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The Director  
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18 July 2008

Dear Sir

### **Exposure Draft - Reporting Actuarial Information**

I am writing in response to the revised exposure draft of the reporting standard. We have confined our comments to the four specific questions raised in part III.

#### **1 The definition of report**

We note that the definition of report includes all material 'handed over in permanent form, whether in hard copy or electronic format. This is probably intended to distinguish a document emailed in pdf form from other advice given by email, which could be capable of being edited (or exchanges of email which in effect are bouncing ideas back and forth before final advice is given). However certainly in the former case the recipient may well treat it as permanent advice, so it should be made clear if this is not intended to fall within the scope.

#### **2 The approach to compound or repeat information**

We agree with the clarified approach to compound or repeat information. However it is not made clear whether advice given in stages is required to refer to the earlier reports (as we would expect to do in order to provide users with the complete chain of advice which they can find easily). This could also be extended to areas where work is requested which is related to another item of work, but is not part of the same advice or a repeat of earlier work – for example a factor review following a valuation, where the full advice from the valuation would not be necessary (and relevant items could be referred to).

We agree with your proposal that repeat calculations need not require a full accompanying report, we also agree that for completeness the core pre-existing communication should be referred to (even if briefly). For example, if an early retirement calculation is requested, a standard wording referring the reader to the most recent statement of advice given on the assumptions should suffice.

#### **3 The text of the exposure draft as a means of implementing the policy decisions outlined in Part I of this document**

We agree with the FRC's four reporting goals of completeness, comprehensibility, relevance and transparency (as mentioned in A7 and elsewhere in the standard). However the standard then describes four principles in 4.1 - which confuse the descriptions here (for example d deals with

proportionality, and c encompasses both relevance and transparency) so could be seen as detracting from the overall goals.

We also feel that the order and structure of the draft then confuses the message that the goals should be key. The discussion which follows the introduction of these principles moves onto different subjects (which in itself is not a problem as the standard needs to cover quality, complexity etc) but the discussions are far too long and do not bring out the relevance of each goal or principle. In the section 6 on complexity for example, it is not clear which comments are requirements, which are desirable features and which wording is just comments made for amplification and clarification. In some areas it may be better to set this out in the format of headings setting out which points are requirements and which are explanation or best practice items.

We would comment that the definition of 'report of record' may be misinterpreted – it needs to be made clear that this applies **only** where the report is not required by regulations (so a valuation report for a pension scheme would not be a report of record). The discussion of this point in the introduction casts some doubt on this definition (although admittedly that discussion will not appear in the final standard so readers' interpretation will not be coloured by this preamble).

#### **4 The BAS's assessment that the proposals are free from any (material) costs, whilst generating benefits to users of actuarial information**

If the BAS standard is intended to lead to an increase in the standard of reporting, then we feel certain that it is likely to give rise to some additional costs – even if only in the short term while users analyse and amend their reporting processes in the context of the new requirements.

However in the longer term if the final standard produces the outcome that reports are much easier for the users to understand then the overall cost may reduce if there is less need for further clarification or correction of misunderstandings etc.

We would be pleased to discuss any of these matters in more detail.

Yours faithfully



**Jillian Pegrum FIA**  
**Head of Research**