

27 August 2010

The Director
Board for Actuarial Standards
5th Floor, Aldwych House
71-91 Aldwych
London
EC2B 4HN

Dear Sir

Transformations: Exposure Draft

The comments below are from Phoenix in respect of the Transformations Exposure Draft issued by the Board for Actuarial Standards in June 2010.

We are disappointed that BAS have decided to push ahead with a paper on Transformations applying to both Insurance and Pensions, notwithstanding the feedback from nearly all respondents to the Consultation Paper.

Turning to the specific questions in 7.1:

Question 1

We would propose a commencement date of 1 January 2012 rather than 1 October 2011. Whilst most situations covered by the TAS are not time dependent, a commencement date of 1 January 2012 would typically mean that all reports in connection with a particular Part VII transfer will either be captured by the new TAS or not be captured at all.

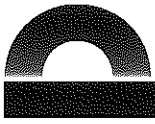
Question 2

We are not convinced that the TAS is necessary to achieve the benefits listed.

Question 3 and Generally

We have the following comments:

- In terms of the scope of the proposed TAS, we note that it is intended that this TAS will apply to "actuarial information provided by the with profits actuary relating to changes in the principles" in the PPFM. It is not clear to whom this information is being provided, but it is presumably the Board and/or With Profits Committee. The onus for informing policyholders of any change in principles lies with the company, not the with profits actuary and in our experience, it is not normal to include any views from the with profits actuary in any policyholder communication. Any views expressed by the with profits actuary in such a case will count as reserved work and therefore already be captured by the other TASs. It seems slightly odd that this one aspect is subject to an extra TAS.



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- In terms of the principles, if the material risks are not being changed, we question why as is required by D4.3 it is necessary to state their nature.

Please contact me, if you have any queries on the above.

Yours faithfully

Kevin Edgington
Phoenix Development Actuary