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Ms Louise Pryor  
Board for Actuarial Standards  
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01 December 2008

Dear Ms Pryor

*Consultation Paper - Modelling*

*In his forward to the above paper, Paul Seymour states that he values views on the above initiative. Perhaps my own view could be factored in.*

*None of us can know what lies around the corner, although realistic modelling can ensure that we anticipate and plan for the possible and the probable. None of us plan to have a motor accident, and I suspect we would all claim that the eventuality is highly unlikely. Nevertheless, we have to provide for the risk by taking out insurance cover.*

*The consultation paper correctly draws attention to the lessons to be learned in the financial sector. Scenarios that led to costly failure for investors, taxpayers and the livelihood of many employees were not envisaged, and consequently prudent measures to avert the consequences were not taken.*

*The most costly of these failures was Northern Rock Bank. I took particular interest in televised meetings, and the subsequent forensic report, of the Treasury Select Committee, and I presume that you are familiar with their findings, given the high relevance to your own work.*

The report was critical of Northern Rock's Risk Committee. The latter committee failed to consider 'worst case' risk scenarios, in a rapacious drive for market share. The Committee were frustrated, when during a witness meeting, Sir Derek Wanless (head of The Northern Rock Risk Committee) would not acknowledge any failure of his role. The MP's considered that the models used by Sir Derek to stress test were insufficient, and accused Sir Derek of failing in his job, and lack of prescience. The transcripts are all available on the Treasury website, as you should know.

Is it not rather absurd that Sir Derek is a member of your Board, now considering standards for risk modelling?

Northern Rock was the largest failure in British Banking history, attributed to inadequate risk scenario modelling, and the Head of Risk, deemed culpable by a Commons Select Committee, is unable to acknowledge any wrongdoing.

I do not pretend to understand, and I leave you to ponder the conclusion that others will surely draw. No response is required, as I would expect you to offer a disingenuous rebuttal.

My smidgen of feedback (as you requested) for what it is worth.

Kind regards

R S Rogers

Tiverton, Devon