

The Director
Board for Actuarial Standards
5th Floor, Aldwych House
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London
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15 July 2010

Dear Sir / Madam

Exposure Draft: Insurance TAS

I write in response to the invitation to comment on the Exposure Draft of the Insurance TAS that was issued in April. As a non-actuary who is a key user of actuarial information, I am very concerned about the potential costs of compliance with the proposed Insurance TAS and would strongly suggest that the standards are limited to reserved work, or at the very least that the decision on whether or not required work needs to comply is at the discretion of the user

My company employs many actuaries to perform work on our behalf. So, I naturally support your Reliability Objective that users, for whom a piece of actuarial information was created, should be able to place a high degree of reliance on that information. I also understand the importance of setting consistent standards for work that is reserved for actuaries.

However, the proposals in the exposure draft of the Insurance TAS extend the scope of the standards to a much wider range of work that could be carried out by an actuary or a non-actuary if they have the appropriate skills. The necessity for actuaries to *demonstrate* compliance with the standards for that work will place a large overhead on my company that will not add significant value. Moreover, in order to comply with the proposed standards, I think there is a significant risk that the work, if carried out by an actuary, will not meet my requirements in terms of speed, cost, and conciseness.


For employees of insurance companies, the standards should only apply to reserved work or if requested by the Executive or Board of that Insurance Company. They should not be extended to the wide range of activities proposed under the exposure draft. I believe that the approach being adopted by BAS fails to recognise the nature of the working relationship of actuaries as employees in insurance companies. Most actuaries work in non-reserved roles in multi-disciplinary teams and the application of the standards is likely to represent a substantial additional cost and compliance burden. The standards seem to be framed for situations where *advice* is being provided and can be clearly identified as such, for example, where a report is being provided by

an external consultancy. I can see the value of the BAS standards in such cases but the nature of the work carried out by our actuarial staff is very different from this and there is a risk that day to day activities within the Company come within the scope of BAS standards.

It is also worth recognising that work performed by actuaries in an insurance company is already subject to the detailed rules and guidance contained in the FSA Handbook. This provides demanding standards for the systems and controls that apply to all work carried out by an insurance company. I do not believe the BAS standard is necessary or helpful.

In summary, to repeat my initial comments, I am very concerned about the potential costs of compliance with the proposed Insurance TAS and would strongly suggest that the standards are limited to reserved work, or at the very least that the decision on whether or not required work needs to comply is at the discretion of the user.

Yours sincerely



David Nish