

## **L&G Response to BAS Transformations Exposure Draft**

This response reflects the views of a number of actuaries working in life insurance. Other responses may be received from other areas within L&G.

In what follows the numbering relates to the section of the document or exposure draft:

1.5. We continue to believe that there is little or no benefit to users in the existence of a separate Transformations TAS and that the topics herein would be better covered by the Insurance and Pensions TAS's. There exist such large areas of commonality that the existence of duplicate TAS's may lead to potential gaps or inconsistencies, neither of which is in the interests of users.

2.13. This section suggests that the interests of beneficiaries are not generally considered in actuarial work other than transformations. We disagree with this statement – a significant part of the work of AFHs and WPAs is to consider the impact of management discretion on policyholder benefits and their security.

2.14. The level of detail in any reports should be at the appropriate level for the purpose of the report and the users of the report. We do not see any reason to consider the courts as a special case of this.

2.20. We cannot see that allowing the consultation process to strongly influence how many TAS's exist is in the best interests of the users.

2.35, 2.37 & C1.2. These sections appear inconsistent. Sections 2.35 and 2.37 state that work, other than that performed for an independent expert, should not be included in the scope of the transformations TAS, but C1.2 states that all reserved work is included in this TAS.

D.3.2. We think that the second bullet here should be extended to include the situation where the data might be provided by a party with an interest in achieving favourable terms for the transformation.

D.4.10. We think that the wording of this section could be interpreted as requiring several sets of calculations on alternative assumptions which would be unduly onerous.

D4.14 The requirements of this section are not necessarily relevant to all parties involved in the transaction. The aggregate report information requirements and considerations may differ depending if the user is the proposing party, the receiving party or acting in an advisory role. In the case of a Part VII transfer the receiving AFH will consider the benefits relating to the incoming policyholders and not the benefits of the policyholders that are not transferred, but both groups of policyholders will be affected by the transaction.

D.4.15. We are unclear what the second bullet is trying to say here.