement of this phrase with reference to minimising the number and materiality of mistakes which is more probable for human processes.

Scope

Phoenix again agrees with the scope in the main and welcomes the addition of the standard relating to the reporting of embedded values. However we do feel that issues identified previously have not been sufficiently addressed. We would like to raise the following points:

- We don't believe that the TAS I should be adopting Solvency II directives in advance of Solvency II becoming law. The timescales for Solvency II are already challenging for insurance companies without the need to meet certain criteria of the directive at an earlier date.

We recommend that these standards be tempered such that we are not having to accelerate our Solvency II compliance to such an early date.

- We repeat our reservations on setting onerous standards for work on mergers and acquisitions. In addition to the previous points we raised, we would like to add that sometimes actuaries do not know and are unable to predict the purpose for the work relating to these tasks and hence the materiality of the information they are giving.

Principles

Phoenix welcomes the removal of the data standards as we feel this is covered sufficiently in TAS D. We also welcome the removal of the requirement that assumptions only change when "justified by new data".

In section D.2.6 it states that allowance might be taken for "material events which are known to have occurred after the effective date of the calculations". We feel that it should acknowledge that the accounting rules will decide the formal treatment of these when they relate to reporting.

The Exercise of Discretion in Long Term Insurance Business

Phoenix are still unclear how including financial impacts of any material exercise of discretion would provide policyholders with further useful information to enable them to make decisions about their policies. This is especially the case for those items which impact generations of policyholders within a fund in different ways.

We are also concerned as to the amount of additional work this will require especially if the use of discretion would not materially change policyholders benefits.

Guidance Notes

We do not feel that the concern that there is no evidence that the FSA or profession is actually intending to provide guidance within the timescale envisaged for the withdrawal of the adopted GNs has been addressed sufficiently. We reiterate the point that this

could lead to more diverse actuarial practices and/or to 'black market' standards being set by means of what auditors or regulator are prepared to tolerate. We do not consider this to be a desirable outcome.

Therefore we suggest that BAS should keep the existing GNs in force until Solvency II replaces the current regime, meanwhile minimally maintaining them for changing circumstances and to avoid any conflict with TAS - I or the generic TASs.

We would like to thank you for this opportunity to comment on TAS I. Please do feel free to come back to me if you would like to discuss any of our comments.

Yours faithfully

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