

## Response from Henry Johnson

General: I am concerned that requiring full reports to be produced before decisions are made could make it difficult for actuaries to make their voices heard when other advisers may be able to offer similar advice accompanied by simpler presentations, etc, with fuller documents following these. I have not come across any problems in my role as Lloyd's Actuary with the current arrangements for Statements of Actuarial Opinion under which reserving committees and Boards make decisions incorporating formal actuarial advice and the full and detailed reports are provided afterwards. A brief document, the SAO statement, is provided at the time the reserves are officially set. I would welcome the opportunity to describe to you how we manage and review this process. With ICAs becoming key processes, I hope that a practical arrangement can be devised to allow actuaries flexibility in communication while holding them to a high standard of documentation.

Specific paragraphs of TAS R

3.1, last bullet: "...material if ... [exclusion] ... COULD influence the decision...". "Could" seems a low bar here - maybe should say "would be likely to" or "could in practice"? Almost anything COULD change a decision.

3.2 second and third bullets, contrasting deterministic with stochastic: A stochastic calculation may contain a single set of assumptions (probability distributions). Also a stochastic calculation need not be carried out using simulation, as is implied by the wording - could use analytic methods. Would it not be simpler to use words like "deterministic follows one outcome or path where many are possible while stochastic models use probabilities to allocate weights to different possible outcomes or paths."?

6.4 and 6.5: style is a little ironic for a paper like this - tone of last part of 6.4, and "...submit readers to a comprehension test..." in 6.5 could come across a little smug?

7.3: might this paragraph refer to Lloyd's SAOs where the basis is set out clearly? Can you give some examples of what this does refer to?

7.5: Again some examples would help to clarify this

7.9: I'm not sure it does follow that assumptions must have been disclosed in sufficient detail for someone else to arrive at materially similar results. Would it be clearer drafting to say something like "For the sake of clarity, the disclosure of material assumptions should be given at a level of detail sufficient for someone else to arrive at materially similar results." Also is it the results or the advice that would be the same (materiality is defined in terms of the advice, not the results, in 3.1)

I hope that you find this feedback of use.

Henry Johnson  
Head of MRC and Lloyd's Actuary  
Lloyd's Market Reserving and Capital